

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 2nd of March 2007. 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 2nd of March 2007, of 17 core financial systems audits set out in the audit plan, 12 have been completed. Of the remaining 5 audits, 4 have been started and one audit has been deferred. One of these audits will be carried out by our partners KPMG.

3.3 It is proposed to defer one audit namely Payments to Voluntary Bodies (Following the Public Pound) and this has been agreed with our external auditors RSM. In 2005 – 2006, Internal Audit assisted Audit Scotland with this audit area. What resulted was an agreement with them that Internal Audit would continue to monitor progress made by the Council over a 3 year period. However, in 2006 – 2007 due to operational reasons little progress has been made by the Council which has delayed this audit. Audit Scotland was kept informed and the conclusion reached was that the audit may have to be deferred to 2007 – 2008. In agreement with the Council’s new external auditors, RSM this audit has been deferred.

3.4 In the last report to the Audit Committee the e-Procurement/Creditor audit was combined resulting in 50 audit days of which 25 days had been expended with a draft report issued. The remaining audit days were to be allocated to testing a new e-Procurement system. However, management have reported problems with the development of the system to be audited and may not have resolved the issues by the end of March 2007. Less audit days were expended than had been planned for Unified Benefits System joint audit work with Audit Scotland. Audit Scotland fully resourced the audit and carried the work out sooner than was planned and conflicted with staff training and joint audit work with KPMG. In discussion with RSM Robson Rhodes (RSM), joint working for this audit is currently being planned.

3.5 Of the remaining 15 Non-Financial audits from this years audit plan, as at the 2nd of March 2007, 10 audits have been completed. Of the remaining 5 audits all have been started with one of them to be carried out by KPMG.

- 3.6 In order to meet the Audit Scotland requirement, for a review of Payments to Voluntary Organisations, it was agreed with them that the Non Financial Audit - Partnership Project Funding would focus on payments by the Council to the Tourist Board, as this is the largest amount paid to a voluntary body by the Council. This audit has now commenced.
- 3.7 As set out in the Annual Audit Plan a total of 80 days were set aside for Other Areas – Follow Up Work etc. As at the 2nd of March 2007, a total of 38 days have been expended on this task.
- 3.8 A total of 80 days were set aside within the audit plan for Special Investigations / Contingency audit work. As at the 2nd of March 2007, a total of 27 days have been expended.

4. SUMMARY OF AUDIT ACTIVITIES FOR 2006 - 2007

- 4.1 It can be reported that Internal Audit continues to make reasonable progress with the Annual Audit Plan. Joint working has been ongoing with KPMG on computer audit and other joint work. As the section approaches the end of the financial year the final audits from both the Core and Non Financial audit sections of the plan are in most cases well established.

CONCLUSION

Continued progress is being made on audits planned for 2006 – 2007.

6. IMPLICATIONS

- 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)

Ian Nisbet
 Internal Audit Manager 14th March 2007.
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