

Report to: Audit Committee
Date: 15th January 2009
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 third report for this year, and covers the months October to December 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. Members will recall that when agreeing the Annual Internal Audit Plan for 2008/2009 that it was considered necessary to focus our attention on the transition to a new Council but at the same time ensure that the Council has an effective audit service. To accommodate the extra resources required for LGR during the year, the audit work has concentrated on the main financial systems of the Council, and any urgent work, which has allowed LGR work to be ongoing.
- 4.2. Appendix 1, summarises the planned audit work completed by Internal Audit for the period. The aims and objectives of the two audits are shown, along with the conclusions, and any recommended actions agreed with the auditee. Therefore, 4 of the 10 main financial system audits have now been completed for this year.
- 4.3. Appendix 2 shows a list of the planned audit work currently in progress. It can be seen that 5 of the main financial systems audits are currently in progress, which leaves 1 main systems audit to commence in the final 3 months of the financial year.

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.

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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 December 2008

Creditors (Main systems work)

Aims and Objectives of the audit:

The main objective of this audit was to ensure that payments made on behalf of the Council were correct and in accordance with laid down procedures.

The use of Computer Assisted Audit Techniques (CAATs) will be an integral part of transaction testing.

Conclusions:

The Creditors system is a well-established robust system, with the findings of the audit evidencing this. No major issues were noted during the audit and significant assurance can be taken from the CAAT testing carried out, where three small duplicate payments were identified from the 23,000 transactions tested. This represents a significant improvement of previous audits where similar tests were carried out. The amounts (totalling £609) were recovered by Finance staff at the time of testing.

Recommendations:

There were no recommendations for this audit, however, it has been agreed in the past and was reiterated during this audit, that Computer Assisted Audit Techniques are available for identifying duplicate invoices whenever the Finance Manager requires them.

Payroll (Main systems work)

Aims and Objectives of the audit:

The main objective of this audit was to ensure that all payments made to Officers were correct and in accordance with laid down procedures.

Conclusion:

The members of staff in the Payroll Unit are continuing to process all of the payrolls correctly, as well as preparing information for the revised payroll system that will need to be in place for April 2009.

The current procedures are being adhered to.

Recommendations:

There are no recommendations for this audit.

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APPENDIX 2

Ongoing audit work:

Main systems work:

Main Accounting and budgetary control system

Cash and Banking

Loans and Investments

Capital Accounting

NNDR

Inventories (for LGR)

Peterlee Town Council work.

Assistance for DCC (schools)

Contractor Final Accounts