

**ROTHERHAM METROPOLITAN BOROUGH COUNCIL  
REPORT TO AUDIT COMMITTEE**

|                     |  |
|---------------------|--|
| <b>Meeting:</b>     | Audit Committee  |
| <b>Date:</b>        | 14 <sup>th</sup> March 2012  |
| <b>Title:</b>       | Review of Progress Against the Internal Audit Plan for Ten Months ending 31 <sup>st</sup> January 2012 |
| <b>Directorate:</b> | Resources  |

**5. Summary.**

This report contains a summary of Internal Audit's work and performance for the ten months ending 31<sup>st</sup> January 2012. The service has achieved good performance in the period, exceeding most of its stretch targets.

The audit work completed to date has confirmed that the Council has a robust overall control environment.

**6. Recommendations.**

**The Audit Committee is asked to:**

- **note the good performance of the Internal Audit Service during the period**
- **note the key issues arising from the work done in the period**

## 7. Proposals and Details.

### 7.1 Reason for this Report.

This report summarises the main activities of the Internal Audit Service for the first ten months of 2011/12. The report is presented to the Audit Committee to enable the Committee to fulfil its responsibility to oversee the work of Internal Audit. The report summarises:

- performance against key service benchmarks
- planned audit reports issued during the period, highlighting the overall opinion for each audit
- the number of high priority recommendations made
- the proportion of recommendations agreed / not agreed
- a summary of responsive work undertaken
- an analysis of use of audit resources
- a summary of key service developments during the period.

### 7.2 Performance Indicators.

7.2.1 Our performance against a number of indicators is summarised in the table below:

| <b>Performance Indicator</b>  | <b>2009/10</b> | <b>2010/11</b> | <b>2011/12 Target</b> | <b>April 2011 to January 2012</b> |
|---|----------------|----------------|-----------------------|-----------------------------------|
| Draft reports issued within 15 days of field work being completed.          | 90%            | 90%            | 91%                   | 92%                               |
| Percentage of 3 star (fundamental control weakness) recommendations agreed. | 100%           | 100%           | 100%                  | 100%                              |
| Chargeable Time/Gross Time.   | 62%            | 62%            | 63%                   | 61%                               |
| Audits completed within planned time.                                       | 82%            | 93%            | 93%                   | 89%                               |
| Percentage of Audit Plan completed.   | 86%            | 84%            | 86%                   | 83%*                              |
| Cost per Chargeable Day.  | £307           | £291           | £270                  | £264                              |
| Client Satisfaction Survey.   | 90%            | 89%            | 90%                   | 92%                               |

\* extrapolated from performance to date

7.2.2 Client satisfaction has been excellent in the period, with 92% of client survey returns showing overall positive feedback. An important measure of our effectiveness as a service is being able to provide timely feedback to our auditees so that they can address any areas of concern quickly. It is pleasing therefore that we have been able to exceed our targets for issuing draft reports within 15 days of the completion of fieldwork.

- 7.2.3 Our performance on the completion of audits within planned time is slightly below target. This has been due to auditors identifying issues requiring further investigation whilst undertaking planned audit activity. We have also had the occasional delay due mainly to the need to obtain further information / clarification on specific issues following completion of the field work.
- 7.2.4 Our performance on the percentage of completion of the Audit Plan is slightly below target. However, there are a number of assignments approaching completion, particularly the fundamental financial systems 'managed' audits. As these will be issued before the end of the financial year, it is expected that our target of 86% will be met.
- 7.2.5 The achievement of these standards represents very good performance when taking into account a reduced level of resources this year and a loss of some productive time as a result of the move to Riverside House.

### **7.3 Planned Audit Reports and Recommendations.**

**Appendix A** shows the audit reports issued and agreed during the first ten months of the year. Audit findings in all areas indicated that satisfactory control arrangements were in place and testing confirmed that these controls were operating effectively during the period under review. However, our work shows that there are opportunities to strengthen arrangements in some areas. Implementation of Internal Audit's recommendations for improvement will reduce the Council's exposure to risk.

### **7.4 Responsive Audits.**

**Appendix B** summarises responsive work carried out in the period, which can be categorised into two main areas:

- investigative work
- requests for advice and assistance.

A total of 303 auditor days has been spent on responsive work to date representing approximately 10.5% of available resources. Examples of the more significant areas examined in the period include:

- a) CYPS: Primary School Childcare Club.

This was reported to the Audit Committee on 7<sup>th</sup> December 2011.

- b) EDS: Car Park Income.

As previously reported to the Audit Committee on 7<sup>th</sup> December, Internal Audit investigated the loss of car parking income. Following our report the officer responsible subsequently resigned his post. A further report on system weaknesses was produced by Internal Audit and all recommendations made within the report have been accepted and implemented by EDS management.

- c) CYPS: Children's Home.

This was reported to the Audit Committee on 7<sup>th</sup> December 2011.

d) NAS: Declaration of Interest.

Assistance was provided to an investigation by Human Resources into an officer who had failed to make a declaration of interest whilst arranging for services to be provided through Direct Payments by a company in which he had an interest. The HR investigation is ongoing.

e) CYPS and NAS: Grant Funding to Third Sector Organisation

The Council provides grants to local third sector organisations to deliver learning opportunities to disadvantaged neighbourhoods. In one recent instance a former tutor of one of these organisations made allegations that the organisation had improperly claimed grant for expenditure it had not incurred and also 'double' claimed grant from the Council and another funder. Investigations are still ongoing and a report is being finalised which will make recommendations on how to improve internal controls. Where appropriate and in accordance with legal advice, the Council will pursue the organisation for recovery of grant.

## 7.5 Analysis of Use of Audit Resources.

The Audit Plan presented to the Audit Committee in June 2011 identified the time available for internal audit during the year, the expected number of chargeable audit days and expected usage of available time. An analysis of the actual use of audit resources compared to the profiled budget at the end of January 2012 has been undertaken. This has revealed that time spent on service development and the completion of 2010/11 financial year audits has been higher than originally expected, with time spent on professional training and management review being less than planned at this stage.

A table showing a detailed analysis of the actual use of audit resource compared to the Plan is shown at Appendix C to this report.

## 7.6 Summary of Key Service Developments During the Period.

Rotherham Internal Audit continues to work in partnership with Doncaster Internal Audit to further improve the efficiency and effectiveness of the service provided at both sites, to share best practice and to strengthen service resilience. Some of the main projects that have been undertaken include:-

**Audit of Core Financial Systems** – adoption of a more risk based approach to reduce time spent whilst continuing to meet KPMG requirements, International Auditing Standards and professional standards.

**Anti Fraud and Corruption Work** – updating of Anti Fraud and Corruption Strategies, to include the provisions of the Bribery Act 2010.

**Review of Approach to Schools Audit** – Whilst there has been improvement to the efficiency of our approach to schools audit in recent years, reduction in audit resources has accelerated the imperative to change our working practices. This has resulted in increased emphasis being placed on thematic reviews which aim to add value to our schools. Early indications appear to show very positive feedback from schools to this approach.

Reviews carried out by Internal Audit in this area include:

- Arrangements for letting capital contracts
- Building cleaning provision in schools
- Schools Catering Service
- Extended schools childcare provision
- Financial aspects of governance arrangements for schools, including Financial Regulations, Fair Funding Scheme

**Council Budget Reductions** – Work has continued on considering the implications for control arrangements of any changes resulting from the implementation of Council-wide savings (e.g. changes to structure and/or processes that could affect the internal control environment).

**Work for other Local Authorities / External Bodies** – One of our Principal Auditors is currently finalising a risk based strategic plan of ICT Audit for both Doncaster Council and St Leger Homes, the housing Arms Length Management Organisation in Doncaster. We have also provided advice to the Internal Audit section at Barnsley Council on ICT security issues, in accordance with an income generating Service Level Agreement. Barnsley has requested that we continue to provide this service for them during the 2012/13 financial year.

## **8. Finance.**

There are no financial implications arising from this report.

## **9. Risks and Uncertainties.**

Failure to deliver an effective internal audit function would weaken the Council's internal control arrangements and increase the risk of erroneous and / or irregular activities.

## **10. Policy and Performance Agenda Implications.**

The strength of Internal Audit impacts upon the Council's internal control environment. A sound control environment is part of good governance, which is wholly related to the achievement of the objectives in the Council's Corporate Plan.

## **11. Background Papers and Consultation.**

Detailed audit reports.

### **Contact Names:**

*Colin Earl, Director of Audit and Asset Management, x22033*

*Marc Bicknell, Internal Audit Manager, x23297*

### **Appendices:**

Appendix A: Summary of Planned Audits Completed: April 2011– January 2012

Appendix B: Summary of Internal Audit Responsive Work: April 2011 – January 2012

Appendix C: Analysis of Use of Audit Resources: April 2011 – January 2012

**Summary of Planned Audits Completed: April 2011 – January 2012**

| Area Audited   | Number of Recs Made | Number of Recs Agreed | Variance       | Number Of 3 * Recs Made | Number of 3 * Recs Agreed | Opinion Adequate/ Inadequate |
|--|---------------------|-----------------------|----------------|-------------------------|---------------------------|------------------------------|
| <b><u>Chief Executive's Directorate</u></b>                    |                     |                       |                |                         |                           |                              |
| Risk Management: Chief Executive's Directorate                 | 2                   | 1                     | 1              | 0                       | 0                         | Adequate                     |
| Honoraria Payments   | 2                   | 2                     | 0              | 0                       | 0                         | Adequate                     |
| <b><u>Children and Young People's Services Directorate</u></b> |                     |                       |                |                         |                           |                              |
| <b><u>Primary Schools</u></b>                                  |                     |                       |                |                         |                           |                              |
| Aston Lodge Primary School                                     | 22                  | 22                    | 0              | 0                       | 0                         | Adequate                     |
| Brinsworth Whitehill Primary School                            | 15                  | 15                    | 0              | 0                       | 0                         | Adequate                     |
| Brampton Ellis Junior School                                   | 14                  | 14                    | 0              | 0                       | 0                         | Adequate                     |
| Flanderwell Junior and Infant School                           | 18                  | 18                    | 0              | 0                       | 0                         | Adequate                     |
| High Greave Junior School                                      | 24                  | Awaiting Reply        | Awaiting Reply | 0                       | 0                         | Adequate                     |
| Maltby St Mary's Catholic Primary School                       | 17                  | 17                    | 0              | 0                       | 0                         | Adequate                     |
| Rawmarsh Ryecroft Infant School                                | 10                  | 10                    | 0              | 0                       | 0                         | Adequate                     |
| Rawmarsh Ashwood Primary School                                | 12                  | 12                    | 0              | 0                       | 0                         | Adequate                     |
| Rawmarsh St Joseph's Catholic Primary School                   | 22                  | 22                    | 0              | 0                       | 0                         | Adequate                     |
| St. Bede's Catholic Primary School                             | 26                  | 26                    | 0              | 0                       | 0                         | Adequate                     |
| Swallownest Primary School                                     | 8                   | 8                     | 0              | 0                       | 0                         | Adequate                     |
| Wath Victoria Junior and Infant School                         | 16                  | 16                    | 0              | 0                       | 0                         | Adequate                     |
| Wentworth Junior and Infant School                             | 16                  | Awaiting Reply        | Awaiting Reply | 0                       | 0                         | Adequate                     |
| Wickersley St Alban's Primary School                           | 22                  | 22                    | 0              | 0                       | 0                         | Adequate                     |
| <b><u>Secondary Schools</u></b>                                |                     |                       |                |                         |                           |                              |
| Dinnington Comprehensive School                                | 28                  | 28                    | 0              | 0                       | 0                         | Adequate                     |
| Oakwood Technology College                                     | 10                  | 10                    | 0              | 0                       | 0                         | Adequate                     |
| Rawmarsh Community School & Sports College                     | 20                  | 20                    | 0              | 0                       | 0                         | Adequate                     |
| Winterhill School  | 15                  | 15                    | 0              | 0                       | 0                         | Adequate                     |

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|--|---------------------|-----------------------|----------------|-------------------------|---------------------------|------------------------------|
| <b>Special Schools</b>   |                     |                       |                |                         |                           |                              |
| Kelford School   | 26                  | 25                    | 1              | 0                       | 0                         | Adequate                     |
| <b>Other CYPS</b>  |                     |                       |                |                         |                           |                              |
| Children's Centres   | 16                  | 16                    | 0              | 0                       | 0                         | Adequate                     |
| Children's Residential Units   | 8                   | Awaiting Reply        | 0              | 0                       | 0                         | Adequate                     |
| Children's Social Services Locality Teams  | 9                   | Awaiting Reply        | Awaiting Reply | 0                       | 0                         | Adequate                     |
| City Learning Centres Provision  | 20                  | 20                    | 0              | 0                       | 0                         | Adequate                     |
| Devolved Capital Spending in Schools *   | 8                   | Awaiting Reply        | Awaiting Reply | 0                       | 0                         | Adequate                     |
| Looked After Children: Out of Borough Placements (follow up to 2010/11 audit)  | 2                   | 2                     | 0              | 0                       | 0                         | Adequate                     |
| Review of Financial Regulations for Schools  | 1                   | 1                     | 0              | 0                       | 0                         | Adequate                     |
| Review of School Bank Account Scheme   | 1                   | 1                     | 0              | 0                       | 0                         | Adequate                     |
| Schools Catering Service   | 6                   | Awaiting Reply        | Awaiting Reply | 0                       | 0                         | Adequate                     |
| Schools Cleaning Contracts   | 4                   | 4                     | 0              | 0                       | 0                         | Adequate                     |
| Schools Extended Services: Childcare Income (follow up to investigation of irregularity at Woodsetts Primary School Kids Club) | 8                   | 8                     | 0              | 0                       | 0                         | Adequate                     |
| <b>Neighbourhoods and Adult Services Directorate</b>   |                     |                       |                |                         |                           |                              |
| Risk Management: Neighbourhoods and Adult Services   | 1                   | 1                     | 0              | 0                       | 0                         | Adequate                     |
| Housing Tenancy Fraud  | 9                   | 9                     | 0              | 0                       | 0                         | Adequate                     |
| Licensing Service  | 6                   | 6                     | 0              | 0                       | 0                         | Adequate                     |
| <b>Environment and Development Services Directorate</b>  |                     |                       |                |                         |                           |                              |
| Risk Management: Environment and Development Services  | 11                  | 11                    | 0              | 0                       | 0                         | Adequate                     |
| Carbon Reduction   | 14                  | 14                    | 0              | 0                       | 0                         | Adequate                     |

**Summary of Planned Audits Completed: April 2011 – January 2012**

| Area Audited   | Number of Recs Made | Number of Recs Agreed | Variance | Number Of 3 * Recs Made | Number of 3 * Recs Agreed | Opinion Adequate/ Inadequate |
|--|---------------------|-----------------------|----------|-------------------------|---------------------------|------------------------------|
| Commitment Energy Efficiency Scheme *  |                     |                       |          |                         |                           |                              |
| Grounds Maintenance  | 3                   | 3                     | 0        | 0                       | 0                         | Adequate                     |
| Waste Disposal Client  | 2                   | 2                     | 0        | 0                       | 0                         | Adequate                     |
| <b><u>Financial Services Directorate</u></b>                                 |                     |                       |          |                         |                           |                              |
| Risk Management: Financial Services  | 4                   | 4                     | 0        | 0                       | 0                         | Adequate                     |
| Annual Governance Statement  | 10                  | 10                    | 0        | 0                       | 0                         | Adequate                     |
| Payment of Parish Precepts   | 1                   | 1                     | 0        | 0                       | 0                         | Adequate                     |
| <b><u>Grants</u></b>   |                     |                       |          |                         |                           |                              |
| EU Going Local 2020 Grant  | n/a                 | n/a                   | n/a      | n/a                     | n/a                       | Adequate                     |
| EU Regional Improvement and Efficiency Programme Grant                       | n/a                 | n/a                   | n/a      | n/a                     | n/a                       | Adequate                     |
| Growth Grant   | n/a                 | n/a                   | n/a      | n/a                     | n/a                       | Adequate                     |
| Housing Market Renewal Pathfinder Grant                                      | n/a                 | n/a                   | n/a      | n/a                     | n/a                       | Adequate                     |
| Managing Adaptive Responses to Changing Flood Risk in North Sea Region Grant | n/a                 | n/a                   | n/a      | n/a                     | n/a                       | Adequate                     |
| Stroke Usage Grant   | n/a                 | n/a                   | n/a      | n/a                     | n/a                       | Adequate                     |
| <b><u>ICT Audit</u></b>  |                     |                       |          |                         |                           |                              |
| Data Back Up and Storage   | 5                   | 5                     | 0        | 0                       | 0                         | Adequate                     |
| Domiciliary Carers and Warden Service Web Rostering System                   | 2                   | 2                     | 0        | 0                       | 0                         | Adequate                     |
| File Controls - EDRMS  | 7                   | 7                     | 0        | 0                       | 0                         | Adequate                     |
| General Ledger Upgrade: Bridgewater Site Visit                               | 2                   | 2                     | 0        | 0                       | 0                         | Adequate                     |

\* Forwarded to Overview and Scrutiny Management Board for consideration



**Summary of Internal Audit Responsive Work: April 2011 – January 2012.**

| Description   |
|---|
| <b><u>Chief Executive's / Resources / Corporate</u></b>   |
| Certification of 'Timely Information to Citizens' Grant Claim.  |
| Advice provided on financial administration of Mayor's Charity in accordance with Charity Commission guidelines and 'best practice'.  |
| Advice provided to ICT client function regarding the risks / control implications of using a 'cloud' based solution to support the Electronic Data Records Management System (EDRMS). |
| Investigation into allegations of grant paid to a third sector organisation and use of the grant.   |
| Advice provided to the Community Engagement Team regarding the adequacy of monitoring arrangements surrounding payments to community groups.  |
| Advice provided to the Commissioning Team regarding the Council's right of access to the accounting records of a contractor.  |
| Investigation of a complaint regarding grant funding made to a local third sector organisation. See 7.4 (e) of the audit report.  |
| <b><u>Children and Young People Services</u></b>  |
| Investigation into alleged irregularities in the administration of childcare income at a primary school.  |
| Advice provided regarding investigation of alleged financial irregularities and the strengthening of procedures at a children's home.   |
| Compilation of response to a Freedom of Information request regarding payments made to the Common Purpose organisation in respect of the 'Your Turn' programme.                       |
| Advice provided to a primary school on the requirements of Financial Regulations for Schools and the Fair Funding Scheme in respect of lease agreements.                              |
| Advice provided to a children's centre regarding payments made to families in need on behalf of a charity.  |
| Advice provided to a comprehensive school regarding correct procedures governing the payment, in exceptional circumstances, of pro-forma invoices.                                    |
| Advice provided to a primary school regarding correct procedures for making an ex-gratia payment to a member of staff whose car was vandalised whilst on official business.           |
| Provided assistance with an investigation into a complaint made against the Extended Learning Services Section by a member of the public (see 7.4 above)                              |
| Advice to a comprehensive school regarding best practice in procurement processes.  |
| Advice provided in respect of the use of direct debits by schools with bank accounts.   |
| Advice provided on security arrangements following the theft of petty cash at a children's home.  |
| Investigation into allegations that an employee at a Council children's centre was working elsewhere whilst off sick. No evidence was found to substantiate the allegations.          |

**Summary of Internal Audit Responsive Work: April 2011 – January 2012.**

| <b>Description</b>  |
|---|
| Advice provided to the Schools Catering Service regarding correct procedures for disposal of surplus equipment.   |
| Advice provided to a comprehensive school regarding the procedures for accounting for VAT.  |
| Advice provided regarding data security arrangements following the theft of laptops from Norfolk House.   |
| Investigation into the expense claims of a former Head Teacher. He has subsequently paid back £126 to the school concerned.   |
| Advice provided in respect of processes for accounting for sixth form funding in accordance with the requirements of the Young Persons Learning Agency.                       |
| <b><u>Environment and Development Services</u></b>  |
| Investigation into loss of car park income (see 7.4 above).   |
| Advice provided regarding the requirements of Contract Standing Orders in relation to procurement of security services for Ulley Country Park.                                |
| Advice provided on the process for the disposal of floral displays previously used in Council buildings.  |
| Investigation, following an anonymous 'phone call, of alleged misuse of a Council vehicle by a member of staff.   |
| Advice provided to Asset Management on quotation / tender thresholds when dealing with aggregated value contracts.  |
| Advice provided to Highways and Transportation regarding the competitive procurement requirements of Contract Standing Orders.  |
| Advice provided to Parking Services regarding procedures for the refund of contract parking payments.   |
| Advice provided to Asset Management regarding renegotiation of a building contract.   |
| Advice provided to Asset Management regarding the use of a Smartcard Security System at the new Riverside House civic offices.  |
| Advice given regarding request for grant payment to be made in foreign currency.  |
| Advice provided to Green Spaces to strengthen procedures following the loss of a cash float at one of the Council's urban parks.  |
| Advice provided to Culture and Leisure regarding the disposal of assets at the Civic Theatre.   |
| Advice to EDS Sports Development regarding procedures for the receipting of cash payments.  |
| Review of processes for calculation of cleaners' payroll following the identification of significant overpayments, which 2 cleaners had themselves made the Council aware of. |
|   |

**Summary of Internal Audit Responsive Work: April 2011 – January 2012.**

| <b>Description</b>  |
|---|
| <b><u>Financial Services</u></b>  |
| Assistance provided to colleagues from Finance to ensure that there was a complete audit trail to evidence expenditure on the 2007 floods as part of an EU audit. |
| Advice provided to Director of Finance regarding procedures for production of cheque payments run in light of impending move to new office accommodation.         |
| Advice provided to Voluntary Action Rotherham regarding verification of funding to third sector organisations.  |
| Analysis of payments made on mobile phone contracts, highlighting instances where line rentals were being paid, but call volumes were minimal or nil.             |
| Advice provided to Accountancy Services on changes to procedures for processing journals.   |
| Local Gov Transformation, improvement and efficiency grant 2009/10, 2010/11 & 2011/12. Complete audit of expenditure in accordance with grant conditions.         |
| <b><u>Neighbourhoods and Adult Services</u></b>   |
| Advice provided regarding financial controls in light of proposed introduction of appointeeships in Adult Social Services.  |
| Advice provided on proposed developments to the Care Assessment process within the SWIFT system.  |
| Advice regarding NAS adaptations and quotation process.   |
| Investigation into irregularities in the system for arranging services for disabled people through the Direct Payments system.                                    |
| <b><u>RBT</u></b>   |
| Advice provided on proposed changes to the system for making Council Tax refunds by cheque.   |
| Advice provided to HR and Payroll on process for the recovery of a redundancy payment made to an incorrect bank account.  |
| Advice provided with respect to a Freedom of Information Request and a benefit claimant complaint.  |
| Advice about a proposal to carry out changes to checks currently made to verify single person discount claims.  |
| Data matching exercise to highlight possible cases of housing tenancy fraud.  |
| Advice regarding Housing Benefit post opening procedures.   |

Analysis of use of Audit Resources April 2011 – January 2012.Analysis of use of Audit Resources

|  | <u>Budget</u> | <u>Profiled</u><br><u>Budget</u><br><u>(Periods</u><br><u>1-10)</u> | <u>Actual</u> | <u>Variance</u><br><br><u>+ / -</u> |
|--|---------------|---|---------------|-------------------------------------|
| <b>Gross Days Available</b>                        | <b>3468</b>   | <b>2888</b>   | <b>2881</b>   | <b>-7</b>                           |
| <b>Less</b>  |               |   |               |                                     |
| Leave (Annual / Statutory / Concessionary / Other) | 545           | 454   | 542           | +88                                 |
| Elections  | 10            | 8   | 5             | -3                                  |
| Sickness   | 53            | 44  | 80            | +36                                 |
| Service Development                                | 0             | 0   | 65            | +65                                 |
| Professional Training and CPD                      | 134           | 112   | 69            | -43                                 |
| Management and Review                              | 150           | 125   | 106           | -19                                 |
| Admin and Clerical                                 | 120           | 100   | 125           | +25                                 |
| Professional Meetings                              | 46            | 39  | 50            | +11                                 |
| Strike Action                                      | 0             | 0   | 10            | +10                                 |
|  | <b>Less</b>   | <b>1058</b>   | <b>882</b>    | <b>1052</b>                         |
|  |               |   |               | <b>+170</b>                         |
| <b>Gross Audit Days Available</b>                  | <b>2410</b>   | <b>2006</b>   | <b>1829</b>   | <b>-177</b>                         |
| <b>Less</b>  |               |   |               |                                     |
| 2010/11 Work Brought Forward / Follow Up Work      | 94            | 78  | 82            | +4                                  |
| Review of Audit Files and Reports                  | 160           | 134   | 91            | -43                                 |
|  | <b>Less</b>   | <b>254</b>  | <b>212</b>    | <b>173</b>                          |
|  |               |   |               | <b>-39</b>                          |
| <b>Net Audit Days Available for 2011 / 2012</b>    | <b>2156</b>   | <b>1794</b>   | <b>1656</b>   | <b>-138</b>                         |
| Responsive Audits                                  | 410           | 341   | 303           | -38                                 |
| Planned Audits                                     | 1746          | 1453  | 1353          | -100                                |

**Analysis of use of Audit Resources April 2011 – January 2012.**

There are a number of variances between budget and actual in relation to the number of audit days available. The most significant of which are:

- Leave is higher than the profiled budget at the end of period 10 because many staff use their leave entitlement during the summer months and very little leave is taken during February and March. In addition, a member of staff was granted 5 days of bereavement leave in accordance with the Council's HR policy.
- Sickness absence is slightly higher than expectation. This is mainly due to one member of staff who was off sick for several weeks in late December / early January following an accident away from work.
- Time spent on Service Development and Admin and Clerical is higher than expectation, largely due to the move to Riverside House as a member of staff has been involved in supporting other areas of Financial Services with the implementation of EDRMS and Worksmart initiatives.
- Time spent on professional training is below budget. This is because a decision was made early in the financial year to place increased emphasis on low-cost "on the job" training due to the high costs associated with external professional training at a time when the Council is facing severe budget pressures.
- Time spent on the completion of 2010/11 work was slightly higher than expectation. This was largely spent on completion of the audit of fundamental financial systems on behalf of the Council's external auditor, KPMG.
- Time spent on responsive work is slightly under budget. Whilst Internal Audit has received a large volume of responsive work during the period, it has often been possible to conclude investigations speedily by working in partnership with colleagues in directorates and from HR. In addition, by investing time in the production of the Annual Audit Plan, we have found that many areas that would have been previously classed as responsive work had already been planned for. We will need to keep this under review to ensure that our Plan is kept up to date to reflect the rapidly changing environment in which the Council currently operates.
- Time spent on planned work is slightly below budget. It is expected that this will pick up over the final two months of the year as we complete our work on the Council's fundamental financial systems.