

Report for Information

Report to Audit Committee
26 March 2009
Report of Head of Finance
Subject Draft Internal Audit Plan 2009/10

Item
7

Purpose

To ask members to review the draft internal audit plan for 2009/10 for adequate assurance on the council's main business risks.

Recommendations

That members review and comment on the draft internal audit plan for 2009/10.

Financial Consequences

The financial consequences of this report are none directly.

Strategic Objective/Service Priorities

The report helps to achieve the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners" and the service plan target that "The annual internal audit plan is approved by the Audit Committee prior to the financial year-end."

Contact Officers

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Background Documents

Internal Audit Strategy

Report

Background

1. The terms of reference for the Audit Committee include “Reviewing and considering the proposed ... internal audit coverage and whether this provides adequate assurance on the organisation’s main business risks...”
2. The draft audit plan for 2009/10 is shown at annex 1 for members’ review.
3. Following comments from the Audit Commission in their annual governance report the format has been amended to make clear to members the distinction between systems/regularity audit work and non-audit/consultancy type work.
4. Comments have also been added to show the reasons for inclusion in the plan.
5. It is estimated that 630 days are required in 2009/10 to complete the plan.

Factors informing the plan

6. In accordance with International Standards on Auditing (ISA 315) the Audit Commission requires internal audit to review annually the main information systems that inform the entries in the financial statements.
7. In addition to normal cyclical audits the corporate risk register and risk management sections of all latest service plans were reviewed and any high risk ‘auditable’ areas have been included. This is in line with the move towards risk-based auditing.
8. Some areas of audit work have been included in the plan following comments from the Audit Commission in their latest annual governance report.
9. Finally, time has been allowed to complete unfinished audit reviews and follow-ups of completed audits, in order to review progress made against recommendations.
10. There are certain areas of a mainly corporate and consultancy nature which on the whole do not change much from year to year. These are shown at the end of the plan under the heading of *Non-audit and consultancy work*.
11. At this stage the council’s leadership group have not had the chance to comment on the draft plan. Members will be informed at the earliest opportunity of any requested amendments to the plan.

Resources

12. The final section of annex 1 shows how the available number of internal audit staff days is arrived at.
13. One member of staff has requested a reduction in working hours to a four day week. Although this request is yet to be formally approved the reduced hours have been reflected in the draft plan.

14. After taking account of “lost” time (management, training, administration, etc.) and reduced hours the available number of staff days in the current year is 600.
15. This results in a projected deficit of 30 days. Given that there are some contingency amounts built into the plan this is considered to be acceptable
16. At this stage it is not envisaged that there will be a need to outsource any normal audit work, only technical IT audits as in previous years

Conclusion

17. The proposed audit plan has been drafted to provide adequate assurance on the main risks to the council's objectives and priorities.

Draft Audit Plan 2009/2010			
	2009/10		
<u>Systems/Regularity Audit Work</u>	Audit Plan		
	Days		Reason for inclusion in plan
Fundamental Systems			
Purchasing & payments	20		In accordance with the International
Debtors/recovery	20		Standards on Auditing (ISA 315),
Payroll	10		the Audit Commission seeks to
Housing rents	20		place reliance on the work of internal
Income/cash receipting	20		audit in evaluating and testing the
Treasury management	10		main systems that drive the balances
Housing/council tax benefits	20		and disclosures in the financial
Council tax/NDR	20		statements.
Asset management - non-housing	20		
Sub-total	160		
Corporate Resources			
Insurance arrangements	10		From operational risk register
Journals/suspense accounts	10		Issue in annual governance report
Budget monitoring/reporting	10		Issue in annual governance report
Land searches	10		Cyclical
Cemeteries	10		Cyclical
HR - leavers	20		Cyclical
Sub-total	70		
Regeneration & Development			
Community alarm service	10		Cyclical
Asset management - housing	10		From operational risk register
St Andrews Hall	15		Cyclical
Right to buy	10		Cyclical
Sub-total	45		
Cultural Services			
Norman Centre	15		Cyclical
Tourist Information Centre	10		Cyclical
Sub-total	25		
Corporate			
Ad-hoc investigations	30		Contingency allowance
Probity	20		Anti-fraud measure
National performance indicators	10		Statutory
Governance of key partnerships	10		Issue in annual governance report
Outsourced IT audits (details to follow)	10		IT security - client role
Sub-total	80		
To complete 2007/08 plan:			
Landlord Services - voids & arrears	15		To complete previous plan
Concessionary bus fares - NCC only	5		To complete previous plan
Premises management & leaseholders	15		To complete previous plan
Sub-total	35		
Follow-ups - details to follow	15		Follow ups required by Code of Practice
Sub-total	15		
Total for systems/regularity work	430		

Draft Audit Plan 2009/2010 (cont.)	2009/10		
	Audit Plan Days		
Non-audit & consultancy work			
New Deal - Grant Claims	60		Ongoing involvement of audit staff
Corporate Governance	30		Review policies; use of resources
Fraud related, incl. NFI 2008	30		Wider scope of NFI in 2008
Risk Management	10		Corporate issue
Interreg Claims	10		Contingency for final audits
Financial Appraisals/Tenders/Final A/cs	10		Contingency
Advice, unplanned work, requests	50		Contingency
Total for non-audit/consultancy work	200		
Total Allocated Days	630		
Audit Resources Available 2009/10:			
Total available days (after allowance for holidays and sickness)		811	
<u>Less</u> Allowance for non-chargeable days:			
Management/Administration	151		
Training	20		
Other	40	211	
Planned Chargeable Days		600	
Resources needed for Audit Plan		630	
Projected Surplus/(Deficit)		(30)	