

PROGRESS REPORT ON INTERNAL AUDIT PLAN 2006 - 2007

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit up to the 8th of September 2006. The objective of the report is to advise members of the progress of the Annual Audit Plan. (See Appendix 1).

2. RECOMMENDATION

2.1 The Audit Committee is asked to approve the progress made with the Annual Audit Plan for 2006 - 2007.

3. BACKGROUND

3.1 The progress report contained in Appendix 1 lists the audits scheduled for the financial year 2006 –2007, and are ordered by section and level of completion.

3.2 As at the 8th of September 2006, of 18 core financial systems audits set out in the audit plan, 3 have been completed. Of the remaining 15 audits, 6 have been started. Two of these audits are Purchasing e-Procurement and Creditor Payments, due to developments within the purchasing audit, work was carried out on creditors, which is a separate audit within this years audit plan. With resource and continuity reasons in mind, and in agreement with Audit Scotland the 2 audits have been combined. As a result the total number of audits still to be commenced is 9.

3.3 Of 16 non-financial audit areas identified for this years audit plan, as at the 8th of September 2006, 4 audits have been completed. Of the remaining 12 audits, 5 have been started and are progressing with one close to being complete. Seven audits remain to be commenced.

3.4 As set out in the Annual Audit Plan a total of 80 days have been set aside for Other Areas – Follow Up work etc. As at the 8th of September 2006, a total of 15 days have been expended. A total of 80 days have been set aside in the audit plan for Special Investigations / Contingency audit work. As at the 8th of September, a total of 22 days have been expended on Special Investigations.

4. SUMMARY OF AUDIT ACTIVITIES FOR 2006 - 2007

4.1 It can be reported that Internal Audit has made reasonable progress with the Annual Audit Plan through the 1st and into the 2nd Quarter. Audit resources in the 1st Quarter were directed to year end audit work involving Stock Taking, Corporate Governance, Grant Certification and working jointly with Audit Scotland on the auditing of the Council's Performance Indicators (PIs).

4.2 With the section short of 2 permanent staff members Internal Audit at the beginning of the 2nd Quarter took the decision to engage the services of 2 contract auditors. At the end of July one contract auditor was engaged for a 2

month period. This provided holiday cover and assistance with the Annual Audit Plan. At the end of August another contract auditor was engaged with the intention of securing their services for a period of not less than 3 months. This will help maintain delivery of the audit plan and introduce resource stability.

CONCLUSION

Progress is being made on audits planned for 2006 – 2007.

6. IMPLICATIONS

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| 5.1 | Policy: | Update on audit plan for 2006 – 07. |
| 5.2 | Financial: | The audit plan is based on budgeted provision. |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216)

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