



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Internal audit progress report and draft internal audit 2011/12 operational audit plan</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	21 March 2011
<b>Policy Document:</b>	NO
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	Councillor David Perkins

### 1. Purpose

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1.1 To provide the Audit Committee with a report summarising progress made against the approved internal audit plan.

### 2. Recommendations

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2.1 Receive the report.

2.2 Consider the Draft Internal Audit Risk Assessment and Plan 2011/12

### 3. Issues and Choices

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#### 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 issued the following reports as draft and we are either awaiting management responses to our findings or liaising with management in order to finalise these responses:

- Home Renovations Follow Up
- Temporary Accommodation Follow Up
- Debt recovery
- Housing Rents
- Payroll
- Carbon Reduction Commitment
- Insurance
- Agresso Creditors
- Human Resources
- IT reviews

We have recently issued final reports for the following reviews:

- **10\_11 NBC Risk Management and Business Continuity 16** – This review focussed on risk management monitoring arrangements and business continuity testing. We identified 8 issues, all of which were either low or medium risk. We were able to provide a **Moderate** level of assurance.
- **10\_11 NBC Planning Applications 10** – The review focussed on controls around the planning applications process. We identified 8 issues, all of which were either low or medium risk. We were able to provide a **Moderate** level of assurance.
- **10\_11 NBC Debtors 14** – The review focussed on the invoice raising process. We identified 11 issues, all of which were either low or medium risk. We were able to provide a **Moderate** level of assurance.
- **10\_11 NBC General Ledger** – The review focussed on the controls over the accuracy and completeness of transactions input into the ledger and information and output from the ledger. We identified 9 findings, 6 of which were low risk. We provided a **Moderate** Assurance (Improving) opinion as there was considerable improvement from the prior year.

Other Items to consider:

The following report has been issued in draft although we anticipate finalising this shortly.

- **10\_11 NBC Creditors (IBS System)** – We reviewed processes and controls around ordering, access to the system and management information. In our draft report we have identified 15 findings relating to IBS creditors, 2 of which are high risk. Firstly we identified that 4 contracts with significant suppliers had expired exposing the Authority to risks in relation to value for money. We also identified that there was no review or authorisation of new suppliers meaning that there was a risk that false suppliers could be added. We have issued a draft **Limited Assurance** opinion.

We are waiting for updated management responses before we can finalise the report.

We have recently completed fieldwork for the following reviews and will be issuing draft reports shortly:

- Housing Benefits
- Budgetary Control
- Project governance
- Fixed Assets
- Contracts VFM review

### 3.1.3 Internal Audit Plan 2011/12

Included in Appendix 3 is the 2011/12 draft operational audit plan. This is presented for consideration by the Audit Committee.

## 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)

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### 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 Support, Head of Finance, and other Heads of Service and Directors in respect of the 2011/12 Draft Internal Audit Risk Assessment and Plan.

### **4.6 Other Implications**

4.6.1 N/a

## **5. Background Papers**

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5.1 Appendices to the report

- Appendix 1 – Progress against Plan
- Appendix 2 – TeamCentral report summary
- Appendix 3 – Draft Internal Audit Risk Assessment and Plan 2011/12

Other individual internal audit reports are available if required.

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