

ANNUAL AUDIT PLAN 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 with the opportunity to monitor the progress of the Internal Audit Plan for 2010/11 and to agree changes to the Plan after six months of the year.

2 INTRODUCTION

- 2.1 The Annual Audit Plan was agreed by the Audit Committee on 20 April 2010. A progress report on the Audit Plan was due to be presented to this Committee for consideration in December but there have been significant audit projects that were not specifically allowed for in the original plan that will require some adjustments to be made as time utilised was greater than available contingency time.

3 PROGRESS ON THE 2010/11 AUDIT PLAN

- 3.1 The following table shows a comparison of the percentage of the audit plan time completed for the period from 5 April 2010 to 10 September 2010, compared to 2009/10. The Audit Plan is slightly behind the pro rata position required to meet the annual target of 97% but ahead of the position for the same period last year.

% Audit Plan completed	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2009/10	22.94%	42.65%	70.72	96.04
2010/11	26.68	40.00% to 10/9/10	-	-
Target	24.26%	48.51%	72.77%	97.00%

4 Changes to the 2010/11 Audit Plan

- 4.1 The areas proposed to be adjusted from the overall Audit Plan are:-

Area	Days	Reason
Housing Benefit – Subsidy Claim Work	+28	Last year, as reported to this Committee, we had additional external audit fees of £10,000 from PKF's grant work because of the extra testing that had to be carried out and the complexity of the workbooks that the Audit

Area	Days	Reason
		Commission requires to be completed. As a trial this year, the Head of Finance agreed with PKF that Internal Audit would conduct the benefit testing. If PKF is able to place full reliance on this testing, it would avoid the risk of additional fees and there would be a reduction in the audit fee. The exercise has taken about 30 days, which equates to £2,970 in officer costs. The total current planned fee for the grants audit is £32,000. External Audit fees are under review because of the announcements regarding the abolition of Comprehensive Area Assessment and cessation of Use of Resources work so, at this stage, no proposal on revised fees from PKF has yet been received.
Car Park Cash Collection	+24	At the request of the Head of Planning and Transportation Internal Audit was requested to carry out an investigation into the car park cash collection. A detailed report will be made separately to this Committee
Health & Safety Procedures – Corporate Policy & Partnership Unit	-5	No specific work was identified with regard to Health & Safety. A member of the audit team is a Health & Safety representative and attends the meetings which monitor progress of work.
Revenues & Benefits – Fraud Management	-7	This is not a core audit, as defined by External Audit, introduced as an annual audit by Internal Audit several years ago. Prior audits had no significant findings. Defer to 2011/12.
Value for Money Reviews	-10	As part of the joint working between Internal Audit and Performance Management the Senior Performance Management Officer will be undertaking some VFM work on contracts. His time sits outside of the Audit Plan but Members will still receive the outcomes from the work.
Contingency	-10	Reduce the contingency leaving 5 days for the remainder of the year.

Area	Days	Reason
Partnerships	-15	The Review Committee undertakes an annual review of key partnership arrangements. This year they have already looked at the Community Safety Partnership and the Local Strategic Partnership. We have therefore reduced our audit time from 25 days to 10 days.
Across the Audit Plan	-5	A small amount of time will be reduced from areas of the audit plan where allocated time has not been utilised in full; Concessionary Fares, Community Transport & Waste Management Contracts
Total	0	

- 4.2 Members receive regular reports on the audit work completed and a year-end report on the audit plan will be presented to the Audit Committee in April 2011. If there is a need for any further significant changes to the plan these will be reported to Members at the earliest available Audit Committee.

5 RISK IMPLICATIONS

- 5.1 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.

6 RECOMMENDATION

- 6.1 It is proposed that the Committee **RESOLVES**

That the changes to the 2010/11 Audit Plan be agreed and progress be noted.

Yvonne Woodward

Head of Finance

Background Papers:-

None.

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