
INTERNAL AUDIT PROGRESS REPORT

1 SUMMARY

- 1.1 The 2002/03 Audit Plan will be reported on with specific notification of any variances to the plan. This forms part of the statutory requirement to monitor and review the work of Internal Audit.
- 1.2 A statement on the reporting of any fraud.
- 1.3 The proposed Audit Plan for 2003/04.

2 INTRODUCTION

- 2.1 Progress on the 2002/03 Audit Plan was reported to this Committee on the 12th December 2002.
- 2.2 The proposed Audit Plan for 2003/04 is attached for Members approval.

3 COMPLETION OF THE 2002/03 AUDIT PLAN

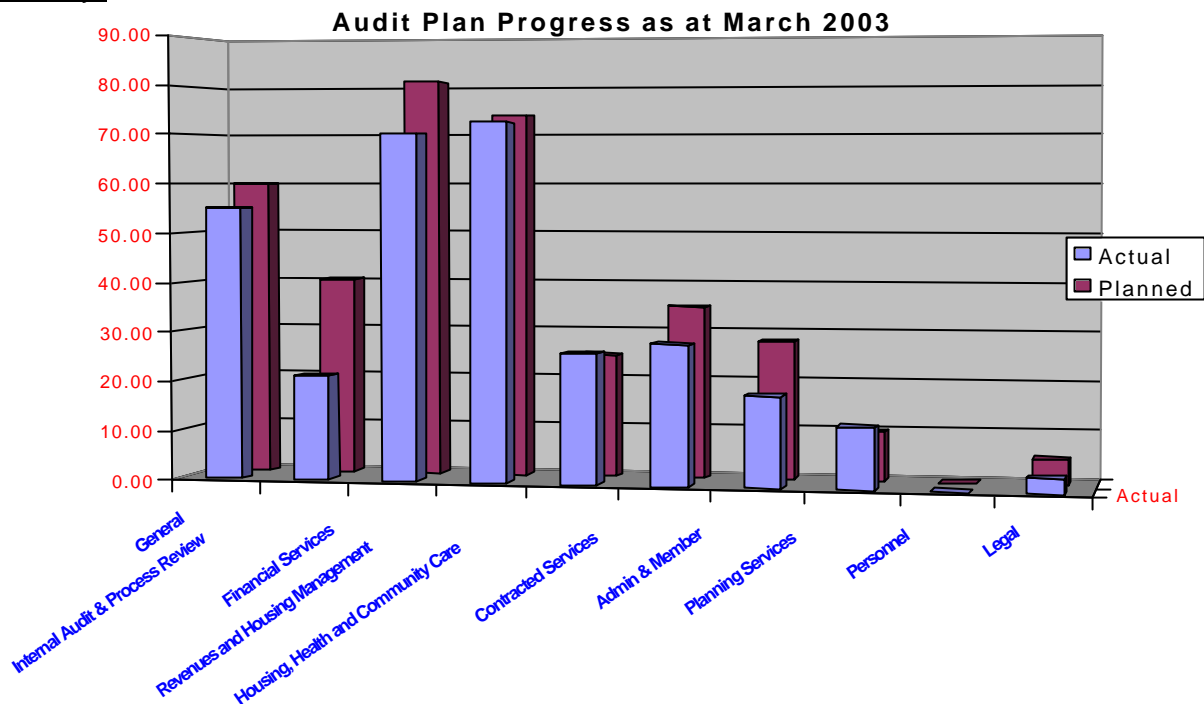
- 3.1 The following table shows the percentage of the Audit Plan that has been completed against the target of 90%.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2001/02	22%	39%	59%	85%
2002/03	22%	48%	72%	90% *

* @ 7th March 2003

- 3.2 The coverage over the service areas is shown in the following graph. There has been some variation to the plan following a meeting with the External Auditors and a need to change priorities.

Audit Days



4 VARIATION TO THE 2002/03 AUDIT PLAN

4.1 The following audits have been deferred from the 2002/03 plan.

Audit Area	No. Days	Risk	Reason
Homelessness/ Housing Advice	10	M	This area has been subject to a pilot Best Value Review. It will also be considered as part of the Housing Review. 2003/04 plan
Asset Management	8	M	External Audit reviewed this area – 2003/04 plan
Business Continuity Plan	10	M	The plan is still being developed – 2003/04 plan
Audit Best Value Review	5		No completed review has been passed to Audit

- 4.2 The following areas have been added to the Audit Plan, which satisfies External Audits requirement for us to cover all the core financial systems.

Audit Area	No. Days	Risk	Reason
Main Accounting System	6	H	The key control evaluation sheet needs to be completed.
Cashiers	4	H	The key control evaluation sheet needs to be completed
Annual Checks	10	M	A number of areas are covered by the annual checks. The time allowed for flexitime had to be increased.
Finishing 2001/02 audits	10		Additional time was required to finish the 2001/02 audits. Not all audits can be finalised at the end of March.
Improvement Grants	13		The allocated audit time was increased following a more detailed review of the service area.

5 ANTI-FRAUD AND CORRUPTION STRATEGY

- 5.1 The Council's Anti-Fraud and Corruption Strategy and the Financial Regulations require all suspected frauds and irregularities to be reported.
- 5.2 Suspected benefit fraud by claimants is investigated by the Council's Revenue Investigation Unit and reported in summary form through the Quarterly Performance Reports. No other types of fraud have been reported or identified during the year that have had a financial impact on the Authority.
- 5.3 Assessment of the Authority's arrangements for preventing and detecting fraud are an integral part of the work carried out by Internal Audit and no significant weaknesses have been identified.

6 PROPOSED AUDIT PLAN FOR 2003/04

- 6.1 The proposed audit plan for 2003/04 is shown in Appendix 1. The criteria for the production of the plan has been to determine the core

financial systems as per External Audit's requirements, consider the high risk areas based on Internal Audit's assessment and consultation with the Directors and Heads of Service.

7 RECOMMENDATION

7.1 It is proposed that the Committee **RESOLVES**

- (1) The proposed changes to the 2002/03 Audit Plan are agreed and that achievement of 90% of the plan is noted.
- (2) To note that there have been no reported frauds under the Fraud & Corruption Policy, excluding Housing Benefit Frauds.
- (3) The proposed Audit Plan for 2003/04 is agreed.

Paul Warren
Chief Executive

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Appendix 1

Subject Area	Risk	Days	Subject Area	Risk	Days
<u>General</u>			<u>Housing, Health & Community Care</u>		
Anti-Fraud & Corruption	H	5	Food Inspections	M	10
Whistle Blowing Policy	M	5	Review PI's	M	5
Corporate Governance	H	5	Homelessness & Housing Advice	H	10
Internal Control Statement	H	5			
Risk Management	H	10	<u>Contracted Services</u>		
Freedom of Information	H	10	Cherry Orchard	M	5
Public Service Agreement	M	10	Service Contracts	H	20
Asset Management	H	5	Current Contract – Lavers	M	10
CPA	H	10			
Website/Intranet	M	10	<u>Development Control</u>		
E-Government Policy	M	5	Building Control	M	10
Business Continuity	M	5	Enforcement	M	5
<u>Internal Audit & Process Review</u>			<u>Admin. & Members Services</u>		
Annual Checks	H	30	Democratic Renewal	M	10
Audit BV Review	M	10			
Performance Indicators	H	20	<u>Revenue & Housing Management</u>		
			Transportation & Parking	H	10
<u>Core Financial Systems</u>			Supporting People	M	10
Payroll	H	10			
Creditors	H	5	<u>Personnel</u>		
Debtors	H	5	Procedures	M	10
Cash & Bank	H	10			
Main Accounting System	H	10	<u>Legal Services</u>		
Council Tax	H	10	Procedures	M	10
Housing & Council Tax Benefit	H	15			
Housing Rents	H	10	Follow-up Work		14
NNDR	H	5			
<u>Sub-Total</u>		225	<u>TOTAL</u>		364