

Period: December - January

Date: February 2007

Type: System and Probity

Reporting Criteria: Material Systems and audits with high category risks

Recommendation category: High

Introduction

Internal audit undertake a program of work each year detailed in the annual audit plan. This work ranges from comprehensive system reviews, audits and investigations through to control advice and internal check responsibilities. Management are apprised of the outcome of such work in reports, memorandum, e-mails and personal contact. Recommendations are made and agreement is sought on the implementation of these, in the form of a response or action plan.

Recommendations are categorised high, medium or low. The categorisation criteria are determined from a combination of the identified control weakness and the effect of not implementing the recommendation. The reporting criteria details audits with high category recommendations. South Derbyshire also includes details of those audits that are part of the joint working arrangements with the external auditor, known as material systems.

Included in this report are progress summaries on the implementation of recommendations for the Main Accounting and Bank Reconciliation audits. In addition Members also requested a more detailed report on the Bank Reconciliation process.

In addition to the summaries Internal Audit has undertaken work on Car Allowances, Car Loans, Council Tax, Land Sales, Local Area Agreements, Partnerships, Security, contract audit - final accounts, computer audit – network management and security. Procurement procedure rules are being examined and advice has been given on control and corporate governance issues. The Internal Audit Service has completed 71.04% of the planned audit days up to the December 2006 and is on track to meet the target.

Format

Each audit, which meets the reporting criteria, is summarised on a standard form (Specific Audit Report Summary). The auditor details the nature and type of audit and the following:

1. Introduction – this gives a background to the service, system or function that has been audited

AUDIT REPORT

2. Scope of Audit – this states how the audit is undertaken and what has been examined.
3. Recommendations – this section details the high category recommendations.
4. System Control Assessment – this part informs the annual assurance statement (part of the Statement of Internal Control [SIC] evidence) on the level of control and risk within the area being audited.

Follow-up reports follow the same general layout but detail the progress being made on the implementation of each recommendation.

Summary Reports

There are no issued reports that meet the reporting criteria for the Audit Sub Committee this time. However there are further progress summary reports for the implementation of recommendations for the Main Accounting and Bank Reconciliation audits. A detailed report is also included on the workings of the bank reconciliation process.