
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 2003/04 as well as putting forward the Proposed Audit Plan for 2004/05.

2 INTRODUCTION

- 2.1 Progress of the 2003/04 Audit Plan is shown at 88% completion of the year. Some changes are recommended to accommodate additional work required within particular service areas.
- 2.2 The Annual Audit Plan for 2004/05 is identified for Members consideration.

3 PROGRESS ON THE 2003/04 AUDIT PLAN

- 3.1 Internal Audit has completed 85% of the Audit Plan with 12% of the year to go at the time of producing this report. We are on target to reach 94% of the proposed revised audit plan.
- 3.2 The following table shows a comparison of the percentage of the audit plan completed for last year and three quarters of 2003/04.

Quarter	1	2	3	4
2002/03	22%	48%	72%	94%
2003/04	24%	44%	71%	85%*

* Completed @ 13th February 2004

3.3 Changes to the 2003/04 Audit Plan

- 3.4 The following table puts forward the proposed changes to the plan to accommodate additional time and work undertaken within specific service areas.

Audit Area	Reason	Variance
Corporate Responsibility		
Asset Management	A report went to F&P O&S 22 nd July 2003.	-5
Public Service Agreement	Deferment pending completion of first full year of agreement.	-10
Business Continuity Plan	Deferred to next year pending development of the plan.	-5

Risk Management	Higher than originally anticipated audit involvement in developing risk registers and strategies.	+5
Freedom of Information	Report on progress went to F&P O&S 20 th January 2004.	-7
Audit and Process Review		
Best Value Reviews	Although two reviews held this year, action plans not sufficiently advanced for auditing purposes.	-4
Internal Audit meetings & administration	More meetings being held to incorporate discussions on Risk Management and CPA.	+4
Revenue and Housing Mgmt		
Housing Benefits	Additional time required to include fraud prevention (high risk area) and for work in support of HB Performance Standards for CPA.	+10
Taxi Licensing	Initially planned as one Transportation audit, spilt into two distinct operations; Car Parks and Taxi Licensing.	+7
HH&CC		
Homelessness	A review was undertaken last year and there has been a change in personnel. Planned for 2005/06.	-10
Food Inspections and Review of Pls	Additional work undertaken in respect of contract monitoring and BVPI 166.	+10
Human Resources		
Human Resource Procedures	Audit time extended for review of recruitment procedures.	+7

3.5 Progress on 2003/04 Audit Plan

3.6 Appendix 1 shows the revised 2003/04 Audit Plan by Division and the work undertaken to complete the plan to date.

4 PROPOSED AUDIT PLAN FOR 2004/05

4.1 The audit plan for 2004/05, shown in Appendix 2, is based on the core financial systems that the External Auditors expect us to complete in order for

them to place reliance on our work. There are some new initiatives identified, such as decriminalised parking and also potential for work arising from CPA.

- 4.2 Some areas will not be audited, with the Head of Service agreement. They are areas of good control with few problems identified in previous audit work.
- 4.3 An allowance of time is made for 'special' assignments, which can be raised by any Head of Service or developed as part of another audit.
- 4.4 Prior to the commencement of each audit the Head of Service has the opportunity to discuss and amend the audit brief to ensure we cover the areas that may concern them most.

5 RISK IMPLICATIONS

5.1 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.

5.2 Operational Risk

The annual audit plan needs to be closely monitored to ensure completion.

5.1 Regulatory Risk

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

6 RECOMMENDATION

6.1 It is proposed that the Committee RESOLVES

- (1) to agree the changes to the 2003/04 Audit Plan and note the progress to date.
- (2) that the Proposed Audit Plan for 2004/05 is agreed by Members.

P Warren

Chief Executive

Background Papers:

None

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APPENDIX 1

AUDIT PLAN PROGRESS FOR 2003/2004 (as at 13th February 2004)				
	No of Audit Days			
	Actual	Planned	Variance	Comments
Corporate Responsibilities	37	45	8	Internal Control, Anti-Fraud & Corruption Statement, CPA
Audit & Process Review	79	82	3	PIs, Follow-up, Annual Checks
Financial Services	32	40	8	Creditors, Payroll, Cash & Bank, Main Accounting System
Rev & Housing Managemt	47	77	30	Supporting People, Parking, Taxis, Housing Benefits, CT, NNDR,
HH&CC	23	25	2	Food Inspections, Review PIs
Contracted Services	33	30	-3	Cherry Orchard Contract, Lavers, Service Contracts
Planning Services	18	20	2	Building Control, Enforcement
Admin & Member Services	15	25	10	Democratic Renewal
Human Resources	14	15	1	Human Resources Procedures
Legal	11	10	-1	Legal Procedures
Special Assignments	25	25	0	Sheltered Schemes Inventories & Income, Lettings Policy
				Audit Plan Completed
Sub Total – Audit Plan	334	394	60	85%
Provisions				
Ad-hoc	25	21	-4	Advisory, Committee Preparation
Management Assignments	12	15	3	HB Performance Standards
Working Groups (not meetings)	8	8	0	I.T. User Group, Risk Management, Financial Programme
Reading and Awareness	24	24	0	
Training	18	31	13	Prince 2, ECDL, Auditing, Budget
Audit Management	26	30	4	Performance Monitoring
Sub Total – Total Audit Work	447	523	76	85%
Internal/External Meetings	17	17	0	
Administration	69	65	-4	
Actual Available Hours	533	605	72	
Other Time				
Best Value Admin Support	49	65	16	
Holidays	118	120	2	
Non Audit Plan – Sub Total	669	790	90	85%

APPENDIX 2

Proposed Audit Plan for 2004/05					
Subject Area	Risk	Days	Subject Area	Risk	Days
Corporate Systems			Financial Systems		
Anti-fraud & Corruption +	H	8	Payroll & Expenses +	H	10
Whistle Blowing +	M	4	Creditors +	H	6
Corporate Governance /Internal Control +	H	10	Debtors +	H	6
Comprehensive Performance Assessment	H	20	Accounting systems & General Ledger +	H	13
Risk Management	H	15	Cash & Banking +	H	15
Partnerships	M	10	Corporate Debt Policy	M	6
Business Continuity	M	5			
Support Systems			Operational Services		
IT Services			Cemeteries	M	Nil
- e-government	M	10	Housing Benefits/Fraud +	H	30
- FM Contract	M	10	Council Tax +	H	8
- Security & access	M	10	Business Rates +	H	5
Legal Services	M	Nil	Housing/Rents +	H	15
APR – P.I.'s +	H	20	Environmental Health		
Procurement	H	5	- Licensing	M	8
Human Resources Procedures	H	10	Planning	M	Nil
Committee Services	M	Nil	Building Control	M	Nil
Document Production	M	5	Service Contracts	H	12
Central Services	M	10	Woodlands	L	5
Annual Checks*	H	30	Decriminalised Parking	H	10
Corporate Policy	M	Nil	Transportation	H	9
Elections	M	Nil			
Follow-up/Advisory		27	Special Assignments		25
Monitoring Recommendation		6			

* Complaints, Inventories, Honesty Boxes, Petty Cash & year-end, Post Opening, Flexi-forms, Sheltered Schemes, Access to Interpreters, Health & Safety, Controlled Stationery

+ External Audit place reliance on our work in these areas.