
Meeting	Audit Committee
Date	10 December 2012
Subject	Exception Recommendations Report and Progress Report up to 30th November 2012
Report of	Assistant Director of Finance - Audit and Risk Management
Summary	<p>Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2012-13 & high priority recommendations.</p> <p>In addition, Members are asked to note the progress made against the Procurement Controls and Monitoring action plan.</p>

Officer Contributors	Assistant Director of Finance - Audit and Risk Management
Status (public or exempt)	Public
Wards Affected	None
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Council
Enclosures	Appendix A: Internal Audit Progress Report (up to 30 th November 2012) Appendix B: Work completed to date to November 2012 Appendix C: Work in progress to November 2012 Appendix D: Internal Audit Effectiveness Indicators Appendix E: Internal Audit Recommendations quarter 3 (end of November) Appendix F: Procurement Controls and Monitoring Action Plan Report
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1. RECOMMENDATIONS

- 1.1 That the Committee note the progress against the Internal Audit Plan for 2012-13 to 30th November 2012 and the actions being taken to address some cases of non implementation of high priority recommendations.**
- 1.2 It is further noted that the reporting of the Procurement Controls and Monitoring Action Plan to the Audit Committee is now complete.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 At the Audit Committee meeting on 11 March 2010 Members accepted that there would be progress reports to all future meetings of the Committee and, that for all “limited” or “no assurance” audits, there should be a brief explanation of the issues identified. It was also resolved at the meeting of the 21st September 2010 that where an audit had limited assurance that greater detail be provided than previously.
- 2.2 At the meeting of the Committee on the 17th February 2011 it was decided that a report would be prepared quarterly regarding those internal audit recommendations not implemented.
- 2.3 The Committee also requested that the table of priority 1 recommendations should in future indicate what date recommendations were made to service areas and the implementation date.
- 2.4 Audit Committee 8 December 2011 - recommended that the Assistant Director of Finance – Audit and Risk Management continue to report to the Audit Committee on the further implementation and embedding of these controls (in relation to the Procurement Controls and Monitoring Action Plan).

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 All internal audit planned activity is aligned with the Council’s objectives, particularly the “Better Services with Less Money” priority, and, thus, supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

4. RISK MANAGEMENT ISSUES

- 4.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council’s objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.
- 4.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus, leads to improving management processes for securing more effective risk management.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to: have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination.
- 5.2 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess, as appropriate, the differential aspects on different groups of individuals to ensure compliance with the Council's duties under the 2010 Equality Act.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

7. LEGAL ISSUES

- 7.1 Section 151 Local Government Act 1972 provides that '...every local authority shall make arrangements for the proper administration of their financial affairs...'

Pursuant to Regulation 6 of the Accounts and Audit (England) Regulations 2011 - 'A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.'

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 The Constitution Part 2 Paragraph 3.3 recognises that the annual audit opinion plays an essential part in advising the Council that risk management procedures and processes are in place and operating effectively.
- 8.2 The Constitution Part 3 Responsibilities for Functions - the Audit Committee terms of reference paragraph 2 states that the Committee can consider summaries of specific internal audit reports as requested.

9. BACKGROUND INFORMATION

- 9.1 The Internal Audit Service has continued to deliver work in accordance with its

plan issued to the Audit Committee in April 2012. Over the current period since the Committee last met in September 2012 the service has issued 25 reports, all but 5 were rated as satisfactory. Of those 5 was given a 'no' assurance report – Regeneration Programme. Information has been presented in Appendix A on those reports issued as limited or no assurance.

- 9.2 A number of recommendations that were due at the end of November are still in progress however our early assessments have been included for the Audit Committee to review (appendix E). This shows that 87.5% had been implemented at the time of reporting (30th November 2012), which is an improvement from last quarter where only 44% were implemented in full by the due date.
- 9.3 The Committee's role is to review the progress to date and challenge where appropriate the progress made. Directors and/or Assistant Directors were asked to attend the Committee where an amber rating had been received on the assessment of progress to discuss work to date and work planned to cover off any perceived risk.
- 9.4 In addition, it was agreed by the Audit Committee that the Procurement Controls and Monitoring Action Plan be included for discussion on progress. The recent review of the area by Internal Audit has considered that the assurance level given to this action plan is now satisfactory. There is still some embedding of these controls to ensure they remain business as usual however there are no high priority recommendations for reporting back to the Audit Committee.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Cleared by Finance (Officer's initials)	JH and MC
Cleared by Legal (Officer's initials)	SS