

**REPORT FOR: GOVERNANCE, AUDIT
AND RISK
MANAGEMENT
COMMITTEE**

- Date of Meeting:** 29 November 2010
- Subject:** INFORMATION REPORT – Internal Audit Mid-Year Report 2010/11
- Responsible Officer:** Myfanwy Barrett, Corporate Director of Finance
- Exempt:** No. However - Appendix 3 to the report is an exempt report. This report has been excluded from public inspection under paragraphs 1 and 7 of part 1 of schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to individuals and information relating to actions taken in connection with the prevention, investigation and prosecution of crime).
- Enclosures:** Appendix 1 – Internal Audit Mid-Year Report 2010/11
Appendix 2 – Core Financial Systems Report
Appendix 3 – Suspected Financial Irregularities (Exempt)

Section 1 – Summary

This report sets out mid-year progress against the 2010/11 Internal Audit plan and key issues arising from work undertaken

FOR INFORMATION

Section 2 – Report

Background

- 2.1. Annually the GARM Committee considers a mid and full year Internal Audit Report covering progress against the internal audit plan. This is the mid year report for 2010/11(Appendix 1) and also includes a report on suspected Financial Irregularities investigated (Appendix 2) and a report of the review of the authority's Core Financial Systems (Appendix 3).

Overview of Progress

- 2.2 Overall, the Internal Audit team have started work on 29 projects (48%) of the annual audit plan for 2010/11 as at the mid-year point of 30/09/09. 100% of the planned key control reviews relied upon by the council's External Auditors have been completed along with the work on the 09/10 Management Assurance and the annual review of governance and the Annual Governance Statement. Of the 29 reviews started 8 (28%) have been completed to at least draft report stage, 6 (20%) are contributions to projects/groups that will run throughout the year e.g. working groups and a further 15 (52%) projects are in progress. See detailed report Appendix 1.
- 2.3 In the first quarter of every financial year the work of the Internal Audit team concentrates on the authority's core financial systems. The 7 systems are reviewed on a 3 year risk based cycle. 2 of the 7 systems were reviewed in the first quarter of 2010/11. In addition, to satisfy the requirements of the External Auditors, managers were asked to review and update systems documentation, Internal Audit undertook walkthrough tests to confirm the actual system in operation for all core financial systems and control self-assessments were obtained for the 5 systems not reviewed. Out of a total of 21 key controls reviewed, 17 (81%) were operating satisfactorily and 1 (5%) was substantially operating and 3 (14%) were partially operating. See detailed report Appendix 2.
- 2.4 The mid-year position shows that overall the team have achieved 488.77 productive days which exceeds the target of 421.25 days by 67.52 days.
- 2.5 86% of performance targets were met or exceeded including the key indicator of achievement against plan.

Financial Implications

- 2.6 None.

Performance Issues

2.7 86% of performance targets were met or exceeded including the key indicator of achievement against plan.

Risk Management Implications

2.8 Support for managing risks across the council is the core business of the Internal Audit. The delivery planning process in Internal Audit manages and reflects the key risks facing the service.

Section 3 – Further Information

2.9 The next report on the performance of the Internal Audit team will be the 2010/11 Year-End Report to be submitted to GARM in June 2011.

Section 4 – Financial Implications

2.10 There are no financial implications to this report.

Section 5 – Corporate Priorities

2.11 Internal Audit contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support these priorities:

- Deliver cleaner and safer streets
- Improve support for vulnerable people
- Build stronger communities

Name: Myfanwy Barrett



on behalf of the
Chief Financial Officer

Date: 16/11/10

Section 6 - Contact Details and Background Papers

Contact: Susan Dixon, Service Manager, Internal Audit,
Tel:0208 424 1420

Background Papers: None