

REPORT TO THE Final Accounts and Audit Committee

Report No.10

Date of Meeting	26/02/2007
Title of Report	Internal Audit Progress Report
Link to Corporate Priorities	No links to corporate priorities, however links to corporate aims: 2. To ensure high quality, cost effective services. 4. To safeguard and enhance the assets and resources of North Wiltshire and the wider community.
Public Report	Yes

<p>Summary of Report</p> <p>To update the Final Accounts and Audit Committee on progress against the 2006/2007 Internal Audit Plan.</p>
<p>Officer Recommendations</p> <p>That the update is noted.</p>

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.				
Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
NONE	NONE	NONE	NONE	NONE

Contact Officer	Rob Granger Audit Manager 01249 706221 rgranger@northwilts.gov.uk
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1. Introduction

1.1 This report details progress made by the Internal Audit section against the approved 2006/2007 internal audit plan

2. Options and Options Appraisal

2.1 Option 1: The report be noted.

2.2 Option 2: N/A

3. Background Information

3.1 At its meeting on the 29th of June 2006 the Final Accounts and Audit Committee approved the Internal Audit Plan for 2006/2007. This report will detail the progress made against this plan.

3.2 Internal audit in local authorities is undertaken so as to comply with the CIPFA Code of Practice for Internal Audit in Local Government in the UK (2003) (the code of practice). One of the requirements is that internal audit produce an annual report detailing its performance and the key issues arising from audits – this six monthly report will contribute to that objective.

3.3 Internal audit's role is to provide:

- An independent appraisal function.
- Opinions on the effectiveness of internal controls.
- A contribution to the efficient use of resources.
- A service to management.
- Added value to North Wilts District Council.

4 Audit Reports 2006-07

4.1 As at the end of January work has been completed against 19 of the 38 audits in the plan. Fourteen of the audits have been completed in the standard format, with reports being issued and opinions given on the control environments tested.

4.2 Follow up reports have also been issued for all of the managed audits completed during the 2005/2006 audit cycle by both the in house audit team and Deloitte.

4.3 The table below lists all audits completed so far by the audit section, and the opinions given for each system. Should further information be required on any of the audits undertaken it can be requested from the Audit Manager.

Audit Title	Opinion	Comments
Asset Management	Satisfactory	
Building Control	Good	
Concessionary Travel	Satisfactory	

Council Tax	Good	
Creditors	Satisfactory	
Development Control	Good	
Anti Fraud Strategy	N/A	
Grants	N/A	Budgeted days used to complete work on NNDR claim to reduce Audit Commission grant fee.
Insurances	Good	
Licensing	Good	
NFI	N/A	
NNDR	Good	
Performance Management	N/A	9 High risk Performance Indicators audited prior to Audit Commission visit. Resulted in nil reservations for the authority for the first time.
Procurement	Satisfactory	
Project Management	Limited Assurance	
Renewal Grants	Excellent	
SIC	N/A	
Staff Travel and Subsistence	Good	
Treasury Management	Satisfactory	

- 4.4 In addition to the above audit work the section has been involved in trialing new software and setting up reporting arrangements to support the introduction of monitoring of excessive Internet and email usage, in accordance with the Council's Information Management and Data Security policy.
- 4.5 In December the team attended a meeting of the Wiltshire Audit Group, with representatives from the other Districts, County and Swindon Borough Council. A number of significant audit issues were discussed and examples of Best Practice were shared. As a result of this meeting, KDC, SDC and NWDC have agreed to pilot a series of joint audits as part of the 2007/2008 audit plan. This will allow all three Districts to share working practices, and improve consistency across the three areas.
- 4.6 It should be brought to the Committee's attention that given the progress made to date against the audit plan and the resources available until the end of the financial

year, it is almost certain that the total audit plan will not be delivered and it is unlikely that the 90% target set out in the audit strategy will be achieved. Current predictions based on work completed to date and audits currently underway and programmed in to be undertaken indicate that a figure of around 80% of the original audit plan will be completed by the end of the year in terms of audits, which will be 90% of the planned audit days to be delivered. The work completed will include all of the managed audits required by External Audit to be completed by the end of the financial year. The table below sets out in more detail the current position:

Total Number of Audits	Complete	Deleted from Plan	Postponed until 2007/2008	Underway/ Programmed	Likely to be incomplete at year end
38	19	1	3	11	4

4.5 The three audits postponed in 2006/2007 have already been accounted for in the audit plan for 2007/2008, however the four audits likely to be incomplete at year end total 20 days and this will need to be resourced from the contingency built into the audit plan.

4.6 The four audits identified as likely to be incomplete by the end of the financial year are:

- Capital expenditure/PFI
- Contract Management
- Strategic Projects (Housing)
- VAT

Implications

N/A

Risk Analysis

5.1 The failure to achieve the audit plan in year will impact on the S151 Officer's and the Audit Manager's ability to form an opinion on the control environment in place at the end of the financial year. However, the audits highlighted as being likely to be incomplete at year-end are those identified as being of lower priority and therefore they represent a lower risk to the authority than other audits. Audits will have been completed of all the key financial and non-financial systems as required by External Audit.

Appendices:	<ul style="list-style-type: none"> • None
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none"> • None

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
None	N/A	N/A