

Report to: Audit Committee
Date: 25TH January 2007
Report of: Gordon Fletcher, Audit Manager
Subject: Internal Audit Progress Report - 2006/2007
Ward: All

1 Purpose of the Report

- 1.1. The purpose of this report is to update the Audit Committee as to the progress made completing the 2006/2007 audit plan. This is the third progress report for this financial year, and covers the months October to December 2006.

2. Consultation

- 2.1. In preparing this report I have consulted with:
Senior Auditor
Head of Financial Management.

3. Background

- 3.1 It was agreed that the Audit Manager would report to the Audit Committee on the progress of audit work throughout the year. This is a process that has been commended by the Audit Commission, following previous annual assessment of the Council's Internal Audit Section.

4. Position Statement

- 4.1. Nine months of the audit plan has now been completed and of the 865 planned audit days available for the year, we have completed 629 days (73 %).
- 4.2. Of the 71 planned days for East Durham Homes, all of the days have been completed.
- 4.3. Of the 20 days planned for Peterlee Town Council, 19.5 days (97.5%) of work has been completed with only .5 day left during the remaining year for administration work.
- 4.4. Regarding the work for the District of Easington, most areas of work are on target. However, because of unplanned days on recent investigations and other unplanned work carried out, some adjustments have had to be made to the planned work within the annual audit plan.
After the first nine months of the year, 50% of work has been carried out on the main systems work of the Council, and therefore Internal Audit will aim to concentrate its resources on this area of work for the remaining three months of the financial year.
- 4.5. Appendix 1, summarises the planned audit work completed by Internal Audit for the period October to December. The objectives of the audit are shown, along with the conclusions of the audit, and any recommended actions agreed with the auditee.
- 4.6. Appendix 2, shows a list of all the planned audit work currently in progress.

5. Implications

- 5.1 Legal Implications.

It is a requirement of law that the Council maintains an adequate and effective Internal Audit service.

- 5.2. There are no Financial, Policy, Risk Management, Communications or Corporate implications.

6. Recommendation

- 6.1 Members are asked to note the information contained within the report.

7. Background Papers/Documents Referred to in Preparing this Report

- 7.1 Internal Audit reports.
Internal Audit time sheets.

Completed audit work for the period ending December 2006

VFM MOBILE TELEPHONES (unplanned audit)

This audit replaced the telecommunications audit within the 2 year planned work. However, because of the amount of work required for this audit the number of days far exceeded those for the telecommunications audit. Therefore, no further audits will be allocated within the 2 year planned audits for the remaining 3 months of the financial year.

Aims of the Audit

Following a recent internal audit investigation involving possible mis-use of a mobile telephone, it was thought necessary to carry out a district wide audit of the systems in place to monitor the use of mobile telephones.

Conclusion

There was no mobile telecommunication policy in place at District of Easington Council.

There were poor records held of who had mobile phones, and that no proper monitoring arrangements were in place to check invoices for erroneous charges or any cases of misuse.

Internal Audit carried out a number of tests using IDEA software (Interactive Data Extraction and Analysis) for the first 6 months of 2006. This testing has shown specific areas where savings can be made in terms of calls/internet costs and officer time.

Recommendations:

A Mobile Telecommunications policy should be agreed and implemented which outlines the responsibilities of Officers.

A system should be in place to ensure that invoices are checked and monitored for appropriate use, prior for payment.

As a VFM exercise for all Directorates, it is recommended that the IDEA tests (carried out by internal Audit), be regularly carried out to identify possible savings and misuse of mobile telephones.

FiNAL ACCOUNTS (annual audit)

The number of planned days for this audit was unknown at the start of the year, as it depends on how many contracts are completed during the year. The number of final accounts examined during the three months was 25. The number of planned days for this audit has already been exceeded, and the examination of final accounts is still ongoing.

Aim/Objectives of the audit

To determine that the final contract payments are made in accordance with the contractual arrangements and are subject to appropriate adjustments for amendments/provisions from the original specification:

- Ensure that the final account sum is correct and appropriate to the work undertaken and includes supported documentation.
- Any liquidated damages are claimed in accordance with the terms of the contract.
- That any contract, which has significantly overspent, has been reported, in accordance with Standing Orders.

Conclusion

All the final accounts have been audited and the final account value agreed, and any queries resolved during the examination.

Recommendations

There were no recommendations during this audit. However, discussions are progressing to determine the number of final accounts that will needed to be examined next year.

ITEM NO.

APPENDIX 2

Ongoing audit work

Officers travelling and subsistence – draft report being discussed

Payroll - being reviewed

Corporate Credit Card - ongoing

Cash and Banking - ongoing

Final Accounts - ongoing

Staff Suggestion Scheme – completed January 2007

Concessionary travel - ongoing