



**Audit Committee**  
4<sup>th</sup> March 2008

**Report from the Director of Finance  
and Corporate Resources**

For Information  
\* delete as necessary

Wards Affected:  
ALL

**Report Title: 3rd Internal Audit Progress Report 2007/08**

**1. Summary**

- 1.1. This report summarises the work of Internal Audit for the period from December 2007 to January 2008. The report also summarises the results of audit work to date and the adequacy and effectiveness of controls in the Council's systems where Internal Audit has issued final reports since April 2007.

**2. Recommendations**

- 2.1. That the Audit Committee note the progress made in achieving the 2007/08 Internal Audit Plan.

**3. Detail**

- 3.1. The overall Internal Audit Plan for 2007/08 comprises 1224 days, of which 874 have been allocated to Deloitte & Touche Public Sector Internal Audit Limited, and 350 to the in-house team.
- 3.2. As at the end of quarter 3 (31<sup>st</sup> December 2007), a total of 757 days had been delivered against the overall plan. This was made up of 498 Deloitte days and 259 in-house days. This represents 62% of the Plan.
- 3.3. As at the end of January 2008, 884 days had been delivered. These consist of Deloitte 581 days and 303 in-house days representing 72% of the plan.
- 3.4. Since the last Audit Committee some difficulties have been experienced in terms of scheduling in audits to ensure the full utilisation of the total days on the audit plan. These partly relate to IT audit work, and partly to work in

schools on the Financial Management Standards in Schools. With regards to IT audit work, a number of audits have had to be postponed to the 2008/09 financial year as these relate to either new systems for which implementation has been delayed, or to systems which are due for replacement.

- 3.5. With regards to FMSIS, there have been delays in terms of the primary schools being ready for their assessment by 31 March 2007 as initially intended. Efforts have been made to identify alternative areas of work so as to utilise the planned days, and this has been largely successful, with additional work now scheduled in.
- 3.6. The difficulties of recruiting in-house staff have been the subject of previous committee reports and were a primary driver in the partnership approach with Deloitte. The original audit plan contained 450 in-house days, being provided by two permanent in-house staff and one agency staff. Following the inability to recruit permanently to replace the agency staff, a further 100 days were commissioned from Deloitte to be charged at a rate of £306 per day, representing a marginal increase in cost over the agency rate of £252 per day.
- 3.7. The forecast plan delivery for the year-end is now 1189 days with Deloitte delivering 839 days and the in house team 350 days. This represents 97% of the plan. For Deloitte the 839 days comprises 100% of the original allocation of 774 days, plus an additional 65 days of the 100 additional days allocated. This leaves a balance of 35 days from the additional 100 days reallocated to Deloitte from the in-house teams as a result of resourcing difficulties.
- 3.8. All work is delivered within the target days for each specific audit and therefore, the anticipated 97% delivery on allocated days means that 97% of the planned work will be completed. The original audit plan for 2007/08 was approved by this Committee on 26<sup>th</sup> April 2007<sup>1</sup>. This plan contained some 80 individual audits. To date a total of 58 audit assignments have been completed to final or draft report stage. A summary report setting out completed audit work is attached as Appendix 1.

#### **4. Financial Implications**

- 4.1. None

#### **5. Legal Implications**

- 5.1. None

#### **6. Diversity Implications**

- 6.1. None

#### **7. Staffing/Accommodation Implications**

- 7.1. None.

**8. Background Papers**

1. REPORT FROM THE DIRECTOR OF FINANCE - INTERNAL AUDIT PLAN; JOINT AUDIT & INSPECTION PLAN for 2007/08, *Audit Committee* – 26 April 2007.

**9. Contact Officer Details**

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