

PROGRESS REPORT ON INTERNAL AUDIT PLAN 2003 - 2004

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit up to the end of October 2003. The objective of the report is to advise members of the progress with the annual audit plan. (See Appendix 1).

2. RECOMMENDATIONS

2.1 The Audit Committee is asked to approve the progress made with the annual audit plan for 2003 - 04.

3. BACKGROUND

3.1 The progress report contained in Appendix 1, lists the audits scheduled for the financial year 2003 –2004 and ordered by section and level of completion.

3.2 On reaching the end of the 2nd quarter it offered the opportunity to reevaluate the number of estimated audit days and to bring direct audit days up to represent 80% of total working days available, as was requested at the previous Audit Committee in August 2003. An extra 100 days were transferred into the Audit Work Schedule from Audit Support Work areas of Advisory and Planning & Reporting.

3.3 The following table indicates the main changes that have resulted from the transfer of management days to the Audit Work Schedule:

Days 2003/04	August	October	Diff.
Core Financial	452	471	19
Non Core Financial	348	359	11
Special Investigations	100	160	60
Other Areas	80	90	10
Total	980	1080	100

3.4 In reviewing the remaining audit areas for quarters 3 & 4 it was evident from the audit time expended to date that Special Investigations have required more days, than had originally been planned for and therefore additional days have been assigned. These assignments tend to place greater demands on management time and therefore a greater amount of days were apportioned.

3.5 Non Core Financial audits have been reviewed and the estimated days re-evaluated to provide a more reasonable balance to the remaining audit requirement. As well as the re-evaluation exercise, 1 day was added to each audit in recognition of management reporting time.

- 3.6 The designation Other Areas, has been reviewed and, as a result of involvement to date on follow up reviews of external audit reports it was felt prudent to assign a further 10 days to this particular task.
- 3.7 In reviewing the Core Financial Audits, 1 day was added to each audit in recognition of management reporting time.

4. SUMMARY OF 2nd QUARTER AUDIT ACTIVITIES FOR 2003 - 2004

- 4.1 A total of 20 core financial systems audits have been planned for this financial year, the appended report shows that 7 audits have been completed. In respect of the audit for Purchase Ordering & Certification, Audit Scotland as part of their annual audit plan will be covering this area. In an effort to avoid duplication the audit days that would have been expended on this audit, will be transferred to Creditors for e-procurement and provides for this major systems change. As a result this reduces the number of audits still to be completed from 13 to 12. As at 31 October 2003, 4 audits have been started. This therefore leaves 8 audits to be progressed over the remainder of this financial year.
- 4.2 A total of 11 non-financial audit areas have been planned for this financial year, 5 audits have been completed. This leaves 6 audits to be progressed, 2 audits are assigned to KPMG with one audit for IT/MIS strategy and controls a joint audit between internal audit and KPMG. This leaves 4 audits, of which one has been started by internal audit in the area of Joint Futures, which covers the link between this Council and Argyll & Clyde Health Board, in the joint resourcing and management of Long Term Care. The audit for corporate governance and compliance is an ongoing audit throughout the year culminating after March 2004.
- 4.3 The end of the 2nd quarter saw more time being devoted to Special Investigations and to date a total of 131 days has been expended. This deficit has been addressed (see 3.4 above) with additional days made available.
- 4.4 Follow-up work has been covered for both internal and external audit management reports. The reviews carried out for the external audit reports are the subject of separate reports to the Audit Committee.

5. CONCLUSION

Progress is being made on audits planned for 2003 – 04.

6. IMPLICATIONS

- 5.1 Policy: Update on audit plan for 2003 – 04.
- 5.2 Financial: The audit plan is based on existing budgeted provision.
- 5.3 Personnel: None
- 5.4 Legal: None
- 5.5 Equal Opportunities: None

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