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## **INTERNAL AUDIT PROGRESS REPORT**

### **1 SUMMARY**

- 1.1 Internal Audit is a statutory function under the Local Government Act 1972, Section 151. The Members of this Committee monitor the work of the Audit section and progress is also reported through the quarterly performance reports.

### **2 INTRODUCTION**

- 2.1 This report shows progress achieved during the first six months of the 2003/04 Audit Plan. (Appendix 1)
- 2.2 A Charter for Internal Audit has also been produced to outline the aims of Internal Audit together with Managers in the requirements for providing a sound system of internal control. (Appendix 2)
- 2.3 The Anti-Fraud & Corruption Strategy has been updated for Members' approval. (Appendix 3)

### **3 INTERNAL AUDIT PLAN PROGRESS REPORT**

- 3.1 The Internal Audit Section has completed 44% of the annual Audit Plan, shown in Appendix 1. The annual target for the local performance indicators is 94% and the coverage for full compliance with the CPA judgement on the Internal Audit Plan is 90% for the year.
- 3.2 The first six months of the year always has a higher than average proportion of holiday taken and some time is spent on finalising the 2002/03 audit assignments. We are confident the 90% coverage will be met for the CPA judgement and still expect to meet the local target of 94% for the year.
- 3.3 The following table shows a comparison of the percentage of the Audit Plan completed for last year and the first two quarters of this year.

<b>Quarter</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
2002/03	22%	48%	72%	94%
2003/04	24%	44%		

#### **Changes to the Audit Plan**

- 3.4 At this point in time no specific changes are to be made to the Audit Plan as we feel that any overrun on time can be met through contingencies.



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**5 ANTI-FRAUD & CORRUPTION STRATEGY**

- 5.1 The Anti-Fraud & Corruption Strategy has been updated to reflect the most up-to-date legislation and reference has been made to the need for a Statement of Internal Control. Appendix 3 shows the revised strategy.

**6 RISK IMPLICATIONS**

- 6.1 The Audit Plan is based on Internal Audit's risk assessment, ensuring all areas of high risk are audited regularly. Internal Audit is also contributing to the work currently being undertaken on developing a Risk Register for Rochford District Council.

**6.2 Strategic Risk**

The Strategic Audit Plan for Internal Audit will be based on the results arising from the risk management workshops.

**6.3 Resource Risk**

If the Audit section is not fully resourced this can have a drastic affect on the completion of the audit plan and coverage of high risk areas.

**6.4 Regulatory Risk**

Internal Audit is a means for giving assurance to the sound systems of control under the Local Government Act 1972, Section 151.

**7 RECOMMENDATION**

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

- (1) That 44% completion of the audit plan has been achieved and areas of additional work are noted for possible affect on the completion of the overall plan.
- (2) That the Audit Charter is agreed.
- (3) That the revised Anti-Fraud & Corruption Strategy is agreed. (CE)

Paul Warren

Chief Executive

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**Background Papers:**

None

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