

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 December 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 As at the end of December 2003 out of 19 core financial systems audits, 9 have been completed with final reports issued. Of the remaining 10 audits, 5 have been started leaving a further 5 audits to be started and completed by the end of March 2004. These audits have been planned and assigned within the remaining audit days. They have been scheduled according to their risk ranking with Public Transport being placed towards the end of the year having a ranking of 6.

3.3 A total of 11 non-financial audit areas have been planned for this financial year., At the end of December 2003 a total of 6 audits have been completed. This leaves 5 audits to be progressed, 3 audits have been started and are planned within our remaining audit day availability. This leaves 2 audits to be progressed by KPMG from within their current resource allocation.

3.4 As reported to the last audit committee a total of 131 days had been expended on Special Investigation work. As at the end of December 2003 a further 6 days were expended on further investigation work thus bringing the total days expended to 137.

3.5 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.

4. SUMMARY OF 3rd QUARTER AUDIT ACTIVITIES FOR 2003 - 2004

4.1 During the 3rd quarter the opportunity was taken to bring our direct audit days up to represent 80% of total working days available. Of the 100 additional days allocated to direct audit days Special Investigations received an additional 60 days. This enabled the large amount of days expended on special investigations up to the 3rd quarter to be accommodated.

4.2 In the 3rd quarter good progress was made with all audits and leaves the section in a reasonable position to complete the audit plan by March 2004.

5. CONCLUSION

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

6. IMPLICATIONS

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| 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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