

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE	Subject INTERNAL AUDIT PROGRESS REPORT TO 30 SEPTEMBER 2004
From: AUDIT MANAGER	
Date: 11 October 2004	Ref: KA/P&R

1 **Purpose of Report**

- 1.1 To report progress in the financial year to 30 September 2004 against the Internal Audit Plan for the year 2004-2005.

2 **Background**

- 2.1 The Committee approved the 2004-2005 Internal Audit Plan in March 2004. The plan detailed a planned programme of activity to be undertaken during the year. Between Committee cycles, progress against plan is reported to the Director of Finance.
- 2.2 The scope of each Internal Audit assignment is agreed with senior management prior to the commencement of each exercise. Most internal audit assignments will consider the adequacy and effectiveness of controls and arrangements put in place by management to achieve agreed control objectives. The results of these assignments inform the annual opinion on internal control presented by the Audit Manager to the Committee in June each year.
- 2.3 Internal Audit reports containing overall conclusions on the control environment, and a summary of detailed findings, together with recommendations for improvements are issued, initially in draft form, for all internal audit assignments. The reports highlight any weaknesses identified and management is given four weeks to consider the issues raised and to prepare a response to audit recommendations which is expected to contain details of any proposed actions, the officer(s) responsible and the timescale for implementing the proposed action. Internal Audit assesses the adequacy of responses and where necessary discuss these with management before issuing the final report that incorporates the agreed actions.
- 2.4 As part of each year's activity, Internal Audit also undertakes follow-up activity to review that actions agreed to in previous audit reports have been implemented.

3 **Audit reviews completed and/or underway since the previous progress report**

- 3.1 The following reports have been produced since 31 July 2004, the date of the most recent progress report to the Committee:

- | <u>Department</u> | <u>Subject</u> |
|--------------------------|---------------------------------------|
| • Corporate | Health and safety (draft report) |
| • Corporate | Travel and subsistence (draft report) |
| • Corporate | Disposal of assets (draft report) |

• <u>Department</u>	<u>Subject (continued)</u>
• Corporate	Business Continuity Planning (final report)
• Community Services	Grounds Maintenance (final report)
• Community Services	Arts and Theatres (final report)
• Finance	IT network security (final report)
• Finance	Internet and telephone payments (final report)
• Finance	Council Tax (final report)
• Housing and Property	Follow-up – Housing Grants (final report)
• Housing and Property	Housing and Council Tax Benefit – Verification of claims
• Housing and Property	Housing and Council Tax Benefit – Compliance with DWP Performance Standards: Counter Fraud arrangements (final report)
• Planning/Environment	Roads – management of the roads network (draft report)
• Social Work	Social work information system (draft report)
• Social Work	Follow-up – Coatbridge Area – clients accounts (final report)
• Social Work	Charging for home care (final report)

3.2 Work is also underway on a number of significant audit exercises including:

• <u>Department</u>	<u>Subject</u>
• Corporate	Departmental performance reporting
• Corporate	Corporate governance
• Finance	IT Project Management

3.3 Internal Audit work is progressing broadly in accordance with the approved annual plan, although some re-scheduling of work has occurred partly due to staff turnover and partly due to request from Departments. Based on current progress, it is expected that the annual programme of work will again be substantively completed by the year-end.

3.4 The detailed nature of internal audit reviews mean that Internal Audit exercises invariably find some evidence of control weaknesses, either in the form of inadequate or ineffective controls, and generally, therefore, contain recommendations for improvements. I am pleased to confirm, however, that during the period covered by this report, there were no systems of control that I required to assess overall as either inadequate or ineffective.

3.5 I am also pleased to report that management continue to respond promptly and appropriately to the recommendations contained in Internal Audit reports and that there are no significant issues arising from the work of Internal Audit during the period that I require to bring to the attention of the Committee.

4 **Recommendation**

4.1 The Committee is invited to note this report.

A handwritten signature in black ink, appearing to be 'K. Adamson', written over a horizontal line.

Audit Manager

For further information please contact Ken Adamson, Audit Manager on Ext. 2188