

PROGRESS REPORT ON INTERNAL AUDIT PLAN 2007 - 2008

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit up to the 16th November of 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 2007 - 2008.

3. BACKGROUND

3.1 The progress report contained in Appendix 1 lists the audits scheduled for the financial year 2007 –2008, and are ordered by section and level of completion.

3.2 As at the 16th of November 2007, of 18 core financial systems audits set out in the audit plan, 7 have been completed. Of the remaining 11 audits, the decision has been taken to combine 4 audits from the core financial section of the audit plan, and one audit from the non-financial section, to form a Major Capital Audit. These audit areas are as follows:-

- Tendering Procedures;
- Capital Contract Audit;
- Capital Accounting;
- Treasury Management; and
- Strategic Asset Management.

3.3 The review objective is to establish that there is a process in place that satisfies the requirements of both internal demands for accurate management information and external requirements for adherence to the Prudential Code and able to demonstrate Best Value. The Asset Management Strategic Board will have an overview position with regard to the audit. The resultant changes to the audit plan are reflected in Appendix 1. In addition, a further 3 audits are presently ongoing with 4 audits remaining to be commenced.

3.4 Of 15 non-financial audit areas identified for this years audit plan, as at 16th of November 2007, 6 audits have been completed. Of the remaining 12 audits, as highlighted above one audit has been included in the Major Capital Audit. A further 7 audits have been started and are progressing with one close to being complete. At this time one audit area remains to be commenced.

3.4 As detailed in the Annual Audit Plan a total of 80 days have been set aside for Other Areas – Follow Up work etc. As at the 16th of November 2007, a total of 49 days have been expended. In addition, 80 days have been set aside in the plan for Special Investigations / Contingency audit work. As at the 16th of November 2007, a total of 70 days have been expended on Special Investigation work.

4. SUMMARY OF AUDIT ACTIVITIES FOR 2007 - 2008

- 4.1 In October and November, the section welcomed 2 Trainee Accountants who have been assigned presently to assist with qualified audit staff on 2 key audits, the Major Capital Audit and the review of the Council's, Non Profit Distribution Organisation (NPDO) schools contract. It is envisaged this will provide a good opportunity for both trainees to learn about the Council, and in particular the audit environment. Joint working has recently commenced with KPMG on computer audit work in e-Procurement and ICT systems.
- 4.2 It can be reported that Internal Audit continues to make reasonable progress with the Annual Audit Plan. Current progress with the Internal Audit plan reflects similar performance in 2006/07 in audits completed and being progressed.

CONCLUSION

Progress is being made on audits planned for 2007 – 2008.

6. IMPLICATIONS

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| 5.1 | Policy: | Update on audit plan for 2007 – 08. |
| 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 21 November 2007.
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