

INTERNAL AUDIT 2011/12 MID-YEAR REPORT**Progress against the 2011/12 plan**

1. Overall, the Internal Audit team have started work on 28 projects (48%) of the annual audit plan for 2011/12 as at the mid-year point of 30/09/11. 100% of the planned key control reviews relied upon by the council's External Auditors have been completed along with the work on the 2010/11 Management Assurance and the annual review of governance and the Annual Governance Statement. Of the 28 reviews started 11 (39%) have been completed/finalised 2 (7%) have been completed to draft report stage, 8 (29%) are contributions to projects/groups that will run throughout the year e.g. working groups and a further 7 (25%) projects are in progress.
2. In addition to this 89 days have been spent on projects carried forward from 2010/11 (representing 19% of the teams total productive time for the first half of the year), 14 days have been spent on investigating suspected financial irregularities (only 14% of the annual allocation), 38 days have been spent on providing professional advice on internal control and risk mitigation (63% of the annual allocation) and 19 days have been spent on standard follow-ups of audit recommendations (95% of the annual allocation) with a further additional 12.5 days spent on non-standard follow-ups that required further audit testing. The annual allocation is an estimate of how many days will be required for following up red and amber reports based on 2 days per report and is dependent on how many reports are issued. Results at mid-year indicate that this allocation will need to be increased for the second half of the year.
3. During the first half of 2011/12 a total of 157 recommendations have been followed up of which 96 have been implemented, 50 were partially implemented/in the process of being implemented, 5 was planned for implementation, and 6, although originally agreed by management, were no longer applicable due to system changes. This represents a 64% implementation (of recommendations still applicable) with a further 36% in progress or planned at the time of follow-up thus it is expected that in due course 100% will be implemented.

Emerging Risks

4. Emerging risks are areas of risk arising during the year that were not apparent at the time of the annual planning process but that are considered significant enough by management/internal audit to warrant audit input. Emerging risk areas identified so far this year include:
 - Carbon Reduction Commitment Annual Report Sign Off – although the Carbon Reduction Scheme had been identified during the annual planning process and included in the 2011/12 plan Internal Audit had not been made aware that a 'sign-off' was required for the annual report from Internal Audit and as a consequence additional work was required:

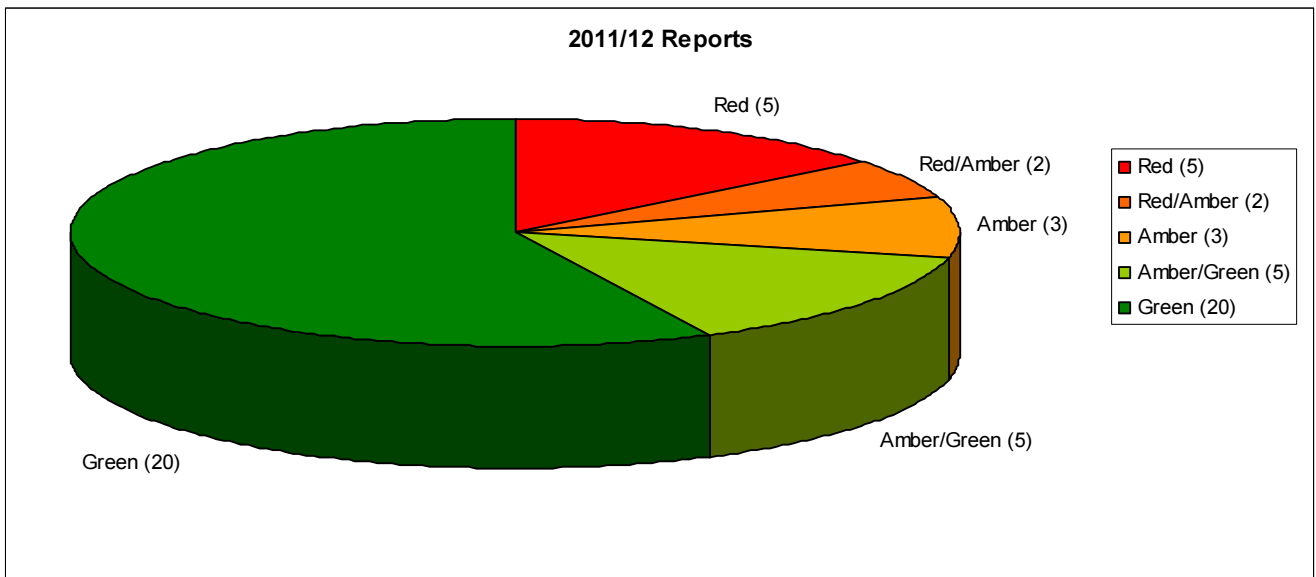
- Schools Financial Value Standards – information on the new government standards emerged after the audit plan was finalised, this work involved understanding the requirements and planning the Internal Audit approach which will impact the majority schools from 2012/13 :
- Energy Bills – a concern was raised by the Procurement Team that energy in relation to Children’s Services premises had been paid for twice to two separate suppliers. This conclusion was based on information extracted from the SAP system but no further analysis was undertaken. Further analysis was undertaken by the Climate Change Team and Internal Audit and although a small number of errors were identified these were low value and caused by human error and not a result of paying different suppliers for the same thing. A report will be submitted to the GARM Committee in due course.

5. In total 24.72 days have been spent on emerging risk areas in the first half of the year equating to 5% of the team’s total productive time.

Work undertaken 01/04/11 – 30/09/11

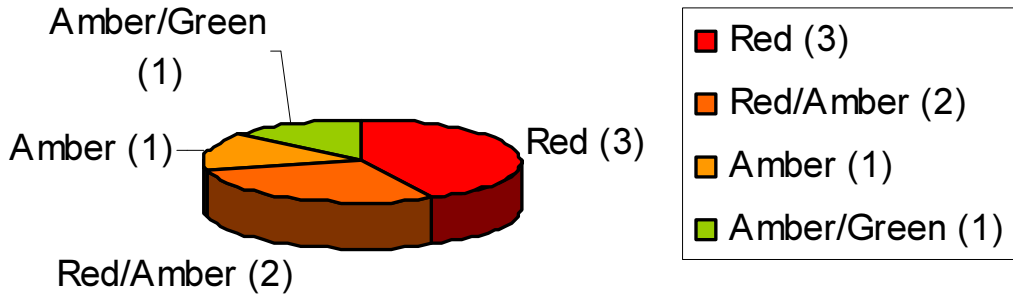
6. In the first quarter of every financial year the work of the Internal Audit team concentrates on the authority’s core financial systems. The systems are reviewed on a 3 year risk based cycle, and for 2011/12 Treasury Management and Capital Expenditure have been added to the core financial systems work. 2 of the 9 systems were reviewed in the first quarter of 2011/12 and a review of Treasury Management was carried out in 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 6 of the systems not reviewed. Out of a total of 19 key controls reviewed, 14 (74%) were fully operating, 3 (16%) was substantially operating and 2 (10%) were partially operating. See detailed report Appendix 2. Ongoing work by Internal Audit is being undertaken on the Capital Implementation Plan and a capital expenditure review is planned for the second half of the financial year.
7. Other work undertaken annually in the first quarter includes the completion of reviews from the previous years plan, the completion of the annual Management Assurance exercise and the annual governance review feeding into the authority’s Annual Governance Statement (AGS). Both of these were successfully completed with the results already reported to the GARM committee.

8. A total of 35 final and draft reports were issued in the first half of the year and the following graph provides an overview of the assurance ratings of these reviews:

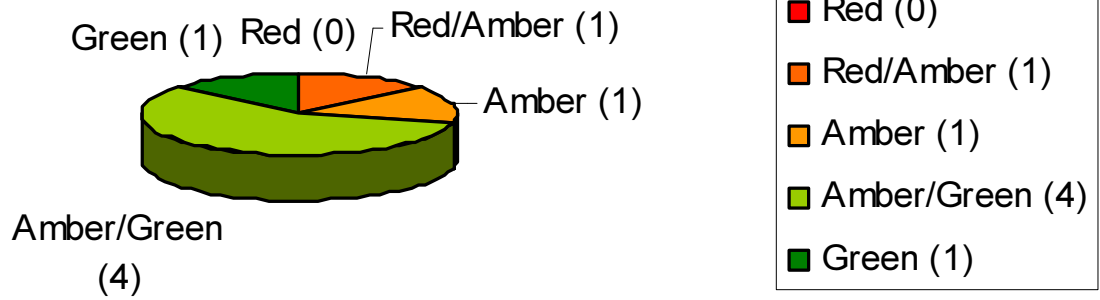


9. 9 follow-ups were completed in the first half of the year and the graphs below illustrate the original and re-assessed assurance ratings:

2011/12 Follow ups Original Traffic Light Rating



2011/12 Follow ups Re-assessed Traffic Light Rating



10. The following reviews were finalised in quarter 1/quarter 2 of 2011/12:

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
<p>Treasury Management</p> <p>Assurance rating = Green</p>	<p>14.04.11</p>	<p>Overall 90% of the expected controls were found to be in place and operating effectively, 4% were substantially in place with a further 6% partially in place. A total of 5 recommendations have been agreed for implementation. For the remaining recommendation an alternative action has been agreed which relates to retaining reconciliations electronically. This is a low risk and the alternative action agreed mitigates the residual risk.</p>
<p>Housing Benefit Quality, Overpayments & Write Offs</p> <p>Assurance rating = Red</p> <p>(Follow-up issued Q2 Green assurance)</p>	<p>14.04.11</p>	<p>Overall 58% of the expected controls were found to be in place and operating effectively, 2% were substantially operating, 34% were partially in place with a further 6% not operating. Although these percentages indicate a red/amber assurance rating, there are a significant number of high risk recommendations therefore this has been assessed as a red report. A total of 18 recommendations have been agreed for implementation, 1 recommendation (paragraph 24) has been partially agreed for implementation which relates to scanning all decision notices onto Civica. Management have stated that due to the large number of decision notices they would be unable to implement this. However decision notices are scanned onto Civica for overpayments and all notices are held on Northgate therefore the residual risk is low. The remaining recommendation (paragraph 12) has not been agreed, which relates to having specific job descriptions for recovery officers; however management have stated that generic job descriptions are required to meet the demands of the service and as procedures are in place this partially mitigates the residual risk.</p>

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
<p>Leaseholders Electricity Charges</p> <p>Assurance rating = Red</p> <p>(Follow –up issued Q3 Red/Amber assurance)</p>	10.06.11	<p>Overall 9% of the expected controls were found to be in place and operating effectively, 27% were partially in place with a further 64% not operating. A total of 20 recommendations have been agreed for implementation. 1 recommendation is no longer applicable; a further 2 recommendations have been partially agreed for implementation which relate to the Energy Team notifying Housing of the costs per unit, as the price is confirmed within a six month period Housing can only be notified at this point, which partially mitigates the risk and therefore a residual risk remains that the authority could be charged incorrectly. The other recommendation relates to electronic billing of invoices, this has not been possible as it is not within the current contract, however this will be included as part of future contracts, therefore there is a residual risk that payments may be missed. The remaining 2 recommendations have not been agreed for implementation, these both relate to actual meter readings across the sites. Management decided that the estimates were not unreasonable, however there is a risk that sites may not have had a meter reading for several years as the energy companies are only legally obliged to read meters every 2 years. Some of the sites bills were estimates when Eon were the energy supplier and NPower have not yet read some of the meters, therefore some may have gone up to 4 years without being read.</p>
<p>Pinner Park Infant and Nursery School - Application of Contract Procedure Rules in Schools</p> <p>Assurance rating = Green</p>	06.07.11	<p>Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. Both of the recommendations have been agreed for action.</p>
<p>Core Financial Systems Key Control Review NDR 2010/11</p> <p>Assurance rating = Green</p>	14.07.11	<p>Overall, 92% of the elements of the controls were operating effectively, with a further 4% substantially operating and 4% partially operating. Each of the 11 key controls is made up of a number of individual elements that were each tested. Therefore 10 key controls are fully in place and 1 key control is partially in place. All 3 recommendations have been agreed for implementation. The one recommendation made has been agreed for implementation.</p>
<p>Parking Enforcement</p> <p>Assurance rating = Green</p>	25.07.11	<p>Overall 84% of the expected controls were found to be in place and operating effectively, 14% were partially in place with a further 2% not operating. All 5 recommendations have been agreed for implementation.</p>

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
Kenmore Park Infant and Nursery School - Application of Contract Procedure Rules in Schools Assurance rating = Green	22.08.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. Both of the recommendations have been agreed for action.
Marlborough Primary School - Application of Contract Procedure Rules in Schools Assurance rating = Green	22.08.11	Overall 57% of the expected controls were found to be operating effectively with a further 43% substantially operating. Both of the recommendations have been agreed for action.
Roxeth Primary School - Application of Contract Procedure Rules in Schools Assurance rating = Green	22.08.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. Both of the recommendations have been agreed for action.
Contract Management – Highways Contract Assurance rating = Amber/green	09.09.11	Overall 67% of the expected controls were found to be in place and operating effectively, 12% were substantially operating, 14% were partially in place with a further 7% not operating. Of the 12 recommendations made, 11 have been agreed for implementation. The remaining recommendation will no longer be applicable to the new contract arrangements, i.e. the requirement to provide regular management information as this applied to the partnership with Enterprisemouchel but under the new highways contract only performance information will be required to be provided as it not a partnership and this is covered in other recommendations.
Pinner Park Junior School - Application of Contract Procedure Rules in Schools Assurance rating = Green	12.09.11	Overall 60% of the expected controls were found to be operating effectively with a further 40% substantially operating. Both of the recommendations have been agreed for action
St Anselm's Catholic Primary School - Application of Contract Procedure Rules in Schools Assurance rating = Green	21.09.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. The recommendation made has been agreed for action.

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
Core Financial Systems Key Control Review Housing Benefits 2010/11 Amber/green assurance	22.09.11	Overall, 80% of the elements of the controls were operating effectively, with a further 3% substantially operating and 17% partially operating. Although this percentage indicates a green report as there is 1 high risk recommendation it has been re-rated as an amber/green report. Each of the 8 key controls is made up of a number of individual elements that were each tested. Therefore 4 key controls are fully in place, 3 key controls are substantially in place and 1 key control is partially in place. All three recommendations have been agreed for implementation.

11. The following draft reports were also issued in quarter 1/quarter 2 of 2011/12

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
Newton Farm Nursery Infant and Junior School - Application of Contract Procedure Rules in Schools Assurance rating = Green	07.07.11	Overall 91% of the expected controls were found to be fully operating.
Kenmore Park Junior School – Application of Contract Procedures in Schools Assurance rating = Green	14.07.11	Overall 57% of the expected controls were found to be operating effectively with a further 29% substantially operating.
Whitchurch First School & Nursery - Application of Contract Procedure Rules in Schools Assurance rating = Green	14.07.11	Overall 64% of the expected controls were found to be operating effectively with a further 18% substantially operating.
Whitchurch Junior Schools – Application of Contract Procedure Rules in Schools Assurance rating = Green	14.07.11	Overall 73% of the expected controls were found to be operating effectively with a further 9% substantially operating.

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
Aylward Primary School - CCTV in Schools Assurance rating = Amber	21.07.11	Overall 46% of the expected controls were found to be in place and operating effectively, 15% were substantially operating, 12% were partially in place with a further 27% not operating. However this is in the context of a new CCTV system having very recently been introduced.
Application of Contract Procedure Rules Assurance rating = Red	22.08.11	It was identified that 9% of explanations given for non compliance with Contract Procedure Rules are reasonable/acceptable and a further 91% of explanations given are not acceptable and that requisitioners/budget holders need further training/guidance to ensure that they fully understand the requirement to raise a purchase order for goods and services and how to achieve this in a timely manner for non standard purchases.
Belmont School – CCTV in Schools Assurance rating = Green	22.08.11	Overall 92% of the expected controls were found to be in place and operating effectively and a further 8% were substantially operating.
Cannon Lane Junior School – CCTV in Schools Assurance rating = Amber/green	22.08.11	Overall 62% of the expected controls were found to be in place and operating effectively, 15% were substantially operating, 15% were partially in place with a further 8% not operating.
Heathland School – CCTV in Schools Assurance rating = Red/amber	22.08.11	Overall 23% of the expected controls were found to be in place and operating effectively, 31% were substantially operating, 12% were partially in place with a further 34% not operating.
Roxbourne Infant School – CCTV in Schools Assurance rating = Green	22.08.11	Overall 73% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 15% were partially in place.
Roxbourne Junior School – CCTV in Schools Assurance rating = Amber/green	22.08.11	Overall 65% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 23% partially in place.
Sacred Heart Language College – CCTV in Schools Assurance rating = Red	22.08.11	Overall 23% of the expected controls were found to be in place and operating effectively, 27% were substantially operating, 15% were partially in place with a further 35% not operating.
Stag Lane Infant & Nursery School – CCTV in Schools Assurance rating = Green	22.08.11	Overall 92% of the expected controls were found to be in place and operating effectively and a further 8% were substantially operating.

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
Stanburn Junior School – CCTV in Schools Assurance rating = Red/amber	22.08.11	Overall 27% of the expected controls were found to be in place and operating effectively, 27% were substantially operating, 12% were partially in place with a further 34% not operating.
Framework-I & SAP Integration Assurance rating = Amber	01.09.11	Overall 75% of the expected controls were found to be in place and operating effectively, 13% were partially in place with a further 12% not operating. Four recommendations have been made to address the weaknesses identified, 2 were rated as high risk and 4 were rated as medium risk. Although these percentages indicate an amber/green report it has been re-assessed as amber due to 2 the high risk recommendations.
Glebe Primary School - IT Data Security In Schools Assurance rating = Green	06.09.11	Overall 74% of the expected controls were found to be in place and operating effectively, 19% were substantially operating with a further 7% partially operating.
Priestmead Primary School – IT Data Security in Schools Assurance rating = Green	07.09.11	Overall 68% of the expected controls were found to be in place and operating effectively, 15% were substantially operating with a further 17% partially operating.
Krishna-Avanti Primary School (SFI) Assurance rating = Red	7.09.11	See appendix 3 for details
Krishna Avanti Primary School – Financial Controls Assurance Assurance rating = Amber	07.09.11	Overall 59% of the expected controls were found to be in place and operating effectively, 13% were substantially operating and 27% were partially operating.

REPORT/ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROLS OPERATING
Moriah Jewish Day School - IT Data Security In Schools Assurance rating = Amber/green	22.09.11	Overall 81% of the expected controls were found to be in place and operating effectively, 12% were substantially operating and further 7% were partially operating. Although these percentages indicate a green assurance rating there is a high risk recommendation therefore this has been assessed as an amber/green report.
Norbury School - IT Data Security In Schools Assurance rating = Amber/green	22.09.11	Overall 72% of the expected controls were found to be in place and operating effectively, 14% were substantially operating and further 14% were partially operating. Although these percentages indicate a green assurance rating there is a high risk recommendation therefore this has been assessed as an amber/green report.
St Joseph's Catholic Primary School - IT Data Security In Schools Assurance rating = Green	22.09.11	Overall 88% of the expected controls were found to be in place and operating effectively, 5% were substantially operating with a further 7% partially operating.

12. The following follow up reports were in issued in quarter1/quarter 2 of 2011/12

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
Decent Homes Self Referral (SFI)	12.04.11	It was established that 6 actions were no longer applicable as the self referral scheme has been terminated. The action agreed to address the remaining 5 recommendations has been fully implemented.
Connexions Missing Money – follow up (SFI)	12.04.11	The action agreed to address all recommendations has been fully implemented. However from inspection of the evidence it was established that a payment of £500 was given in petty cash which included a payment of £297.51 to Costco which was not authorised in accordance with Financial Regulations.
<p>Salvatorian College May 2011 Follow-up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating = Amber/green</p>	14.06.11	<p>Final follow up (as in May 2011) of a Suspected Financial Irregularity (SFI) report originally issued to Salvatorian College in November 2008. The SFI report has been followed up twice in February 2010 and February 2011 and at each of these points additional control issues were raised and recommendations made.</p> <p>Of the outstanding issues from the SFI report at February 2011 just 27% had been implemented, 55% partially implemented and 18% not implemented at that time. The current follow up has found that this has now improved to 64% implemented and 36% partially implemented.</p> <p>Additional issues were identified as part of the SFI follow up in February 2010. Of these additional issues 86% have now been implemented and 14% partially implemented.</p> <p>Further areas of investigation were requested by Governors as part of the February 2011 report in relation to the specific areas of petty cash, German Trips and Science Status expenditure. Of the recommendations made in relation to these - 7 have been fully implemented, 4 substantially implemented and 3 partially implemented to date.</p>

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Camrose Primary School</p> <p>Original assurance rating = Amber</p> <p>Re-assessed assurance rating = Amber/green</p>	<p>29.06.11</p>	<p>The action agreed to address 7 of the 9 recommendations has been fully implemented. It was identified that the remaining 2 agreed actions have been partially implemented. These relate to the authorisation of payments and the separation of duties between the ordering of goods and the authorisation of payments. Of the 6 purchase orders and invoices provided, It was established that 1 invoice had not been authorised for payment and it was further established that 4 of the purchase orders and invoices did not have a separation of duties between ordering and the authorisation of payment.</p> <p>Follow up has established that this is now an Amber/Green report with 90% of expected controls operating effectively and a further 3% partially in place. Although these percentages indicate a Green assurance rating, 2 high risk recommendations have not been fully implemented therefore follow up is an Amber/Green assurance rating (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p>
<p>Libraries – Follow up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating = Red/amber</p>	<p>28.06.11</p>	<p>It was established that the action agreed to address 5 of the 16 recommendations made has been fully implemented and evidence was obtained to support this. It was further identified that 9 of the agreed actions are in the process of being implemented. This is due to a restructure of the library services taking place so therefore processes will change which will result in some recommendations no longer being applicable.</p> <p>Follow up has established that it is now a Red/Amber report with 50% of expected controls now operating effectively, 6% substantially operating, with a further 32% partially operating. (It has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p>
<p>Stock Control Libraries – Follow up</p> <p>Original assurance rating = Amber/green</p> <p>Re-assessed assurance rating = Green</p>	<p>28.06.11</p>	<p>The action agreed to address 6 of the 7 recommendations has been fully implemented and evidence was obtained to support this. 1 of the remaining 7 agreed actions is planned for implementation, this relates to an additional field being added to the libraries system to record what documentation has been provided as proof of ID/address by library members.</p> <p>Follow up has established that it is now a Green report with 94% of expected controls operating effectively and a further 6% partially in place (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p>

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Asbestos Management in relation to Housing Stock – Follow up in May 2011</p> <p>Original assurance rating = Red/amber</p> <p>Re-assessed assurance rating = Amber/green</p>	<p>14.06.11</p>	<p>The final report issued in November 2010 was based on the follow up of the action plan and reflected the recommendations made, agreed actions and the position of implementation. At that stage 29% of the expected controls were found to be in place and operating effectively, 29% were substantially operating with 42% partially operating (i.e. a red/amber assurance rating).</p> <p>At the start of the May 2011 follow up 26 actions remained outstanding. At the conclusion of the follow up 12 have been fully implemented, 9 substantially implemented and 5 partially implemented. These primarily relate to the full implementation of the database and the completion of asbestos surveys of all properties that meet the current survey standards.</p> <p>Follow up has established that the report has progressed from a red/amber report to currently being an amber/green report which reflects the 84% of controls either operating or substantially operating and the fact that some key high and medium risk recommendations have still yet to be fully implemented.</p>

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Sickness Absence – Follow up</p> <p>Original assurance rating = Red/amber</p> <p>Re-assessed assurance rating = Amber</p>	<p>22.09.11</p>	<p>A follow up was undertaken in December 2010 to establish if the action agreed to address the recommendations made had been implemented. It was identified that 7 recommendations had been fully implemented, 8 recommendations had been part implemented/in progress, 4 were planned for implementation and 1 had not been implemented.</p> <p>As the original follow up showed a low level of implementation a review was carried out to establish whether the position had improved, therefore the outstanding 13 recommendations were followed up in June 2011.</p> <p>It was established that the action agreed to address 2 of the 13 recommendations has been fully implemented and evidence was obtained to support this. One of the remaining 11 agreed actions has been partially implemented. This relates to the best practice notes of the capability procedure not including the minimum criteria for an effective monitoring tool that managers should use for sickness. The remaining 10 recommendations are still in the process of being implemented, these relate to:</p> <ul style="list-style-type: none"> • The roll out of Manager Self Service (MSS) and Employee Self Service (ESS) • Compulsory attendance for managers to workshops for Occupational Health. • A formal feedback process for Occupational Health. • The review of the Occupational Health referral form. • Occupational Health exploring the possibility of using an online function to make referrals. Detailed guidance has not been given to managers on when an employee should be referred to Occupational Health • MSS being rolled out to the Central Depot to remedy the issues with the depot sickness return form. <p>The report issued on the 7 April 2010 was a Red/Amber report with 55% of expected controls operating effectively, 4% substantially operating, 24% partially in place with a further 17% not operating. The first follow up established that a low level of recommendations had been implemented. This second follow up has established that this is now an Amber report with 40% implementation.</p>

REPORT	ISSUE DATE	ASSURANCE RATING/CONTROLS OPERATING
<p data-bbox="137 300 376 477">Housing Benefit Quality, Overpayments & Write Offs – Follow-up</p> <p data-bbox="137 517 371 618">Original assurance rating = Red</p> <p data-bbox="137 658 371 761">Re-assessed assurance rating = Amber/green</p>	<p data-bbox="408 300 533 329">28.09.11</p>	<p data-bbox="619 300 1538 757">It was established that the action agreed to address 17 of the 19 recommendations has been fully implemented and evidence was obtained to support this. It was further established that the 2 remaining agreed actions have been partially implemented. These relate to the completion of an overpayment record sheet for all overpayments, (where testing identified that from a sample of 8 overpayments, an overpayment record sheet was not completed for 2) and the referral of relevant overpayments to the Corporate Anti Fraud Team (testing identified that from a sample of 8, 1 case has not been referred). Although 17 of the recommendations have been implemented, one has not achieved the aim to improve the wording of letters and still needs further work.</p> <p data-bbox="619 763 1538 1120">Follow up has established that although implementation indicates a green report with 90% of expected controls now operating effectively and a further 5% partially in place, as there are still outstanding issues with quality checking Civica letters (indicating a high risk of error therefore) an assurance rating of amber/green has been given. (It has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 5% of controls partially operating reflects the 2 recommendations yet to be fully implemented.</p>

13. Internal Audit are involved in the following ongoing projects/groups:

- Corporate Governance Working Group – chaired by the Service Manager Internal Audit, meets quarterly, reviews governance arrangements across the Council, undertakes the annual review of governance feeding into the Annual Governance Statement and reports to the Corporate Governance Group. There have been 1 meetings of this group during the first half of 2010/11 and 3 meetings of the Corporate Governance Group (which the Service Manager, Internal Audit also attends). Considerable work has been undertaken outside of the meetings to collect and assess evidence to support the annual review of governance and to prepare a draft Annual Governance Statement for the Corporate Governance Group consideration. 33 days have been spent on this work, 3 days over the annual allocation.
- Strategic Risk Group – set up to assist the Council in embedding and enhancing the risk management process to ensure that risks are actively managed so that the council can achieve it's objectives, take advantage of opportunities and serve Harrow's community better. Service Manager, Internal Audit attends quarterly meetings. There have been 2 quarterly meetings of this group and 0.83 of a day has been spent on attending these meetings equating to 42% of the total annual allocation of time.
- Information Governance Board – Internal audit attends and contributes to the Information Governance Board. There has been 2 meetings of this group and 0.35 of a day spent on attending this meeting and dealing with related issues, this equates to 18% of the total annual allocation of time.

Productivity

14. The days available to implement the internal audit annual plan are based on an estimation of the team's productive time. To enable this estimation to be made, and to feed into performance indicator 3 (see section below), each auditor is required to record a breakdown of their time spent each day. Each element of productive time (i.e. every project/element of the annual plan plus any additions e.g. emerging risks) and each element of non-productive time (e.g. annual leave, training, audit management) is allocated a unique code and time is recorded against each code.
15. The 2011/12 annual plan has been estimated to require 887 productive days from the internal audit team to complete plus 30 days for WLWA, i.e. 917 days in total. This is based on an expectation of 200 productive days per auditor (an increase of 13 days per auditor from last year) and 100 productive days for the Service Manager (an increase of 5.5 days from last year).
16. The mid-year position shows that overall the team have achieved 480 productive days which exceeds the target of 450 by 30 days.

Performance Indicators

17. Table 1 below outlines the seven indicators agreed for the year, including the key indicator covering achievement of the IA annual plan and the results achieved. These indicators cover performance on projects from the 2010/11 plan and the 2011/12 plan issued in the first half of the year (i.e. up to 30/09/11)

Table 1 – Performance Indicator Results 2011/12

	Indicator	Target	Mid Year Results
1.	Recommendations agreed for implementation	95%	95%
2.	Final reports issued on/ahead of time	85%	100%
3.	Projects completed within budgeted time allowance	85%	90%
4.	Target met for issue of draft report after end of fieldwork	85%	80%
5.	Follow-up undertaken	100%	100%
6.	Plan achieved for Key Control reviews	100%	100%
7.	Plan achieved overall (Key indicator)	45%	48%

Analysis of Results

18. 3 (43%) performance targets have been exceeded, 3 (43%) have been fully met and 1 (14%) has not been met i.e overall 86% of the performance targets have been met or exceeded.
19. Performance indicator 1 shows that the internal audit team have met the mid-year target of 95% of audit recommendations being agreed for implementation. In addition a further 4% were partially agreed.
20. Performance indicator 4 has not been met by 5% this relates to 2 school projects that involved visits and reports to multiply schools (19 in total) and the co-ordination of these impacted slightly on the timing of the issue of the draft reports.
21. Performance Indicator 7 reflects the work undertaken against the plan in the first half of the year including some individual projects that have been started but not completed and work on particular areas e.g. suspected financial irregularities and follow-up, where more than half of the annual allocation has been used i.e. more work than expected has been undertaken. However this indicator does not fully reflect all the work undertaken by the Internal Audit Team which also includes work on projects carried forward from 2010/11 and work on emerging risks.

22. With regard to the monitoring of positive and negative feedback, below are some of the positive comments received so far this year:

- Thanks - that was a very helpful session today
- Thank you for all your help and support in this matter. I hope that the school is able to move on now in a positive way.
- Thank you once again for your time and hard work

Negative feedback was however received from one school during the first half of the year. This related to the fact that the Auditor had provided positive verbal feedback on the day of the audit visit but that during the quality check of the review a control issue had been highlighted and included in the report. This had not been verbally reported back to the school before the formal report was issued. This highlighted a training issue for the temporary Auditor concerned which will be address should he be employed in the future.

23. Although the implementation of audit recommendations is always reported at year end and has been reported in this mid-year report it is not a formal performance indicator. The Assistant Chief Executive has now requested that it be included and reported as a formal performance indicator and this will be actioned in the second half of the year and reported in the year-end report. In addition he has requested that auditee response times to draft audit reports and follow-ups be measured and reported as a formal performance indicator and this will also be actioned in the second half of the year and reported in the year-end report.

Susan Dixon
Service Manager, Internal Auditor
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