

REPORT TO THE FINAL ACCOUNTS AND AUDIT COMMITTEE		Report No. 8
Date of Meeting	30/06/2008	
Title of Report	Internal Audit Progress Report	
Link to Corporate Priorities	No links to corporate priorities.	
Public Report	Yes	

<p>Summary of Report</p> <p>To update the Final Accounts and Audit Committee on progress against the 2008/2009 Internal Audit Plan.</p>
<p>Officer Recommendations</p> <p>1. 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

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1. Introduction

- 1.1 This report details progress made by Internal Audit against the approved 2008/2009 Internal Audit plan

2. Options and Options Appraisal

- 2.1 Option 1: The report be noted.
- 2.2 Option 2: That a different course of action be considered.

3. Background Information

- 3.1 The Final Accounts and Audit Committee approved the Internal Audit Plan for 2008/2009 at its meeting on 16 April 2007. This plan was updated and reported to this committee on 28 January 2008 and it is progress made against this plan which is reported here.
- 3.2 All outstanding audits from the 2007/8 audit plan have now been completed and issued in final form. The attention of the Auditor is now fully focused on the 2008/9 audit plan. A summary of audit work undertaken to date is shown in Table 1.
- 3.3 The first 2 weeks of the first quarter were used to complete prior year audits and the auditor has had 15 days of non audit work including 10 days annual leave within the first quarter. This has resulted in slippage of approximately 2 weeks against the audit plan which should be possible to rectify in quarter 2.
- 3.4 The first joint audit has taken place with one of the Management Accountants. The FM Jarvis audit was completed jointly in order to help complete the audit to plan. This enabled skills to be shared and experience to be gained of internal audit work and to provide for professional development for the Management Accountant. The audit was completed successfully and similar audits are being planned.
- 3.5 As detailed in the previous meeting it was decided after a discussion with the Audit Commission to concentrate on completing the audits where the testing carried out by Internal Audit would be relied upon by the External Auditors. This was successfully achieved and the work carried out by Internal Audit was praised and accepted by External Audit.

Table 1: Summary of Audit Work Quarter One 2008/09

Audit Work Area	Q1 Budget (Days)	Q1 Actual (Days)	Status
Main Accounting System	5	5	Complete.
Grants HB subsidy claim	10	0	Not yet started
Debtors	5	7	Complete
VAT	10	10	Complete
FM Jarvis	5	7	Complete
Prior Year Audits	10	16	Complete
Training Courses	11	11	Complete
Leave and non-audit time	11	11	
Total days	67	67	

4. Audit Reports 2007/8 and 2008/9

- 4.1 Table 2 below lists audits completed since the previous report to the Committee, and the opinions given for each system. Should further information be required on any of the audits undertaken it can be requested from the Head of Finance & Resources.

Table 2: Summary of Opinion and Findings

Audit	Opinion	Comments
Main Accounting System 07/08	Satisfactory (3)	Good progress has been made against prior recommendations.
Debtors 08/09	Satisfactory (3)	Software is old and has some control issues. Overall the system is running as well as can be expected.
Cash collection and banking	Satisfactory (3)	Opinion dependant on the cashless decision. If not going cashless the opinion would be Limited (4) (See 4.2)
FM Jarvis	Good (2)	Monthly meetings held to discuss the contract. A good relationship with Jarvis maintained.

- 4.2 The Cash Collection and Banking audit has been given a Satisfactory (3) opinion rating. The decision for the Council to move to a cashless office has influenced this opinion because most of the major issues identified in the audit were around officer safety and possible loss of cash because of the inadequacy with both the physical reception area and some of the control procedures in place.
- 4.3 The Council's external auditors review the work of internal audit to see what reliance they can place upon the main operational systems. The external auditors have reviewed the work done internally for Council Tax, NDR and Debtors and have supplemented this with some limited testing of their own. Walk through testing has also been carried out on these systems by the external auditors.

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
Internal Audit progress Report	Final Accounts and Audit Committee 07 April 2008	