

PROGRESS REPORT ON INTERNAL AUDIT PLAN 2003 - 2004

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit during the first quarter of 2003 – 04. 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 2003 - 04.

3. BACKGROUND

3.1 The progress report contained in Appendix 1, lists the audits scheduled for the financial year 2003 –2004 and ordered by section and level of completion.

3.2 A total of 20 core financial systems audits have been planned for this financial year, the appended report shows that the Debtor Accounts audit has been completed and a final report issued. Of the remaining 19 audits preparation work has been carried out for the General Ledger Operations audit. Remaining days from Stocktaking will be used for review of the Operational Services Department stores and new stock system.

3.3 A total of 11 non-financial audit areas have been planned for this financial year, 2 areas have been progressed, a DLO Building Services Business Plan review has been carried out and a draft report produced. Performance Indicator work has also been done for external audit. The remaining days expended was due to carry over audit work from the previous financial year.

3.4 A total of 100 days was allocated for Special Investigations and to date 86 days have been expended at the end of the 1st quarter. This leaves this part of the audit plan constrained and still facing a requirement to expend further audit days on the Councils new HR/Payroll System. This may well lead to the audit programme being affected.

3.5 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 1st QUARTER AUDIT ACTIVITIES FOR 2003 - 2004

4.1 At the commencement of the 1st quarter the section was short of an Audit Assistant and Auditor for the month of April. However, in May, Internal Audit was able to contract a temporary auditor and an Audit Assistant was started.

5. CONCLUSION

Progress is being made on audits planned for 2003 – 04.

6. IMPLICATIONS

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| 5.1 | Policy: | Update on audit plan for 2003 – 04. |
| 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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