

**Report to:** Audit Committee  
**Date:** 18<sup>th</sup> July 2008  
**Report of:** Gordon Fletcher, Audit Manager  
**Subject:** Internal Audit Progress Report for 2008/2009  
**Ward:** All

**1 Purpose of the Report**

- 1.1. The purpose of this report is to update the Members as to the progress made completing the 2008/2009 Internal Audit plan. This is the first report for this year, and covers the months April To June 2008.

**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 assessments of the Council's Internal Audit Section.

**4. Position Statement**

- 4.1. Appendix 1, summarises the planned audit work completed by Internal Audit for the period. The aims and objectives of the audit are shown, along with the conclusions, and any recommended actions agreed with the auditee.
- 4.2. Appendix 2 shows a list of the planned audit work currently in progress, which will be carried forward to the next quarter.

**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. Financial**

There are no direct financial implications for the Council as a result of this report.

**5.3. Policy**

There are no direct policy implications for the Council as a result of this report.

**5.4. Risk**

There are no direct risk implications for the Council as a result of this report.

**5.5. Communications**

There are no direct communications implications for the Council as a result of this report.

**5.6 Local Government Review Implications**

This report includes the work already spent by Audit staff during the three months on LGR work.

**6. Corporate Implications**

**6.1. Corporate Plan and Priorities**

Priority 2 – Striving for excellence in the workplace.

SFE2 – To develop the capacity to achieve in the organization.

**6.2. Equality and Diversity**

There are no direct implications.

**6.3. E. Government**

There are no direct implications.

**6.4. Procurement**

There are no direct implications.

**6.5. Performance Management and Scrutiny**

This will help towards the delivery of the completion of the work of the Internal Audit Annual Plan.

**6.6. Sustainability**

There are no direct implications.

**6.7. 'Well being powers'**

There are no direct implications.

**6.8. Human Resources**

There are no direct implications.

**6.9. Crime and Disorder**

There are no direct implications.

**6.10. Human Rights**

There are no direct implications.

**6.11. Social Inclusion**

There are no direct implications.

**7. Recommendation**

7.1 Members are asked to note the information contained within the report.

**8. Background Papers/Documents Referred to in Preparing this Report**

8.1 Internal Audit reports.

Internal Audit time sheets.

## Completed audit work for the period ending June 2008

### **Recruitment and Selection (Other systems audit)**

#### **Aims and Objectives of the audit:**

The main objective of this audit was to ensure that the Council has a recruitment and selection code of practice that is adhered to and reflects best practice throughout all stages of the recruitment cycle.

#### **Conclusions:**

There has been relatively little change in the procedures for recruitment and selection since the previous Audit, and this audit concentrated on the adherence to the current code of practice. The increased profile of job advertising has been maximised by the Council's website, and an automated job application service has enabled potential applicants to complete and register their interest quickly and easily, and reduce postal and stationery costs.

#### **Recommendations:**

There are no recommendations for this audit.

### **Register of electors (Three yearly audit)**

#### **Aims and Objectives of the audit:**

The main objective of this audit was to ensure that controls within the system are effective and consistent with the Council's Financial Regulations.

#### **Conclusion:**

Records held by electoral services section were generally good, with officers dealing with requests for records and information very quickly and accurately, and the canvass and payment of claims was well organised.

#### **Recommendations:**

There were no recommendations for this audit.

### **Contractors selection system (Other systems audit)**

#### **Aims of the Audit:**

The main objectives of the audit are to examine and test the key controls of the system and to seek assurance that the council has a robust and systematic approach to the letting of contracts no matter which unit deals with the contract.

#### **Conclusions:**

Despite the fact that there are many different officers and units involved in parallel processes relating to contractor selection and tendering procedures, there are common elements (e.g. receipt and opening of tenders and select list compilation). All areas tested as part of this audit appear robust in terms of control and while this will always be an area of inherent risk as regards corruption and fraud, no evidence of such was found.

The centralisation of select tender lists into one process, which was recommended in previous audits, appears to be working well, as it standardises the approach to contractor vetting. Incorporating a weekly update process with a credit agency improves control and provides reliance that the details on file are up to date, it also provides the council with an independent opinion of the companies that it is doing business with.

## ITEM NO.

In all of the areas tested as part of the audit the internal controls appeared relatively strong. A clear audit trail is evident on the pre-contract stage of all of the contracts tested, no matter which units were responsible for the administration of the contract, and there is also clear audit trail on the process of vetting of contractors.

Contract administrators appear fully conversant with Contract Procedure Rules and no examples were found during this audit that staff had operated outside of these rules.

### **Recommendations:**

It was recommended that the audit trail be improved during the period between receipt and opening of tenders to ensure that no tenders are mislaid. This is a preventative action rather than in response to a perceived problem.

### **Sales by Tender (Two year audit)**

#### **Aims and Objectives of the audit:**

The main objective of this audit was to test the internal controls within the sales by tender system in order to give an opinion as to whether they are adequate and operating effectively within a controlled environment.

#### **Conclusion:**

The previous audit highlighted a number of incomplete audit trails that have since been addressed and improved, these were examined and management can now place reliance on the controls of the system.

#### **Recommendations:**

There were no recommendations for this audit.

**ITEM NO.**

**APPENDIX 2**

**Ongoing audit work:**

Council Tax  
Capital Accounting  
Main Accounting and budgetary control system  
Debtors  
Review of postal system