INTERNAL AUDIT PROGRESS REPORT

1 SUMMARY

1.1 Internal Audit is a statutory function under the Local Government Act 1972, Section151. 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.

Quarter	1	2	3	4
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.

Extra work has been requested in the following areas:-

- External Audit Performance Indicators 6 days
- Environmental Health 7 days
- Housing Management 13 days
- 3.5 Some audit work has taken longer than planned. This relates to the preparation for the Internal Control Statement signed by the Corporate Director (F&ES) and Internal Audit's contribution to the Risk Management process.
- 3.6 Members will receive reports on the additional areas of audit work when they are completed, although there are no major problems within these areas.
- 3.7 A report will be presented to this Committee if planned audit assignments need to be deferred from this year's audit plan.

Survey Results

- 3.8 Following the 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 all the surveys returned said they 'received a quality audit service'.
- 3.9 From the nine questions asked, most responses received were either 'good' or 'excellent'. The question concerning the auditor's knowledge of the core business at the start of each audit received one 'excellent', three 'good', four 'fair' and one 'poor' response, which related to planning enforcement and was qualified by the line manager as a specialised technical area. It was good to note that the four 'fair' assessments of the auditor's knowledge were advanced to 'good' by the completion of the audit, and the 'poor' assessment advanced to 'fair'.

4 INTERNAL AUDIT CHARTER

- 4.1 A Charter has been produced for Internal Audit to show their aims and responsibilities, along with Managers, to ensure compliance with sound systems of internal control.
- 4.2 The requirement for a charter arises from the Code of Audit Practice and forms part of the Internal Audit judgement score showing that the authority is 'signed up' to the role of Internal Audit. The Charter shown in Appendix 2 is based on a standard document that has been tailored to Rochford District Council's requirements.

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

Background Papers:

None

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