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Council Overview and Scrutiny Committee 1 February 2013

Completed Internal Audit Reports

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 December 2012.

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" and/or those with high priority recommendations.
2. This report provides a list of the 11 Internal Audit reports that have been issued since the last report to this Committee in December 2012. Of the audit reports issued, one attracted an audit opinion of "Unsatisfactory" and two attracted an audit opinion of "Major Improvement Needed"

Internal Audit and the Reporting Process:

3. 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.
4. 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

5. 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:

6. The table below shows all the audit reports (including audit opinion) that have been issued since the last report to this Committee on 5 December 2012:

	Audit	Opinion	Number of recommendations rated as High Priority	Relevant Select Committee	Cabinet Member
1	Materials Testing Laboratory	Some Improvement Needed	2	E&TSC	John Furey
2	Follow-up review of Direct Payments Audit	Major Improvement Needed	n/a*	ASC	Michael Gosling
3	LASER Contract Governance	Some Improvement Needed	1	COSC	Denise Le Gal
4	Unofficial School Funds	Some Improvement Needed	1	ESC	Linda Kemeny
5	Corporate Purchasing Cards	Major Improvement Needed	6	COSC	Denise Le Gal
6	Capital Programme Management - Schools Basic Need	Some Improvement Needed	0	COSC	Denise Le Gal
7	Records Management	Effective	0	COSC	Denise Le Gal
8	Superfast Broadband	Some Improvement Needed	0	COSC	Denise Le Gal
9	Special Schools - Funding of Residential Provision	Unsatisfactory	4	ESC	Linda Kemeny
10	Illuminated Street Furniture contract	Some Improvement Needed	1	E&TSC	John Furey
11	Asset Management ICT	Some Improvement Needed	1	COSC	Denise Le Gal

* Note – this follow/up audit did not include any new recommendations, the original audit had 4 High Priority recommendations

7. The Direct Payments follow-up audit was discussed at a meeting of the Adult Social Care Select Committee on 30 November 2012.

8. The LASER Contract Governance audit report was discussed at a meeting of the Audit and Governance Committee on 6 December.
9. A summary of the key findings and recommendations for those audits above which were rated “Unsatisfactory” or “Major Improvement Needed” and/or have High Priority Recommendations, is attached as Annex A.

IMPLICATIONS:

10. 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:

11. That the Committee notes the audits completed in the period and considers whether any additional action is required.

Next Steps:

12. 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:

Sue Lewry-Jones
Chief Internal Auditor

Contact details: 020 8541 9190

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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