

AUDIT COMMITTEE

10 JULY 2012

INTERNAL AUDIT WORK PROGRAMME

Report from: Internal Audit

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Summary

To advise Members of progress in delivering the approved 2010/11 and 2011/12 work programme, and probity and follow up work undertaken since the last Audit Committee Meeting.

1. Budget and Policy Framework

- 1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background – 2011/12 Programme

- 2.1 Members approved the internal audit 2011/12 work programme on 5 July 2011 for year ending 31 March 2012. The programme is derived from a number of sources, which are:-
- The Council's risk identification process, identified through the risk register, business and service plans,
 - Internal audit's view of risk,
 - Work requested by Members, Chief Executive, Chief Finance Officer, directors and other officers,
 - Predetermined audits that form part of an agreed arrangement with the external auditor.
- 2.2 Audit work on the key financial systems and the audits of corporate governance, risk management and prevention of fraud and corruption are all completed.
- 2.3 Delivery of the audit plan has been particularly challenging this year due to resourcing issues within Internal Audit that were reported at the November Audit Committee.
- 2.4 At the meeting proposals were presented and agreed for revising the 2011/12 Annual Plan in light of these resource issues, and the revised Annual Plan

with progress to date is set out at **Annex A**. Progress on follow-ups is recorded in **Annex C**.

3. Progress on 2010/11 Plan

3.1 **Annex B** records the final outstanding audit output from the 2010/11 Plan.

4. Progress on Probity Audit Programme

4.1 The probity audit programme, as outlined in the Internal Audit Strategy presented to the Committee in March, has been progressed. This year the probity audits are being undertaken within Medway's Schools. Three have been completed and are presented here to the Committee. A further five are underway. Details of progress are recorded at **Annex D**. We have found that the time needed to complete these audits varies significantly depending on the nature and complexity of the School's financial arrangements. The overall audit and assurance opinion on the financial and governance arrangements in Medway's Schools based on these probity reviews will be provided to the Audit Committee in March 2013.

5. Risk Management, Financial and Legal implications

5.1 There are no risk management, financial or legal implications arising directly from this report.

6. Recommendations

6.1 Members are asked to note the progress in completing the 2010/11 programme and delivering the 2011/12 audit plan and that all key assurance work will be completed to support the needs of the annual governance statement and external audit.

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Background papers

Internal Audit Work Programme 2011/12, 5 July 2011

Internal Audit Programme 2011/12				Annex A
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Key Financial Systems				
Council Tax				AC 03/12
Housing Benefits				AC 03/12
Housing Rents				AC 03/12
NNDR				AC 03/12
<i>General Ledger</i>				AC 07/12
Debtors Income				DR
<i>Cash and Banking Processes</i>				AC07/12
Other Financial Systems				
Foster Payments		F		
Payroll processes in satellite sites				DR
Schools Assurance Programme: <ul style="list-style-type: none"> Financial control self assessment (FCSA) – primary tranche 2 		Completed		
Controls over local bank accounts - Schools		DR		
Risk Assessed Work				
Blue Badges				AC 11/11
Council Plan Monitoring	AC 03/12			
Personal Budgets		P		
Governance Audits				
<i>Corporate Governance</i>	AC07/12			
<i>Risk Management</i>	AC07/12			
<i>Prevention of Fraud and Corruption</i>	AC07/12			

Internal Audit Programme 2010/11				Annex B
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
<i>Compliance with Financial Procedures: Corn Exchange</i>			<i>AC 07/12</i>	

Key

AC = month & year reported to Audit Committee

DR = draft report issued

F = fieldwork in progress

P = audit in planning stage

Bold italicised audits are reported to this Audit Committee

Annex C	
Follow Ups Undertaken	
Follow Ups Undertaken	Date to Audit Committee
Transport Procurement Unit	07/12
Blue Badges (Interim)	07/12
Rochester Christmas Market	03/12
Markets Income	03/12
Halling Primary School – Financial Controls	03/12
Business Continuity (Progress Update)	07/12
Temple Mill (as part of probity review)	07/12

Follow Ups Pending for “Uncontrolled” and “Insufficient” Audit Opinions	
Follow Up	Status
Civic Centre Fuel Pumps	Delayed pending decision re site redevelopment. Follow up planned for 2012/13
Corn Exchange	Not Due
Housing Rents	Not Due
Business Continuity (Final)	Interim follow up completed
Blue Badges (Final)	Interim follow up completed

Annex D	
Probity Reviews 2012/13	
Review	Status
Schools	
All Saints	AC 07/12
St Margarets	AC 07/12
St Peters	In Progress
Sherwin Knight Infants	In Progress
Sherwin Knight Junior	In Progress
Woodlands	In Progress
Temple Mill	AC 07/12
The Howard	In Progress
Other	