

**PROGRESS REPORT ON INTERNAL AUDIT PLAN 2012 - 2013**

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**1. SUMMARY**

An interim progress report has been prepared covering the audit work performed by Internal Audit as at 24 August 2012. 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 2012 - 2013.

**3. BACKGROUND**

3.1 The progress report contained in Appendix 1 lists the audits scheduled for the financial year 2012 –2013, and are ordered by section and level of completion.

3.2 For the purpose of the progress report, audits are deemed to be complete following fieldwork and issue of the Draft Report. Of the 49 audits set out in the 2012 – 2013 Annual Audit Plan, 5 final reports have been issued:

- Corporate Governance report;
- Chief Executives Unit – Stock year end;
- Statutory Performance Indicators (SPIs) 2011/12;
- Cash and Income Banking (Service); and
- Payroll (Service).

The 2 final reports outstanding from 2011/12, have now been issued:

- Information Systems at Development & Infrastructure; and
- Capital Accounting.

3.3 As at 24 August 2012, of 18 financial control audits set out in the audit plan presented on 15 March 2012, 2 audits have been commenced, of which one has been finalised and a report issued. The second audit is ongoing with finalisation late September 2012. Of the remaining 16 audits, audit preparation is underway with the development of a methodology that will provide an in depth analysis of the financial control audits. This will directly link to the annual control statement. This development work is being done in co-operation with Audit Scotland.

3.4 As at 24 August 2012, of 14 business systems audits set out in the audit plan, 10 have been started and are currently ongoing.

- 3.5 With regard to the Corporate Performance audits as at 24 August 2012, one audit relating to Statutory Performance Indicators (SPIs) has been completed and reported. The remaining audits are relational to Audit Scotland BV2 Toolkits for which a report was prepared for the June 2012 Audit Committee. These audits will be undertaken over the next few months in order to provide an update report to the December 2012, Audit Committee as requested.
- 3.6 A total of 180 days were set out in the plan for corporate and service plan audit work. No specific audits were listed in the audit plan, however, audits have been completed for services as listed in Appendix 1. As at 24 August 2012, 50 days have been expended.
- 3.7 A total of 50 direct audit days were set aside in the annual audit plan for Special Investigations / Contingency work. To date, internal audit has been involved in 2 separate pieces of investigation work. One for the Chief Executives Unit and another for Community Services. As at 24 August 2012, a total of 38 audit days have been expended.
- 3.8 A total of 119 direct audit days were set out in the annual audit plan for Other Areas. As at 24 August 2012, 8 days have been expended by internal audit on reciprocal accounts certification work for Inverclyde Council. A further 4 days have been expended on NFI work, and 23 days on follow up reporting. The allocation for follow up work of 80 days was reduced to 70, as the audit days expended to date has been less than anticipated. The 10 days were used to cover the reciprocal accounts work as outlined in Appendix 1.

#### **4. SUMMARY OF AUDIT ACTIVITIES FOR 2012 - 2013**

- 4.1 Appendix 1, shows that a total of 175 direct audit days have been expended as at 24 August 2012. As noted above current progress with the Internal Audit plan is ongoing.

#### **5. CONCLUSION**

Progress has commenced and is ongoing for the audits planned for 2012 – 2013.

#### **6. IMPLICATIONS**

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| 6.1 | Policy:              | Update on audit plan for 2012 – 2013.          |
| 6.2 | Financial:           | The audit plan is based on budgeted provision. |
| 6.3 | Personnel:           | None   |
| 6.4 | Legal:               | None   |
| 6.5 | Equal Opportunities: | None   |
| 6.6 | Risk                 | None   |
| 6.7 | Customer Services    | None   |

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