

Open Report on behalf of Pete Moore, Executive Director Resources & Community Safety

Report to:	Audit Committee
Date:	19 December 2011
Subject:	Corporate Audit Progress Report to 30 November 2011

Summary:

This report provides an update on progress made against the Audit Plan 2011/12 as agreed by the Committee on 21 March 2011 and 26 September 2011.

Recommendation(s):

That the Committee notes the outcomes of Corporate Audit work and identifies any actions it requires.

Background

1. This report:
 - Advise on progress being made against the Audit Plan
 - Provide details of the audit reports issued during the period

Progress with Planned Audits to 30 November 2011

2. The following audit reports have been issued as a final report:

Limited Assurance
Children's Services Kinship Care Allowances
Substantial Assurance
Communities Directorate Divisional Highways Service Highways Environmental Maintenance Household Waste Recycling Centres Libraries & Heritage Service

The assurance expressed is at the time of issue of the report **but before the full implementation of the agreed management action plan**. Definitions levels are shown in Appendix A.

Summary information with the relevant Directorate's response for the audits where assurance has been assessed as no or limited assurance is contained within Appendix B.

3. Directorates' progress with the implementation of recommendations for audits resulting in 'No' or 'Limited' assurance is followed up and reported in Appendix C.
4. Progress against the Audit Plan 2011/12 is reported in Appendix D.

Other Significant Work

5. In addition to the audit work we have also undertaken other significant pieces of work during the period:

Assurance Mapping

We have mapped assurance, be it audit, third party, or management assurance, against the Council's critical services, and strategic and emerging risks. The work has resulted in the development of an assurance 'map' which will help us:

- Establish the Internal Annual Audit Plan by identifying where more independent assurance is required based on significance and risk of the activity.
- Support the Head of Audit's annual audit opinion and the work of the Audit Committee.
- Provide an overview of assurance to the Audit Committee and Senior Management which will help address any gaps in assurance based on the significance and risk of the activity.
- Streamline and avoid duplication of effort where assurance can be drawn from a third party or other sources.

It is our intention to present the 'map' to the Committee in January 2012.

Process Review

We have reviewed our processes, and the operation of our management information system to streamline our work and allow us to maximise the assurance we can give with the resources available.

Audit Lincolnshire Website

The Section has been working hard on the development of a new website. All teams have contributed and we aim to maximise this resource in the future by:

- adding value to the service we provide to our clients by giving them relevant and up to date information on all aspects of assurance.

- issuing regular audit, risk and fraud bulletins
- posting guidance to schools, governors, council managers and staff
- publishing case studies (recent work undertaken to show how our service has helped protect the business and add value to successful delivery)

It will also help is promote our services to schools as they become academies.

Newark & Sherwood District Council Audit Services

We have tendered for and won the contract to provide audit services to Newark & Sherwood District Council. This is a major achievement given that we had to compete with the large accountancy firms. The contract will be managed through our Audit Lincolnshire partnership.

ICT Audit Strategy

In conjunction with Deloitte we have reviewed our ICT Audit Strategy as the first step to improving our ICT audit provision.

Due Diligence

We have undertaken financial transaction testing as part of our annual due diligence programme of work. The testing methodology has also been reviewed to include pro-active counter fraud elements.

Performance Information

6. Corporate Audit's performance is measured against a range of indicators. For those measures where information is available, performance against the Audit Plan 2011/12 is shown below:

Performance Indicator	Target	Actual to 30th November 2011
Productivity & Efficiency		
Actual audits versus planned (by no of audits)	85%	80%
Financial Systems	100%	Reported at year end
% of Reports issued within 2 weeks of closure meeting	90%	100%
Quality of Service		
Client questionnaire scoring better than average for all categories	Good to Excellent	Reported at year end

7. The figure of 80% for completion of the audit plan is skewed by the work we have undertaken on assurance mapping, as detailed under 'Other Significant Work' above. This has resulted in fewer audits than expected being completed during Q2 and Q3. We are on track to deliver the plan during the remainder of Q3 and Q4 as the bulk of the assurance mapping work is now complete.

Conclusion

8. Corporate Audit has completed 5 audits since the last progress report to Committee in September 2011 and the audits of 14 schools. For 1 of these the audit opinion was 'Limited' assurance.
9. Performance against the Audit Plan 2011/12 for the period to 30 November 2011 stands at 80% (target 85%).

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Audit Assurances
Appendix B	Audits where assurance is assessed as 'No' or 'Limited'
Appendix C	Recommendation Tracker at 30 November 2011
Appendix D	Annual Plan 2011/12 Progress

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522-553692 or lucy.pledge@lincolnshire.gov.uk.