

**Report to:** Audit Committee  
**Date:** 26<sup>th</sup> April 2007  
**Report by:** Gordon Fletcher  
**Subject:** 2006/2007 Annual Audit Plan Completion  
**Ward:** All

**1. Purpose of the Report**

1.1. The purpose of the report is to advise members of the Audit Committee of the audit work completed in 2006/2007, as a comparison to the audit work planned.

**2. Consultation**

2.1. In preparing this report I have consulted with:

Senior Auditor  
 Head of Financial Management

**3. Background**

3.1. It is considered best practice for Internal Audit to report the progress made on audit work carried out to the planned work of Internal Audit for the year.

**4. Position Statement and Option Appraisal.**

4.1. The following table is a comparison of the work that was planned and what was actually completed in 2006/2007.

| AUDIT WORK               | PLANNED DAYS | ACTUAL DAYS | %   | REASON FOR VARIANCE   |
|--------------------------|--------------|-------------|-----|---|
| MAIN SYSTEMS             | 134          | 94          | 70  | See 4.2.2.  |
| OTHER SYSTEMS            | 127          | 73          | 58  | See 4.2.3.  |
| REGULAR                  | 35           | 98          | 280 | See 4.2.4   |
| ANNUAL                   | 35           | 38          | 108 | Over due NFI investigation work.  |
| 2 YEARLY                 | 41           | 68.5        | 167 | This included more days required on the VFM work on the telephones, which replaced the normal telecommunications audit. |
| 3 YEARLY                 | 39           | 40          | 103 | Requested work on the Employees Suggestion scheme replaced 2 other audits.  |
| COMPUTER                 | 50           | 17          | 33  | Only interrogation work (IDEA) carried out.   |
| AUDIT COMMITTEE          | 15           | 17.5        | 116 | Over, due to regular meetings with the Chair (not planned for) and additional investigation/unplanned audits to report. |
| CORPORATE ISSUES EG. CPA | 25           | 40          | 160 | Difficult to plan.  |
| FINANCIAL                | 10           | 6.5         | 65  | Difficult to plan.  |

|                               |            |            |             |  |
|-------------------------------|------------|------------|-------------|--|
| PROCEDURES                    |            |            |             |  |
| STANDING ORDERS/FIN REGS ETC. | 23         | 9          | 39          | Difficult to plan.                                   |
| GRANTS /PARTNERSHIP           | 50         | 15         | 30          | Grants work commenced in March.                      |
| ADMIN./ CONTINGENCY           | 211        | 263        | 125         | Contingency included investigation/unplanned audits. |
| EDH WORK                      | 71         | 72.5       | 102         | Over due to help with the 3 star strategy.           |
| <b>TOTAL DAYS</b>             | <b>866</b> | <b>852</b> | <b>98.4</b> | See 4.3  |

4.2.1. Due to the extra days on investigations and other unplanned audit work, decisions had to be made on which audits to carry out and those that could be carried forward to the next financial year.

4.2.2. It was agreed to carry out joint audits in March, with the Audit Commission, on some of the Main systems audits. The days were therefore reduced for these audits for 2006/2007, and additional days carried forward to the next year's audit annual plan. However, on 6<sup>th</sup> March 2007 Internal Audit was notified by the Audit Commission that the planned joint work would not take place as it would be difficult to co-ordinate. At this stage it was impossible to significantly amend our planned work.

4.2.3. More audit work was carried out on examining contractors' final accounts (see 4.2.4.) and therefore the days on the other work on contract audits (in other systems) were reduced.

4.2.4. As reported to Audit Committee in the quarterly progress of audit work, there has been more than the average number of final accounts to be audited this year, which has resulted in 63 days over those planned.

4.3. It can be seen from the table that of the 866 days of planned audit work, 852 days were delivered. This represents a coverage rate of 98.4 %.

There was therefore only a very small percentage (1.6 %) of planned audit work that could not be completed during the year. This was due to:

- Compassionate leave not planned for.
- Due to changes in family arrangements not all of the extra days worked to cover for the Peterlee Town Council audit work.
- Not all of the Christmas discretionary days included in the audit plan.
- Flexi balance adjustments for officers.

### **Implications of the report**

- 5.1 Legal Implications.  
It is a requirement of law that the Council maintains an adequate and effective Internal Audit service.
- 5.2. Financial. - None
- 5.3. Policy - None
- 5.4. Risk - That the Annual Internal audit plan is not completed, and therefore not all of the Council's activities are examined.
- 5.5. Communications - None
- 5.6. Corporate - None

## **6. Recommendations**

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

## **7. Background**

- 7.1. Internal Audit planned work sheets  
Internal Audit timesheets.  
Internal Audit monthly time recording sheets.