

**CANNOCK CHASE COUNCIL**  
**AUDIT & GOVERNANCE COMMITTEE**  
**13<sup>TH</sup> NOVEMBER 2007**  
**REPORT OF THE CHIEF INTERNAL AUDITOR**  
**INTERNAL AUDIT - QUARTER 2 REPORT FOR 2007-08**

**1. Purpose of Report**

- 1.1 To present to the Audit & Governance Committee for information the Internal Audit Quarter 2 Report for 2007-08.

**2. Recommendations**

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| 2.1 That the Committee notes the contents of the Internal Audit Report for Quarter 2 of 2007-08 |
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**3. Key Issues**

- 3.1 Attached at Annex 1 is the Internal Audit Report for the second quarter of 2007-08.
- 3.2 Whilst the performance for quarter 2 has improved, the performance for the year to date is still below target as a result of the problems experienced in quarter 1. In total 4 audits have been completed against a target of 11 and a further 4 audits are in progress.
- 3.3 Due to slippage against the audit plan, a review has been carried out to re-assess the audit plan and the risk scores for the remaining reviews to determine the reviews that will be carried out in the rest of the year. A number of reviews have been identified to be deferred and the reasons for this course of action are set-out in the report.
- 3.4 The vacant trainee auditor post has now been filled and the postholder commenced employment on the 1<sup>st</sup> October 2007. Whilst the post has been filled, it will be some time before this has a significant impact on improving delivery of the audit plan as the postholder has no previous internal audit experience and will require considerable support and training over the coming months.

**4. Legal Implications**

- 4.1 The role the Internal Audit Section provides an effective mechanism and tool to identify weaknesses within the control systems of the Council that could potentially present the Council with various legal difficulties. The Council is accountable for its actions and the resources expended in the provision of services. Accordingly, it is vital that any deficiencies that may exist in the organisation that may undermine the delivery, discharge and performance of the Council's duties and obligations are identified and remedial action taken.

- 4.2 Failure to carry out proper and extensive inspections of the Council's activities and procedures could expose the Council to legal challenge through litigation whether that be through civil actions or criminal prosecutions, should appropriate and necessary steps not be undertaken.

**5. Financial Implications**

- 5.1 There are no financial implications arising directly from this report, however, in resolving any serious issues that have arisen from the outcome of an audit, managers must implement audit recommendations within existing budgets.

**6. List of Background Papers**

- Audit Plan File
- Audit Time Recording System
- Internal Audit Reports

**7. Annexes to the Report**

Annex 1 – Internal Audit Quarter 2 Report for 2007-08