

AUDIT SCOTLAND REVIEW OF INTERNAL AUDIT (FOLLOW-UP)

1. SUMMARY

1.1 In July 2004, Audit Scotland issued a national and local report on their review findings. The review concentrated on assessing internal audit compliance with the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Internal Audit in Local Government. Detailed below is the progress that has been made regarding the implementation of the local report recommendations.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and are to be followed up by Internal Audit.

3. DETAILS

3.1 Attached in Appendix 1, is the Action Plan from the local report agreed with Audit Scotland in July 2004. The report contained 15 recommendations and at the 22nd of October 2004, it can be reported that a total of 12 recommendations have been addressed, progress has occurred for the remaining 3. (See Appendix 1).

3.2 Of the remaining 3 recommendations, 2 were assigned to the Corporate Services Department with an implementation date of December 2004. It can be reported that a draft of the Councils new standing orders and financial regulations has been circulated for consultation. Our feedback on this includes the text required for the incorporation of the TOR. A draft updated anti-fraud and corruption policy has been circulated for consultation. We have responded to this with the text required to reflect the responsibilities of internal audit and management.

3.3 For the remaining recommendation, Internal Audit in discussion with KPMG and Audit Scotland will address this as part of the Councils new performance management framework, seeking to move towards an approach based on the balanced scorecard as advocated under best value. Internal Audit currently uses a number of indicators to measure performance and these are reported to the Audit Committee on an annual basis. It is intended to develop a set of balanced indicators that demonstrate performance in terms of cost, service process, customer / client and continuous improvement. These targets should be in place for 2005/06. A separate report on the above issue has been prepared for the Audit Committee entitled, Internal Audit – Establishment of a quality process.

4. CONCLUSIONS

Implementation of recommendations will continue to be progressed through the local report action plan to ensure that the Council becomes fully compliant with the Code.

5. IMPLICATIONS

5.1	Policy:	None
4.2	Financial:	None
4.3	Personnel:	None
4.4	Legal:	None
4.5	Equal Opportunities:	None

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