

INTERNAL AUDIT PROGRESS REPORT

1 SUMMARY

- 1.1 Internal Audit is a statutory function under the Local Government Act 1972 Section 151. The following report provides Members the opportunity to monitor the progress of the Internal Audit Plan for 2006/07.

2 INTRODUCTION

- 2.1 This Committee agreed the Audit Plan on 20th April 2006. The Plan provided an outline of the work the Auditors would be undertaking over the coming year. The plan included a contingency for audit areas that arise during the year. These can be generated from a request from Managers or as a result of changes to systems. The time allocated to each audit area is based on an informed judgement but some variation may occur as the work and understanding of the area progresses.

3 PROGRESS ON THE 2006/07 AUDIT PLAN

- 3.1 The following table shows a comparison of the percentage of the Audit Plan completed for the first three quartiles compared to 2005/06. The target is 97%.

Quarter	1	2	3	4
2006/07	23%	46%	73%	
2005/06	28%	56%	78%	102%

We anticipate reaching the target of 97% by the end of March 2007.

Changes to the 2006/07 Audit Plan

- 3.2 The 2006/07 Audit Plan is shown in Appendix 1 with a breakdown of actual audit days used to date, and known proposed revisions in relation to the original planned time allocation. Changes to time allocations have occurred over the course of the year. Areas that have been introduced requiring significant allocation include time in relation to revised managed-audit requirements for PKF, the External Auditors and Performance Management. These were not originally allowed for on the Audit Plan, the latter arising as a result of an unplanned senior officer vacancy. The intention is to complete the Audit Plan for 2006/07 with adjustments to the days allocated when additional work has been required to ensure sufficient testing to provide control assurance or where the audit has been completed within time budget as a result of a good system of control being in place.

4 RISK IMPLICATIONS

- 4.1 If the Audit Plan is not completed there is a risk that independent assurance of controls cannot be provided on a particular area that was considered to be high risk or a core financial system.

5 RECOMMENDATION

- 5.1 It is proposed that the Committee **RESOLVES** to note the progress on the 2006/07 Audit Plan.

Yvonne Woodward

Head of Finance, Audit & Performance Management

Background Papers: -

None

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If you would like this report in large print, braille or another language please contact 01702 546366.

APPENDIX 1

Audit Plan for 2006/07

As at 31/12/2006

	Original Days	Actual Used	Revised	Status
<u>CORPORATE SYSTEMS</u>				
Anti Fraud & Corruption	10.00	12.67	12.00	Report 1
Corporate Governance	5.00	1.96	5.00	Ongoing
Partnerships	20.00	23.01	20.00	Ongoing
Performance Indicators	30.00	33.11	30.00	Completed
Performance Management	0.00	7.57	10.00	Monitoring the implementation of the new PM system
Risk Management	20.00	3.31	10.00	Part of the Corporate Risk Group
Statement of Internal Control	20.00	7.57	20.00	Some Ground work completed
Section Total	105.00	89.20	107.00	
<u>FINANCIAL SYSTEMS</u>				
Cash & Banking	15.00	14.29	14.00	Report 9
Creditors	15.00	8.68	14.00	Sampling
Debtors	17.00	8.45	14.00	Sampling
Income Collection	20.00	23.41	25.00	Completed
Main Accounting	12.00	9.47	18.00	Old System Report 7 New System Sampling
Payroll & Expenses	15.00	10.32	14.00	Report 10
Section Total	94.00	74.62	99.00	

<u>OPERATIONAL SERVICES</u>				
Central Services	5.00	0.00	5.00	Current Audit
Contingency	40.00	32.57	35.00	Key Areas Corporate Debt Policy, Payments for Deliveries, LSVT follow-up, Fraud Procedures
Contracts	15.00	4.80	15.00	
Council Tax	15.00	14.39	14.00	Report 8
Document Imaging	5.00	7.33	7.00	Report 3
Elections	5.00	2.40	3.00	Completed
Follow Up & Advisory	25.00	14.70	25.00	Ongoing
Housing Benefits	30.00	10.22	29.00	Current Audit
Housing Rents	15.00	8.16	14.00	Current Audit
Human Resources	10.00	0.00	10.00	Follow-up on recommendations
IT	20.00	14.16	18.00	Report 2
NNDR	15.00	13.85	14.00	Report 11
Proactive Checks	30.00	12.53	20.00	Ongoing. Income Collection checks reported within the Income Collection Audit
PKF Managed Audit	0.00	13.18	14.00	New procedures
Section Total	230.00	148.29	223.00	
Core Audit Time	429.00	312.11	429.00	