

CAMBRIDGE CITY COUNCIL

REPORT OF: DIRECTOR OF RESOURCES

TO: CIVIC AFFAIRS COMMITTEE 14 SEPTEMBER 2011

WARDS: ALL

INTERNAL AUDIT PLAN 2011/ 2012: PROGRESS REPORT

1 INTRODUCTION

- 1.1 The purpose of this report is to provide members with an update on progress with the annual Internal Audit Plan for 2011 / 2012. The original audit plan was agreed by Civic Affairs Committee on 23 March 2011.
- 1.2 In order to be effective the internal audit plan needs to be responsive to changes in the Authority and the associated risk, and this report seeks to outline recommended additions and deletions to the plan.

2. RECOMMENDATIONS

- 2.1 Civic Affairs Committee is requested to:
 - Note progress against the original plan together with the associated assurance levels established; and
 - Identify any areas for further information.

3 INTERNAL AUDIT PLAN 2011 / 2012 (Appendix A)

Work In Progress

- 3.1 To the end of August, 52% of the audit plan has commenced (against a forecast at this stage of 42%). The staffing of the service has remained stable during this period, but is regularly reviewed to ensure that any change in the audit requirements of Cambridge can be facilitated. Any resource implications will be referred to Civic Affairs Committee at the appropriate time.

- 3.2 Due to robust risk assessments by Internal Audit and challenge and scrutiny by senior management when the original audit plan was compiled in March 2011, there has been no call on the audit plan being amended in the first five months of the year. Furthermore, it is deemed unnecessary to remove any items from the plan. Nevertheless, the audit plan will remain constantly under review in case unexpected events / issues arise.
- 3.3
- 3.4 The original plan included provisions for follow-up work, special investigations, request work, risk work and finalisation of the audits carried forward from 2010 / 2011, these have been reviewed and at the current time are felt to be appropriate. In relation to audits identified as critical we will continue to give these audits priority.
- 3.5 Should any special investigation work or significant additional request work be required by Councillors or officers, which leads to the potential for resources required exceeding the amount set aside, then the Head of Internal Audit will establish the course of action to be taken in consultation with the Chair of Civic Affairs Committee. This will then be reported to the next scheduled Civic Affairs Committee.
- 3.6 The result of the work set out in the Internal Audit plan will be the production of the annual opinion by the Head of Internal Audit for this Committee.
- 3.7 One report issued so far in 2011 / 2012 has had a “No” assurance rating given, and in accordance with our internal processes details of this report are summarised within the associated appendix. Steps have been taken by management to address the concerns raised and good progress has been made to date.

Follow Up Audits

- 3.8 Time was built into the original Audit Plan to undertake a number of key follow-up audits where the original audit received ‘No’ assurance. Those reports were identified within the Head of Internal Audit Opinion that was presented to the Civic Affairs Committee in June 2011. The implementation rate of management agreed actions remain on track.

Risk Management

- 3.9 In conjunction with Support Services, Internal Audit have been assisting in the re-branding of risk management across the authority.

Workshops have been undertaken across all departments and a progress report is being prepared for the Strategic Leadership Team for presentation during September 2011. Details will be provided to Civic Affairs in due course.

4 IMPLICATIONS

(a) Financial Implications

Whilst there are no direct financial implications arising from this report, it is important that the authority maintains adequate internal controls to safeguard the authority's assets. This is not to say that audit recommendations do not have financial implications but these are for management to identify and contain within existing budgets.

(b) Staffing Implications

The Internal Audit establishment is set at a level to enable delivery of the work identified in the plan.

(c) Legal Implications

The Council has a legal obligation under the Accounts and Audit Regulations 2011 to maintain an adequate and effective system of internal audit, and the council has delegated this responsibility to the Civic Affairs Committee and the Director of Resources. This report comments on Internal Audit performance relating to the 5 month period ended 31 August 2011. There are no adverse legal implications relating to the reporting progress.

(d) Risk Implications

In terms of risk management, the Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's risk register.

(e) Equal Opportunities Implications

The Council's Equal Opportunities Policy is applied within the Department.

(f) Environmental Implications

Nil: indicates that the proposal has no climate change impact.

(g) **Community Safety**

There are no Community Safety implications in this report.

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report:

Internal Audit Strategy 2011 / 2012

Internal Audit Plan 2011 / 2012

Accounts and Audit Regulations 2011

Code of Practice for Internal Audit in Local Government in the UK, 2006, CIPFA

Risk-Based Internal Auditing – Working Standards and Procedures

To inspect these documents contact Steve Crabtree on extension 8181.

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Report file:

Date originated: 05 September 2011

Date of last revision: 05 September 2011