

**Meeting: AUDIT COMMITTEE**

Agenda Item:

**Date: 23 September 2008**

**6**

## **INTERNAL AUDIT PROGRESS REPORT**

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### **1. PURPOSE**

1.1 The purpose of this quarterly report is for the Audit Committee to receive and consider:

- progress against the 2008-09 Internal Audit Plans during the period 1 June to 31 August 2008; and
- proposed amendments to the audit plan.

### **2. RECOMMENDATION**

2.1 The Internal Audit quarterly report as at 31 August 2008 to be noted and the proposed amendments to the audit plan be approved.

### **3. BACKGROUND**

3.1 The Audit Committee receive an Annual Internal Audit Report from the Chief Internal Auditor and the Audit Commission's Audit Opinion as part of the Council's annual governance report. This is supplemented by quarterly updates, the most recent of which was brought to this Committee on 10 June 2008.

3.2 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that the quarterly progress report also includes proposed amendments to the agreed annual audit plan.

### **4. CONSIDERATIONS**

#### **Progress against the 2008/09 Audit Plan**

4.1 Progress against the Internal Audit Plan for 2008-09 plan is attached, see Appendix A.

The following final reports and assignments have been issued or completed in the quarter:

- Insurance Report
- Internal Audit Charter
- Whistle-blowing Policy and Procedures
- OSC Inspection
- Eight Current Contract Reports were issued
- Ad hoc consultancy advice was provided on nine occasions, which included advice on the development of the Contract Database and Energy Initiative Grant
- IT baseline assessment
- BVPI interim report

Internal Audit work has commenced on 12 other audits. Significant work has been undertaken to further develop the internal audit risk based methodology and internal audit manual.

30% of the 2008-09 audit plan has been delivered.

#### **Proposed amendments to the 2008/09 Audit Plan**

4.2 The following amendments to the 2008-09 have been agreed with the Head of Finance and are proposed for Audit Committee approval:

- RIPA Compliance - 8 days to be taken from contingency
- BVPIs - 20 days to be taken from contingency
- Risk Management - 10 days to be taken from contingency
- Application review - Integra - 10 days to be allocated from IT contingency
- Application review - Northgate - 10 days to be allocated from IT contingency
- National Fraud Initiative - 15 days to be used from the days gained from the external procurement of IT audit days
- OSC Inspection - 18 days to be taken from contingency
- Whistle-blowing Policy and Procedures - 10 days to be taken from contingency
- Ad hoc Advice - 10 days to be taken from contingency

In addition, 15 days relating to Current Contracts have been brought back into the Council's Audit Plan from the Stevenage Homes Audit Plan.

The Council have agreed to procure IT audit expertise jointly with neighbouring District Councils. 20 days will be procured by the Council to add value to the delivery of the 2008-09 IT audits. The cost of procuring 20 IT audit days will be met from the existing Internal Audit budget. 20 days have been gained from the external procurement of IT audit days, 15 of these additional days have been proposed to be used for the National Fraud Initiative and the remaining five days to be added to contingency.

#### **Staffing**

- 4.3 A successful recruitment campaign was undertaken in the quarter and an offer has been made to appoint a Senior Auditor.

## **5. IMPLICATIONS**

### **Financial Implications**

- 5.1 This report is financial in nature and consequently financial implications are included in the body of the report.

### **Other Implications**

- 5.2 There are no other implications.

## **6. BACKGROUND DOCUMENTS**

- 6.1 None.

## **7. APPENDICES**

- Appendix A - Progress against the 2008-09 Audit Plan as at 31 August 2008