

Rossendale Borough Council

Internal Audit Service

Monitoring report for the period ended

30th September 2006

1 Purpose of this report

- 1.1 The Annual Audit Plan for 2006/07 was approved by the Performance Management Overview and Scrutiny Committee on 15 June 2006. The plan reflects the approach agreed last year, which appointed Lancashire Audit Service as Rossendale Borough Council's internal auditors for the period 2006/7-2008/9. This report details the progress to date in undertaking the agreed coverage, and highlights any significant issues identified from the audit work performed in this period.
- 1.2 This report covers the period 1 April 2006 to 30th September 2006.

Acknowledgements

- 1.3 We are grateful for the assistance that has been provided to us by all the Rossendale Borough Council staff contacted in the course of our work.

2 Key issues and themes arising during the period

- 2.1 We are not in a position to draw any firm conclusions on the work undertaken at this stage.

3 Internal audit work undertaken

Internal audit plan 2006/07

- 3.1 Work carried out during this period was in accordance with the agreed Audit Plan. As coverage of the audit plan continues, details of the progress to date including assurance provided and key issues identified for each of the areas completed to date will be set out in the 'Summary of findings and Assurance' table which forms part of Section 4. Currently, this shows that 133 days have been spent in the six months since the start of the financial year to deliver the audit plan. This equates to 41% of the total audit activity of 327 days planned for the year.
- 3.2 However it should be noted that part of this time relates to the finalisation of 2005/06 audits.
- 3.3 In respect of the balance of the 2006/07 plan, work has been programmed over the remainder of the year to ensure that all the areas identified are covered.
- 3.4 Reports have been drafted for two of the core financial systems, which address the controls over the payroll and debtors systems. The details of these reports will be reported to the committee on the finalisation of the reports. The other financial systems included in this year's plan are programmed to be undertaken in the second half of the financial year, in order that sufficient time has elapsed to enable action to be undertaken on agreed recommendations from the previous year.
- 3.5 In consultation with senior management, we have included various focussed reviews to address the wider operational risks and controls of the Authority. The fieldwork has been completed on the absence management review and a closure meeting is to be held shortly with the appropriate Head of Service.

Resource input

3.6 The staff resource input for the six months to 30th September 2006 is as follows:

	Audit plan Days	Target %	Actual %
Head of Internal Audit	0	3	0
Principal Auditor	17	12-20	13
Senior Auditor (including IT)	27	25-35	20
Audit team members (including IT)	89	50-55	67
Total	133		

4 Summary of findings

Overall summary and assurance provided

- 4.1 We have set out in the table on the following pages a brief summary of each review undertaken during the period and the areas to be covered in the remainder of the year. This sets out the planned and actual days we have spent on each review, the variance between the days reported, and a summary of the assurance we have been able to provide in relation to each system or operational area of your business where work has been finalised. The key issues identified encapsulate the significant issues and areas where key recommendations were made. They reflect the findings at the time the work was carried out.
- 4.2 As the plan progresses, we will distil the assurance into an assessment of the adequacy of each system, and its effectiveness in operation.
- 4.3 The table will indicate briefly with simple ticks (✓) and crosses (x) our overall assessment of each system where reviews have been finalised during the period and the assurance you may take from its operation in supporting effective internal control. A dash (-) indicates an area where work is in progress or where we are unable to give an assessment because of the reason given.

Summary of our findings and assurance

Review area	Audit days			Assurance		Key issues/Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Core financial systems						
Payroll	25	13	12	-	-	The fieldwork is completed and draft report prepared; a closure meeting is planned.
Debtors	25	16	9	-	-	The fieldwork is completed and draft report prepared; a closure meeting is planned
Creditors	20	0	20	-	-	The work will take place in quarter 3.
Council tax	25	0	25	-	-	The work will take place in quarter 3.
Cash & banking	20	0	20	-	-	This work is planned for quarter 4.
General ledger and Budgetary control	30	0	30	-	-	This work is planned for quarter 4.
Focussed reviews						
Best Value Performance Indicators	10	1	9	-	-	A scoping document has been prepared and initial audit preparation has been carried out to document the systems. This work is ongoing.
Corporate Governance	10	1	9	-	-	Initial audit preparation has been carried out and the work will take place in quarter 3.

System adequacy: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

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Review area	Audit days			Assurance		Key issues/Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Human Resources – Absence Management	15	14	1	-	-	The fieldwork is completed and draft report prepared; a closure meeting is planned.
Risk Management	10	2	8	-	-	The work will take place in quarter 3.
Single Status	10	0	10	-	-	The work will take place in quarter 3.
Client side management arrangements in the commissioning environment	15	0	15	-	-	This work is planned for quarter 4.
National Fraud Initiative	15	9	6	-	-	This work is ongoing.
Contingency	8	0	8	-	-	
Specialist areas						
Response to fraud / impropriety	10	0	10	-	-	
IT Controls	15	7	8	-	-	The time to date mainly relates to advice provided to the Acting Head of Service to support the new ICT strategy.

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	Planned	Actual	Variation	Adequacy	Effectiveness	
2005/06 audits carried forward						
Core financial systems	0	37	(37)	-	-	This time relates to the finalisation of work on the core financial systems. The assurance and key issues were included in the 2005/06 Annual Report.
Partnerships	0	2	(2)	-	-	The time relates to the finalisation of work on this area.
Other areas						
Follow up reviews	15	0	15	-	-	This work is planned for the quarter 4.
Risk assessment and strategic planning	7	9	(2)	-	-	This time relates to the day to day management of the Authority's audit plan.
Committee and other meetings	4	3	1	-	-	This time covers O&S Committee preparation and attendance.
Central reporting (annual and periodic progress)	10	4	6	-	-	This allocation covers the time required for the Committee reporting process as well as preparing the monitoring reports for the Head of Financial Services.
Liaison with senior management	15	11	4			This time covers the monthly update meetings with the Head of Financial Services as well as meetings with the Executive Director of Resources and all Heads of Service.

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Review area	Audit days			Assurance		Key issues/Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Liaison with Audit Commission	3	2	1	-	-	This time relates to regular liaison meetings with the Audit Commission.
Ad hoc advice and support	10	2	8	-	-	This allocation covers ad hoc advice and assistance to the Authority. Time to date relates to advice regarding the Statement on Internal Control, and the Money Laundering Regulations.
Total Days	327	133	194			

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