

PROGRESS REPORT ON INTERNAL AUDIT PLAN 2012 - 2013

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit as at 2 November 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 a Draft Report.

3.3 As outlined in the September progress report to the Audit Committee a review has been undertaken of both the Financial Control and Business Systems audits. This has resulted in the transfer of 3 audits from Business Systems to the Financial Control section of the audit plan. Their transfer added to the Financial Control Environment as outlined in Appendix 2. As at 2 November 2012 of 21 audits, 2 have been completed with 15 started and 4 remaining to start. With regard to the Government and European Grant audit, the planned number of audit days has been increased from 20 to 30 to meet additional Scottish Government test requirements placed on all Leader Funding organisations.

3.4 As at 2 November 2012, as outlined there are now 12 Business Systems audits of which 9 have been completed with the remaining 3 started.

3.5 With regard to the Corporate Performance audits as at 2 November 2012, all audits have been commenced with the Statutory Performance Indicator (SPI) report presented to the Audit Committee in September. As requested by the Audit committee an update report has been provided for review. This has been reported separately. By March 2013 further audit work will have been undertaken in order to establish management progress in implementing the recommendations set out in the June 2012 audit report entitled Corporate Performance Audits.

- 3.6 A total of 180 days were set out in the plan for Corporate/Service Plans audit work. As at 2 November 2012, 77 days have been expended on audit work. Within this section of the plan 80 days were estimated for review of Corporate Plan activities. However, I have reduced the direct days estimate to 55 days as there is coverage of Corporate Plan activity within other areas of the audit plan. Of the 25 days, 10 have been assigned to the Government and European Grant audit with the remaining 15 days allocated to Special Investigations. See Appendix 1.
- 3.7 As at 2 November 2011 from a total of 50 audit days planned for the Special Investigations / Contingency section of the audit plan, a total of 50 days have now been expended. As noted above in 3.6, the number of audit days has been increased from 50 to 65 which should provide sufficient days for required special investigations work.
- 3.8 A total of 119 direct audit days were set out in the annual audit plan for Other Areas. As at 2 November 2012, a total of 73 days have been expended to date as outlined in Appendix 1.

4. SUMMARY OF AUDIT ACTIVITIES FOR 2012 - 2013

- 4.1 Appendix 1, shows that a total of 459 direct audit days have been expended as at 2 November 2012. As noted above current progress with the Internal Audit plan is on-going. The direct audit days expended to date is in profile with that of the same period in 2011- 2012.

5. CONCLUSION

Progress is being made with the audit plan 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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