

INTERNAL AUDIT PROGRESS REPORT 2005/06

1 SUMMARY

- 1.1 The following report provides Members the opportunity to monitor the progress of the Internal Audit Plan for 2005/06 and agree the proposed changes to the Audit Plan.

2 INTRODUCTION

- 2.1 Internal Audit is a statutory function under the Local Government Act 1972, Section 151.
- 2.2 Progress of the 2005/06 Audit Plan is shown at 69% completed as at the end of November, 2/3^{rds} through the financial year. Some changes have been implemented within the Plan to accommodate additional work required within particular service areas.

3 PROGRESS ON THE 2005/06 AUDIT PLAN

- 3.1 The following table shows a comparison of the percentage of the Audit Plan completed for 2004/05 and the current year to date.

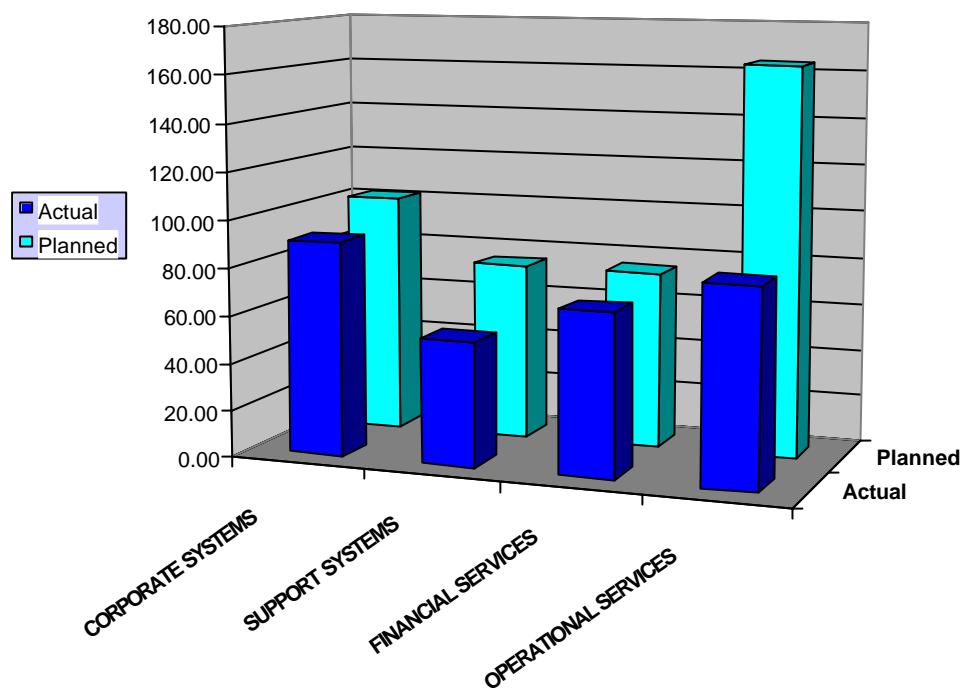
Quarter	1	2	3	4
2005/06	28%	56%	N/A	N/A
2004/05	23%	47%	71%	85%

- 3.2 The above figures includes time allocated to the 2004/05 Council Tax and Housing Rents audits, which were completed in 2005/06 as a result of the staff shortage in final quarter of 2004/05. These equate to 3.1% of total Audit Plan time.

See Appendix 1 for detail of time allocation to date.

3.3 The following chart displays the audit time expended by audited area:

Audit Days



4 CHANGES TO THE 2005/06 AUDIT PLAN

- 4.1 Some changes to the 2005/06 Audit Plan are required as a result of additional work being undertaken on specific audits and further requirements of our External Auditors. One particular area that has been affected by both these issues is Partnerships. An increase in audit time has been allocated from administration and contingency time. Internal Audit will be producing a detailed list of our arrangements with external bodies, which will range from local service area agreements to the larger Partnership agreements. Additional work will be undertaken on the Partnerships only following the recommendations from External Audit.
- 4.2 External Audit has introduced a new document, a Control Evaluation Summary, for each core audit, replacing the Key Control Evaluation sheets. External Audit places reliance on our work as part of the Managed Audit Status in relation to these evaluation sheets. Whilst we consider these documents helpful in determining our audit approach for this and future years, they have generated additional work for the year-1 base-data and the testing of stated controls to provide assurance. Accordingly these have added time to the completion of core audits. Time has been allocated from training.

- 4.3 Additional time has also been allocated to the Performance Indicators to assist the new Performance Improvement Officer. The External Auditors have now signed off the indicators as complete and accurate.
- 4.4 Appendix 1 reflects these changes.

5 SURVEY RESULTS

- 5.1 Upon completion of each audit a survey is sent to the Head of Service and Line Manager to ascertain their views on whether the audit satisfied the requirements of the Manager and if they received a quality audit service overall. We are pleased to report that of the 11 surveys returned since last reported to Members in April 2005, all were rated “Good” or better by line management in respect of overall quality of service.

6 RISK IMPLICATIONS

- 6.1 If the Internal Audit section is under resourced there is a risk that assurance cannot be given on the Council's Systems. The Audit Plan must reflect a fair cover of the key financial areas of the Council plus those areas that are high risk.
- 6.2 Due to the limit on resources there is always a risk associated with not covering all systems of internal control within the Council.

7 RECOMMENDATION

It is proposed that the Committee **RESOLVES**

To agree the changes to the 2005/06 Audit Plan and note the progress.

P Warren

Chief Executive

Background Papers:

None

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APPENDIX 1

Internal Audit Plan for 2005/06					
Subject Area	Original No. Day	Actual No. Day	Revised No. Day	+/-	Comments
Corporate Systems					
Anti-Fraud & Corruption and Whistle Blowing Policies*	10	10	10		Report 2 Complete
Corporate Governance Arrangements	10	10	10		Review of current position reported to this Committee, 15/12/05
Partnerships	10	20	25	+15	Increase in time allocated from Contingency & Administration
Performance Indicators*	25	32	32	+7	No Formal Report. Fully Reviewed by External Auditors
Risk Management Arrangements	15	7	15		Update of current position reported to this Committee, 15/12/05
Statement of Internal Control	10	12	12	+2	Reported to council 28/7/05, item 11 Draft Financial Statements 2004/05
Section Total	80	91	104	+24	
Financial Systems					
Cash & Banking*	15	18	18	+3	Finalising (Report 8)
Creditors*	15	6	15		Sample testing to date
Debtors*	15	15	15		Finalising (Report 9)
Main Accounting*	10	11	11	+1	Report 6 Complete
Payroll & Expenses*	20	19	19	-1	Report 3 Complete
Section Total	75	69	78	+3	

Notes

* - External Audit places reliance on these work areas

Internal Audit Plan for 2005/06					
Subject Area	Original No. Day	Actual No. Day	Revised No. Day	+/-	Comments
Operational Services					
Annual Checks**	30	24	30		Ongoing
Contingency	40	7	17	-23	<ul style="list-style-type: none"> Housing Stock Option Appraisal Review (15) allocated from Contingency – See Below 8 Days allocated to Partnerships
2004/05 Audits	0	13	13	+13	Council Tax & Housing Rents time taken from HR & Admin.
Corporate Debt Policy	15	7	15		Sample testing to date
Council Tax*	12	5	12		Sample testing to date
Decriminalised Parking Enforcement	12	12	12		Report 4 Complete
Follow Up & Advisory	20	17	20		Ongoing
Housing Benefits*	30	6	30		Sample Testing to date
Housing Stock Option Appraisal Review	0	15	15	+15	Report 7 Complete Time allocated from contingency
Housing Rents*	15	0	15		Not started
Human Resources	9	0	0	-9	Part of the Performance Management review.
IT Services - IT Contract, Security & Access, e-Government	25	9 2	25		Report 1 Complete
Licensing	15	0	15		<i>Not started</i>
NNDR*	10	5	10		Ground work
Procurement	10	13	13	+3	Report 5 Complete
Section Total	243	135	242	-1	
Totals	398	295	424	+26	

Notes

* - External Audit places reliance on these work areas

** - Annual checks include complaints, inventory control, honesty boxes, petty-cash control, post room procedures, flexi-forms, sheltered scheme income procedures, access to interpreters, health & safety and controlled stationery