

Key Decision	No
Listed on Forward Plan	Yes
Within Policy	Yes
Policy Document	N/a

INTERNAL AUDIT QUARTER 1 PROGRESS UPDATE

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1. Purpose

1.1. Internal Audit provides the Committee with a quarterly update on progress towards achieving the Annual Audit Plan and other work.

2. Recommendations

2.1. That the Committee notes the report.

3. Issues and Choices

3.1. The Annual Audit Plan (AAP) 2006/7 is part of the services multiple year Strategic Audit Plan that meets the statutory requirements of the Accounts and Audit Regulations 2006 by ensuring all activities of the Council are reviewed over a reasonable period.

3.2. The Audit Committee considered the 2005/6 Annual Audit Report at its meeting on 22nd June which provides a detailed analysis of work completed and key issues arising as well as performance data. Quarterly updates do not provide the same level of detail as the Annual Report.

3.3. As at 30th June 2006 :

- 12% of the Audit Plans audits had been completed
- 9% were in progress

3.4. Whilst the above is slightly behind the target this is not unusual because the completion of the previous years Annual Plan is not achieved by 31st March. Work in the first quarter of the new year includes the completion of previous years audits.

3.5. Additionally the service is re-structuring which undermines completion of the plan through vacancies held pending approval of the restructure and recruitment to vacant posts. Finally the service is experiencing high levels of unplanned pressures that have diverted resources from the Audit Plan.

3.6. Annex A provides a list of reports issued during the 1st quarter (both draft and final) in respect of both 2005/6 and 2006/7 audit plans.

- 3.7. In respect of the final reports issued 1st April and 30th June no key issues arise.
- 3.8. It must also be highlighted that the service has been commissioned to undertake an unusually large number of complex and unplanned investigations. The size, complexity, urgency and frequency of the investigations referred to the service has meant that audit resource has been diverted from the plan.
- 3.9. Any key issues arising from the unplanned investigations will be reported as appropriate.
- 3.10. The unplanned pressures have meant that the process to publish audit reports has been suspended. It is planned to bring the publication of reports up to date by :
- 3.10.1. Circulating to Cabinet and Audit Committee a list of all reports issued in January, February, March and April by 31st July for publication by 31st August.
- 3.10.2. Circulating to Cabinet and Audit Committee a list of all reports issued in May, June and July by 31st August for publication by 15th September.
- 3.11. These will also include a list of all follow ups for previously published reports completed in that period.
- 3.12. Finally Internal Audit has recently commenced a systems thinking intervention for the audit service. As Members may know systems thinking provides many challenges to existing service provision and demands. As a key client of the service its is expected that in the Autumn a report will be submitted to the Committee on early issues arising and Members may be invited to become involved in order to fully explore the requirements of the Committee from the service and also discuss and understand the implications of those on the service.
- 3.13. In advance of this an open invitation is made for any Member wishing to know more regarding either the intervention within Audit or generally re: systems thinking concepts. Members are encouraged to become involved both in relation to specifically Internal Audit and also the wider implementation of systems thinking in other areas of the Council.
- 3.14. It is anticipated that this may adversely affect the Q2 performance indicators but as the implementation of systems thinking has shown elsewhere in the Council longer term improvements will undoubtedly arise.

4. Implications

4.1. Policy: None

4.2. Resources & Risk: None

N	Capital	N	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

4.3. Legal: None

4.4. Other Implications: None

N	Equalities / Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime & Disorder

Background Papers : None