

PROGRESS REPORT ON INTERNAL AUDIT PLAN 2002 - 2003

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit during the third quarter of 2002 – 03. The objective of the report is to advise members of the progress with the annual audit plan. (See Appendix 1).

2. RECOMMENDATIONS

2.1 The Audit Committee is asked to approve the progress made with the annual audit plan for 2002 - 03.

3. BACKGROUND

3.1 The progress report contained in Appendix 1, lists the audits scheduled for the financial year 2002 –2003 and ordered by section and level of completion.

3.2 Internal Audit has dropped one of the audits within the annual plan entitled Purchase Ordering and Certification as the objectives of this audit have been covered by another audit within the programme. This decision was particular to this year only as it made sense to combine this audit with the Purchases of Equipment and Materials audit. Audit Scotland and our audit partners KPMG have agreed this decision. The saved audit time has been transferred to other audit areas. This reduces the total number of core audits from 16 to 15 audits.

3.3 Good progress has been made in general with all audits. Of the 15 core audits 11 have been progressed as at the end of the 3rd quarter. A total of 8 final audit reports have been issued with a further 3 at draft.

3.4 Good progress has also been made with non-core audits. Out of a total of 6 audits 5 have been progressed with 4 final reports issued.

3.5 At the last Audit Committee a report was tabled highlighting a staff shortfall and its impact on the annual audit plan that had resulted in 6 audits facing possible deferment. At the end of the 3rd quarter we are pleased to report that 3 of these audits have been made progressed with a planned programme for the remaining audits to be complete by the year-end.

3.6 Follow-up work has been covered for both internal and external audit management reports. The reviews carried out for the external audit reports are the subject of separate reports to the Audit Committee.

4. SUMMARY OF 3rd QUARTER AUDIT ACTIVITIES FOR 2002 - 2003

4.1 At the end of the 3rd quarter the Audit Assistant left to take up a post with the Housing & Social Work Department. Steps are being taken to secure a

replacement. In the meantime through agencies, 2 temporary qualified auditors have been recruited and they will allow the full audit programme to be completed by the year-end. (See 3.5 above).

- 4.2 It should be noted by the Audit Committee that the Internal Audit Performance Indicators for the first 3 quarters show that for:

INPUT PERFORMANCE MEASURE	TARGET	ACHIEVED
Input Performance Measure 2 & 3:	-	-
• Draft Reports issued within 10 days	100%	100%
• Final Reports issued within 5 days	100%	82%
Input Performance Measure 4:	-	-
• Report Standard Achievement	100%	100%
Input Performance Measure 5:	-	-
• Questionnaire audit quality, 3 = Agree 4 = Strongly Agree	Grade 3 and above	Grade 3/4

OUTPUT PERFORMANCE MEASURE	TARGET	ACHIEVED
Output Performance Measure 2:	-	-
• Follow Up Reviews within time scale	Achievement	Achieved
Output Performance Measure 4:	-	-
• Recommendations Accepted	100%	100%

The remaining performance indicators are annual task evaluated.

5. CONCLUSION

Progress is being made on audits planned for 2002 – 03 and at present it is anticipated that all the audits will be finalised by the end of the financial year.

6. IMPLICATIONS

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| 5.1 | Policy: | Update on audit plan for 2002 – 03. |
| 5.2 | Financial: | The audit plan is based on existing budgeted provision. |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

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