



Council Overview and Scrutiny Committee
5 December 2012

**Completed Internal Audit Reports and Management Action
Plan Progress Update**

Purpose of the report: Scrutiny of Services

The purpose of this report is to inform Members of the Internal Audit reports that have been completed since the last report to this Committee in November 2012 and provide an update on management action plans for audits previously reported to this Committee.

Introduction:

1. On 22 February 2010 the Audit & Governance Committee recommended that a standing 'internal audit' item be put on all Select Committee agendas. This Committee has agreed to consider all relevant Internal Audit reports that have attracted an audit opinion of either "Major Improvement Needed" or "Unsatisfactory".
2. This report provides a list of the Internal Audit reports that have been issued since the last report to this Committee in November 2012. Of the audit reports issued, none attracted an audit opinion of "Unsatisfactory" or "Major Improvement Needed"
3. On a bi-annual basis the Chief Internal Auditor also provides this Committee with a high level assessment of progress made in implementing Management Action Plans.

Internal Audit and the Reporting Process:

4. The Accounts and Audit Regulations 2011 require that a local authority "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". The Internal Audit plan for 2012/13, which sets out the work that Internal Audit will complete during the year to meet its statutory responsibility, was approved by Audit and Governance Committee on 5 April 2012.
5. The Internal Audit reporting and escalation policy requires that all final audit reports are circulated with a management action plan, agreed by the relevant Head of Service, which sets out what management action is proposed in response to audit recommendations. Included in the audit report is the

auditor's opinion on the controls in place. The audit opinion will fall into one of the following agreed classifications:

- Effective
- Some Improvement Needed
- Major Improvement Needed
- Unsatisfactory

6. All final audit reports are circulated to the relevant strategic director; the Cabinet Portfolio holder; and, the relevant Select Committee Chairman. In addition, all members of the Audit and Governance Committee receive full copies of all Internal Audit reports.

Internal Audit Reports issued since the last report to this Committee:

7. The table below shows all the audit reports (including audit opinion) that have been issued since the last report to this Committee on 14 November 2012:

	Audit	Opinion	Number of recommendations rated as High Priority	Relevant Select Committee	Cabinet Member
1	Social Media	Some Improvement Needed	4	COSC	Denise Le Gal

8. The above audit falls under the immediate remit of this Committee.

Management Action Plan (MAP) progress update:

9. In May 2012 a report was presented to this Committee that assessed progress made for all audits relevant to this Committee completed in the period September 2011–January 2012. This information is summarised at Annex A and includes the latest position for those audits not assessed as “Green” at that time.
10. A more detailed summary of progress made on implementing audit recommendations for those audits relevant to the remit of this Committee and completed since February 2012 is attached at Annex B. This shows progress to date in implementing audit recommendations for audit reports issued in the period February to August 2012

IMPLICATIONS:

11. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy.

Recommendations:

12. That the Committee notes the audits completed in the period and status of audit recommendations implementation.

Next Steps:

13. That the Committee receives further updates on completed internal audit reports at future meetings, and continues to focus its attention on audit reports with the audit opinion of either "Major Improvement Needed" or "Unsatisfactory" and/or high priority recommendations.

Report contact:

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Sources/background papers:

- 2009/10 Review of the Effectiveness of the System of Internal Audit, Audit & Governance Committee, 22 February 2010
- Final audit reports and agreed management action plans

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