

INTERNAL AUDIT ANNUAL REPORT 2005 - 2006

1. SUMMARY

Internal Audit has the responsibility to provide to the Audit Committee an Annual report that comments on the duties and audits carried out by the section throughout the financial year. The Annual Report for 2005 – 2006 is attached in Appendix 1.

2. RECOMMENDATION

2.1 That the Internal Annual Audit Report for 2005 - 2006 is approved.

3. DETAILS

3.1 The objective of the report attached in Appendix 1, is to advise members of internal audit standards, current practices and comment on the performance of Internal Audit throughout the financial year 2005 - 2006.

3.2 Further comment on Internal Audit performance is given within the report for:-

- Core Financial Audits;
- Non Core Financial Audits;
- Contingency; and
- Other Areas.

The Assessment of Audit days for 2005 – 2006 Strategic Plan is provided in Appendix 2 and is a progress statement on the audits planned for 2005 – 2006.

3.3 There is only one Core Financial Audit where the fieldwork and draft report have not been completed. This audit was entitled Following the Public Pound (FtPP) and has been suspended to allow financial review work to be undertaken. Internal Audit has therefore decided in agreement with Audit Scotland that this audit be carried forward into the 2006 – 2007.

4. CONCLUSION

Internal Audit will compile an Annual Report on audit responsibilities and activities.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |