

WELLAND INTERNAL AUDIT CONSORTIUM



Rutland County Council

Audit & Risk Committee 16th April 2013
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1 Introduction

- 1.1 The Welland Internal Audit Consortium provides the internal audit service for the Council. The Council commissioned 370 audit days to deliver the 2012/13 Annual Audit Plan – although it was subsequently recognised that staffing difficulties – addressed in line with the Council’s HR policies and procedures – would result in a shortfall of days deliverable. The Consortium operated throughout 2012/13 in full compliance with the CIPFA Code of Practice for Internal Audit. The Code requires that it reports periodically to the Council’s “Audit Committee” on its performance; on any key findings that impact on the Council’s control and risk management arrangements; and on recommendations issued.

2 Progress with Annual Audit Plan

- 2.1 As at the 18th March, progress on planned audit work is as follows

Audit	Status	Assurance Rating – Final
Key Financial Systems		
Local Taxes	Final Report Issued	Sound
Benefits	Draft Report Issued	
Budgeting & Budgetary Control	Draft Report Issued	
Creditors	Draft Report Issued	
Debtors	Draft Report Issued	
Payroll	Work in Progress	
Main Accounting	Work in Progress	
Fixed Assets	Assigned to contractor and redesigned as a single assignment.	
Cash & Banking		
Other Financial Systems		
Assessing & Charging Clients	Draft Report Issued	
External Funding	Work in Progress Assigned to contractor	

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Audit	Status	Assurance Rating – Final
Management & Performance		
Democratic Processes	Final Report Issued	Good
Managing Absence	Final Report Issued	N/A Consultancy
Vacant Property & Disposal of Sites	Final Report Issued	Good
Council Offices – Regulatory Compliance	Work in Progress	
Partnership Working	Work in Progress Assigned to contractor	
Business Continuity	Closed Independent assurance - SMT	
Customer Facing Services		
Transport	Work in Progress	
Waste Management	Work in Progress	
Development Control	Closed Non-implementation of anticipated legislation	
Home Care	Closed Ongoing client work on service design	
Counter Fraud		
Review of General Arrangements	Work in Progress Assigned to contractor	
ICT		
Internet & Website	Work in Progress	
Legislative Compliance	Specialist contractor acting as lead is developing and rolling out testing programmes. Contractor will provide oversight and assistance to in-house team.	
Physical Security		

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- 2.2 The Consortium has also delivered two unplanned audits, the first to provide assurance that the issues identified during the 2011/12 Payroll Audit had been addressed. The second to provide advice on the approach to manage quarantined emails.
- 2.3 The Consortium had delivered 280 audit days by the end of week 48 which is some 60 days less than the profiled resource budget. It is anticipated that total days delivered will be something under 30 days short of the figure originally commissioned. This reflects the fact that salary savings will be applied to pay for some work by contractors during April to complete assignments in progress.

3 Summary of Performance

- 3.1 Table 1 below provides an overview of the Consortium's performance up to the end of week 48 (1st March 2013) using selected Key Lines of Enquiry. It is considered that these Key areas provide Members with a basis for effective scrutiny of Internal Audit and they have been applied consistently over time across all client sites.

TABLE 1

Key line of Enquiry		Available Evidence
Performance of the Consortium		
=	Will the Audit Plan be delivered in full?	Three of the planned assignments will not be completed: two customer facing assignments were cancelled by agreement due to changed circumstances; a planned audit of Business Continuity was cancelled because work undertaken, independently by SMT, made it redundant.
=	Are audits being delivered on time and to budget?	In a number of audits, completed or substantially completed, additional and unplanned work was required to address uncertainties about the control framework.
=	Is staff productivity satisfactory? Time spent on productive work as a % of time available.	Productivity across the Consortium team is at 80% compared to the 85% achieved in 2011/12. Auditor's productivity averages 90% but the Head of Consortium and the Audit Manager have been heavily engaged in dealing with restructuring and associated staffing issues.

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✓	Is the quality of work of a sufficiently high standard?	<p>The Welland Board has consistently reported that the quality of the internal audit service provided by the Consortium is significantly better than the service received before September 2006 by in-house provision.</p> <p>Following an Audit Commission review of the extent of the Consortium's compliance with the CIPFA Code of Practice in March 2010, action has been taken to achieve full compliance with the Code of Practice.</p> <p>Notwithstanding the reductions in current staffing levels, there has been no easing of quality standards.</p>
✓	Is the Consortium satisfying clients' needs & expectations?	Customer Satisfaction Surveys give the Consortium a satisfaction rating falling between "good" and "very good"
The Control Environment		
=	Do the completed audits provide assurance that the Council has made appropriate and effective arrangements to manage its key risks?	Audit work carried out on a consultancy basis to support improvement programmes being developed by clients identified control issues relating to payroll and the management of absence. In both areas clients have developed and are in the process of delivering improvement programmes.
Implementing Recommendations		
=	Are effective arrangements in place to ensure that managers respond to the agreed audit recommendations for which they are responsible in a timely manner?	<p>The Consortium's audit management software produces regular reports of agreed audit recommendations that remain outstanding and highlights any recommendation overdue for implementation. Regular copies of these reports are provided to relevant Heads of Service and there are periodic reports to SMT. The Chief Executive monitors timely implementation of recommendations on an ongoing basis.</p> <p>At the date of this report, there are 20 outstanding recommendations of which 13 are overdue for implementation. Staff turnover at Head of Service level has impacted on timeliness of implementation.</p>

4 Other Material Issues

- 4.1 The Consortium is now at full establishment. The state of the jobs market allowed for the selection from a wide pool of appropriately qualified candidates.

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- 4.2 The Consortium has begun the work necessary to allow it and its client local authorities to operate in conformity with the new Public Sector Internal Audit Standards.