



AUDIT COMMITTEE REPORT

Report Title	Internal audit progress report
---------------------	--------------------------------

AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	8 November 2010
Policy Document:	NO
Directorate:	Finance and Support
Accountable Cabinet Member:	Councillor David Perkins

1. Purpose

- 1.1 To provide the Audit Committee with a report summarising progress made against the approved internal audit plan.
- 1.2 The report also includes an updated Internal Audit Charter and a completed CIPFA self assessment checklist

2. Recommendations

- 2.1 Receive the report.

3. Issues and Choices

3.1 Report Background

3.1.1 Introduction

The report is produced to inform the Committee on internal audit activity in the current year up to the date of the Committee meeting. The report will give an update on reports issued and recommendations made as well as highlighting any issues that are considered appropriate to bring to the attention of the Committee.

3.1.2 2010/11 Plan Outturn

We have undertaken work in accordance with the 2010/11 Internal Audit Plan which was presented to Audit Committee at its meeting in March 2010

Since the previous Audit Committee we have completed fieldwork for our Expenses review and anticipate issuing the draft report shortly.

We have issued the cash collection report as final

- The Cash Collection review (**10_11 NBC Cash Collection 06**). The review focussed on the security controls, segregation of duties, records of cash collected and authorisation monitoring of under-vends and over-vends. We have not identified any critical or high risk rated issues and have provided a **moderate assurance** draft opinion.

The following reviews have been scheduled in for November and terms of reference sent out:

- Payroll - week commencing 22nd November
- Debtors – week commencing 15th November
- Housing Rents – week commencing 22nd November
- Home Renovations and Temporary Accommodation Follow Up Reviews – week commencing 22nd November
- General Ledger – week commencing 8th November

A number of other reviews have been scheduled in with key contacts for November and December and terms of reference will be sent out for these in due course.

Changes to the Audit Plan

Creditors review:

The creditors review within the audit plan has been split into two separate reviews, IBS system creditors and Agresso system creditors.

The IBS system has been implemented to replace the Uniclass system at the Westbridge Depot. Historically when performing our creditors audit work the vast majority of control weaknesses related to creditors within the Uniclass system.

In order to assess whether the control weaknesses previously identified within Uniclass have been addressed within the new IBS system, we have conducted a specific controls review at the Westbridge Depot. This has been carried out earlier than the main Agresso system creditors review because the IBS project team are still currently in place and therefore can address any recommendations raised.

We have substantially completed fieldwork on our IBS system creditors review.

We will issue a draft report once the fieldwork is finalised and we will perform a separate review of Agresso creditors in December and issue a report subsequently.

Debt Management review:

A new debt management team has been set-up at the Guildhall. This team is responsible for debt recovery within housing benefits, housing rents and sundry debtors. Therefore, in agreement with the Head of Finance and Head of Benefits we will exclude debt recovery from the scopes of these reviews and perform a separate review of debt recovery within quarter 4. Additional audit days over and above the plan will not be required for this.

Additional Work Performed

We have performed two additional reviews following management request:

Decent Homes

Summary of work performed included in Appendix 3

Museums Security:

A verbal update will be provided to members at the meeting.

For information we have provided an update in Appendix One regarding progress against the plan and a summary of status of recommendations made as part of the 2009/10 audit plan in Appendix Two.

3.1.3 Internal Audit Charter

The CIPFA Code of Practice for Internal Audit in Local Government 2006 requires that the Council should formally define the purpose, authority and responsibility of Internal Audit. The Internal Audit Charter sets out clearly the role of Internal Audit within Northampton Borough Council. The Charter is reviewed annually in order to ensure that it reflects current requirements. The updated Charter is attached at Appendix 4.

3.1.4 CIPFA Self Assessment

We conducted our annual self-assessment exercise during October 2010 and have reported the results of this exercise at Appendix 5.

3.2 Issues

3.2.1 As detailed in the report

3.3 Choices (Options)

3.3.1 N/a

4. Implications (including financial implications)

4.1 Policy

4.1.1 No implications other than enabling monitoring of internal audit reporting performance.

4.2 Resources and Risk

4.2.1 Risks may be highlighted as a result of audit issues being reported.

4.3 Legal

4.3.1 N/a

4.4 Equality

4.4.1 N/a

4.5 Consultees (Internal and External)

4.5.1 Director of Finance and Head of Finance

4.6 Other Implications

4.6.1 N/a

5. Background Papers

5.1 Appendices to the report

- Appendix 1 – Progress against Plan
- Appendix 2 – TeamCentral report summary
- Appendix 3 – Decent Homes Summary
- Appendix 4 – Internal Audit Charter
- Appendix 5 – CIPFA Self Assessment

Other individual internal audit reports are available if required.

Chris Dickens
Senior Manager
PricewaterhouseCoopers LLP
01509 604041