
PROGRESS REPORT ON INTERNAL AUDIT PLAN 2001/2002

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit during the first quarter of 2001 – 02. The objective of the report is to advise members of the progress with the audit plan. (See Appendix 1).

2. RECOMMENDATIONS

2.1 The Committee is asked to approve the annual audit plan for 2001 - 02.

3. BACKGROUND

3.1 The progress report contained in Appendix 1 lists the audits scheduled for the financial year 2001 – 2002. The objective is to advise members of the progress with the audit plan. The audit reference, the audit name, start date, planned completion date, percentage completion, audit completion date, auditor and comments are given for each audit.

3.2 Although a total of 26 audits have been planned for this financial year, the appended report shows that External Audit work has been the principal activity for Internal Audit for the first quarter of this financial year. This has been due to year-end requirements.

3.3 Additional to the above, special investigation audit work has been performed in the first quarter covering two areas. One of these investigations is still ongoing. (See Appendix 1).

3.4 It is envisaged that Core Financial Systems and Departmental Audits will commence in the second quarter.

4. SUMMARY OF 1st QUARTER AUDIT ACTIVITIES FOR 2001 - 2002

4.1 The 2001-02 audit plan was based on 7 members of staff. At this time Internal Audit has 4 members of staff. However steps have been taken to employ 3 contract professional staff to help with the progression of the audit plan from the beginning of quarter two for two months.

4.2 A total of 5 weeks training for each member of staff was highlighted for this financial year. A training needs plan will be required to be put together following Dr Arthur Midwinter's report on Internal Audit. In the meantime additional training has been secured through Internal Audit staff joining other Scottish Local Authority internal audit staff for an introduction to audit professional training week. Glasgow City Council, Internal Audit, hosted the event with the course delivered by the Institute of Financial Professional Accountants (IPFA). Further joint training is planned for later in the year.

- 4.3 External Audit works predominately fall into the first quarter of the financial year. A total of 212 days was allocated for this work within the 2001 – 02 audit plan. Of the 212 a total of 40 days were budgeted for year-end stock audit work. The actual audit days taken totalled 37. A total of 80 days were budgeted for performance indicator audit work. The actual days taken totalled 80. This leaves a remainder of 40 days for the Housing Benefit Grant Claim audit, which is scheduled for September 2001 and 55 days for Stock Monitoring throughout the remainder of the financial year.
- 4.4 A total of 120 days were set-aside in the audit plan for Contingency/Special Investigations in the audit plan for 2001 - 02. The actual days incurred on this type of audit work for the first quarter totalled 42 days. This therefore leaves a balance of 78 available Contingency/Investigation days for the remaining financial year
- 4.5 Follow up Review visits have been performed by Internal Audit in respect of the PwC Final Report to Members for 1999/2000. These visits confirmed that the respective departmental management had implemented 18 of the 19 recommendations contained in the external audit report. The 1 remaining recommendation concerning DES, Libraries was reported previously to the Audit Committee in March 2001 with an explanation as to why it will take longer to implement.
- 4.6 Of the 50 days allocated within the audit plan for Follow up Review 8 days were used for the above task. The remainder of days will be used for other follow up reviews to ensure that audit report recommendations have been actioned by management.
- 4.7 Within the audit plan presented to the Audit Committee it was indicated that a total of 42 days had been set-aside for a risk assessment review in partnership with the Councils external auditors. This review was scheduled for March 2001. Unfortunately due to year-end pressures this has not yet taken place but is scheduled for the coming months.
- 4.8 At present no Departmental Audits have taken place due to External Audit work requirements. However, these audits will commence in quarter two and throughout the remainder of the financial year.
- 4.9 At present none of the 5 Core Financial Systems Audits identified for this financial year have been carried out due to External Audit work requirements. However, these audits will commence from the beginning of quarter two and onwards.

5. CONCLUSION

Progress is being made on audits planned for 2001 – 02.

6. IMPLICATIONS

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| 5.1 | Policy: | Update on audit plan for 2001 – 02. |
| 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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AUDIT PLAN PROGRESS FOR 2001 - 2002

| REF | AUDITS | AUDIT STARTED | AUDIT COMPLETE | AUDIT DUE COMPLETION DATE | % COMPLETE | Budgeted Auditor Days | Actual Audit Days | Remaining Days | Auditor | Comments |
|-------------------|---|---------------|----------------|---------------------------|-----------------------------------|-----------------------|-------------------|----------------|----------------|--|
| | | | | | EXTERNAL AUDIT WORKS | 212 | | | | |
| External | Stock Taking Y/End TPS | 28-Mar-01 | 11-May-01 | 14-May-01 | 100 | 92 | 37 | 55 | Internal Audit | Signed off by PwC. The remaining days will be used for stock monitoring for DSO/DLO. |
| External | Housing Benefit Grant Claim | | | | | 40 | | 40 | | |
| External | Performance Indicators | 30-May-01 | 13-Jul-01 | 13-Jul-01 | 100 | 80 | 80 | 0 | Internal Audit | Signed off by PwC |
| | | | | | CORE AUDITS | 213 | | 213 | | |
| Core | Budgetary Control | | | | | 40 | | 40 | | |
| Core | Capital Contracts | | | | | 53 | | 53 | | |
| Core | Creditors Payments | | | | | 40 | | 40 | | |
| Core | Housing & Council Tax Benefits | | | | | 40 | | 40 | | |
| Core | General Ledger Operations | | | | | 40 | | 40 | | |
| | | | | | DEPARTMENTAL AUDITS | 450 | | 450 | | |
| CE15 | Car Leasing | | | | | 30 | | 30 | | |
| TPS51 | Contract Vetting | | | | | 20 | | 20 | | |
| TPS49 | Contractors conditions Tendering etc | | | | | 20 | | 20 | | |
| CLSO2 | Collection of Fines & Fixed Penalties | | | | | 20 | | 20 | | |
| ED05 | Secondary Schools | | | | | 30 | | 30 | | |
| ED20 | School Meals Income | | | | | 30 | | 30 | | |
| DES02 | Waste Disposal (Income) | | | | | 20 | | 20 | | |
| DES01 | Refuse Collection (Income) | | | | | 20 | | 20 | | |
| FD27 | Fixed Asset Management | | | | | 30 | | 30 | | |
| FD26 | Loans Fund | | | | | 30 | | 30 | | |
| HSW14 | Elderly Accommodation | | | | | 30 | | 30 | | |
| HSW15 | Home Care (Income) | | | | | 30 | | 30 | | |
| HSW09 | Unified Benefits Systems - Housing | | | | | 30 | | 30 | | |
| IT09 | Review of Adhoc Systems in Front Line Depts | | | | | 20 | | 20 | | |
| IT08 | Disaster Recovery Procedures Proposal | | | | | 20 | | 20 | | |
| TPS35 | DLO Roads Job Planning & Manpower Alloc | | | | | 20 | | 20 | | |
| TPS28 | Parking, Piers & Ferry Income | | | | | 20 | | 20 | | |
| VFM01 | Stock Holding v Direct Purchase | | | | | 30 | | 30 | | |
| | | | | | Contingency/Investigations | 120 | | 78 | | |
| ASI33 | Phone Bills | 24-Apr-01 | Ongoing | * | * | 0 | 35 | 0 | Internal Audit | Ongoing Investigation |
| ASI34 | Insurance Claim | 01-Jun-01 | 11-Jun-01 | 11-Jun-01 | 100 | 7 | 7 | 0 | Internal Audit | Final Report Issued |
| | | | | | Follow up Review | 50 | | | | |
| ASI19 | 99/00 Final Report to Members | 02-Apr-01 | 10-Apr-01 | 10-Apr-01 | 100 | 50 | 8 | 42 | Internal Audit | Review Finalised. Letter to PwC. The remainder of days will be used for other follow up reviews. |
| | | | | | Risk Assessment | 42 | | 42 | | |
| TOTAL DAYS | | | | | | 1087 | 167 | 820 | | |

