

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Audit and Performance Review Committee : 23 September 2009

Subject: Internal Audit Annual Report to 31 March 2009

1. Purpose

- 1.1** The purpose of this report is to advise Members of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2008/09 and to advise Members of the contents of the Assurance Statement given to the Director of Corporate Services in support of the Statement of Internal Financial Control. This report aims to outline how audit assurances are gained. The Assurance Statement is attached at Appendix A and the report of progress against the Plan is at Appendix B.

2. Background

- 2.1** Quarterly progress reports were provided to the Audit and Performance Review Committee during the course of 2008/09. These reports in the early part of the year had highlighted some slippage against the Audit Plan in a number of key areas including Risk Based Audit, however corrective action was taken and all assignments necessary to form an opinion on the system of internal control were undertaken.

3. Main Issues

- 3.1** The work of Internal Audit, External Audit and any external inspection agencies who reported on the Council's work has been reviewed. Assurances were sought from directors on the implementation of action plans and recommendations and directors have been asked to provide assurance statements to the Manager of Audit including their opinion of the control environment operating within their own service areas.
- 3.2** The section suffered the loss of 395 operational days due to staff turnover. Although every effort was made to fill the two vacancies we were successful in appointing only one permanent member of staff who took up post in October. As a consequence, we have appointed a temporary auditor for six months to assist in delivering the plan.
- 3.3** By the year end 92% of the Systems Audit Plan had been completed.
- 3.4** In the early part of the year no time was spent on Regularity/CRSA we have begun to address this and a major CRSA exercise has been initiated in Education.

- 3.5 As reported to members in March 2009 there was some slippage in the plan against Performance Audit, now that the permanent vacancy in Risk Based Audit has been filled there has been some progress on Performance Audit in the second half of the year in relation to Home Care Services.
- 3.6 Due to a long term absence only 32 days have been spent on Computer Audit against a planned 190 days. An arrangement was put in place to have a number of Computer Audit assignments undertaken by a firm of specialist auditors.
- 3.7 On 29 October 2008 the Corporate & Efficient Governance Committee approved recognition of The Institute of Internal Auditors as the equivalent of CCAB qualification in respect of Internal Audit posts. In addition, there was approval of additional funding to allow Audit Assistants to study for this qualification. It is hoped recognition of the IIA will assist with future recruitment and retention of staff.

4. Personnel Issues

- 4.1 There are no personnel issues.

5. Financial Implications

- 5.1 There are no financial issues.

6. Risk Analysis

- 6.1 There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide assurances over the Council's system of internal financial control to those charged with governance. In addition, the Corporate Priority of Improving Governance & Resource Management could be compromised.

7. Conclusions and Officer's Recommendations

- 7.1 The Manager of Audit is pleased to report good progress across the Council on audit recommendations and is of the opinion that reasonable assurance can be placed upon the adequacy and effectiveness of West Dunbartonshire Council's internal control system in the year to 31 March 2009.
- 7.2 The Assurance Statement highlights that the Council has recently been the subject of a follow up review by Audit Scotland of their Best Value and Community Planning audit and an action plan will be prepared. Implementation of the recommendations made will be monitored by the Manager of Audit during 2009/10.

7.3 Members are requested to note this report.

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David McMillan
Chief Executive
Date: 31 August 2009

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| Appendix A: | Assurance Statement to 31 March 2009 from the Manager of Audit |
| Appendix B: | Internal Audit Progress Report: 31 March 2009 |
| Background Papers: | None |
| Wards Affected: | All wards |