

## Report for Resolution

**Report to** Audit Committee  
28 November 2008  
**Report of** Head of Finance  
**Subject** Internal Audit Plan 2008/09 and Progress to Date

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### Purpose

To ask members to review the internal audit plan for 2008/09 for adequate assurance on the council's main business risks, and note progress to date.

### Recommendations

That members approve the internal audit plan for 2008/09 and note progress made to date.

### 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 priority to ensure the proper administration of council's financial affairs including reviewing, developing and reporting on the financial aspects of corporate governance.

### 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 audit plan for 2008/09 is shown at Appendix 1. Originally this was to be presented at your meeting in September 2008 which was subsequently cancelled. As an interim measure the draft plan was emailed to individual members for information and comment.
3. No comments were received, so the plan remains substantially the same. However, additional information has been added to show progress on each audit and the estimated resources needed to complete the plan.
4. It is estimated that 640 days are required in 2008/09 to complete the plan.

## Factors informing the plan

5. The Audit Commission requires internal audit to review fundamental financial systems every year, in accordance with International Standards on Auditing (ISA 315).
6. The corporate risk register and risk management sections of all service plans were reviewed and the higher risk ‘auditable’ areas have been included in the plan. This is in line with the move towards risk-based auditing.
7. Members of the corporate management team were given the opportunity to review and comment on the proposed plan.
8. Time has been allowed to complete unfinished audit reviews and follow-ups of completed audits, in order to review progress made against recommendations.
9. There are certain unavoidable items of a corporate nature which on the whole do not change much from year to year. These are shown at the end of the plan under the headings of *Corporate* and *General Call on Audit Time*.

## Resources

10. The second page of Appendix 1 shows how the available number of internal audit staff days is arrived at.
11. After taking account of “lost” time (management, training, administration, etc.) the available number of staff days in the current year is 550. This is lower than the previous year, partly due to a member of the team being on long-term sick.
12. This results in a projected deficit of 90 days. Given the need to ensure that the audit plan is completed, the head of finance agreed that external resources could be used to supplement the team.

13. PricewaterhouseCoopers were appointed to carry out four audit reviews, namely housing rents; housing and council tax benefit; purchasing and accounts payable; and accounts receivable. Two of these reviews are nearing completion.

### **Progress against the plan**

14. Progress against the plan is also shown in Appendix 1.
15. To the end of October 306 days have been spent by internal audit on audit and consultancy work. It is estimated that a further 260 days is needed to complete the plan, but the remaining available resource is likely to be 244 days, resulting in a possible shortfall of 16 days. This figure may increase or decrease depending on whether certain contingent amounts are fully utilised. At this stage the possible shortfall of 16 days is considered to be reasonable and manageable.

### **Conclusion**

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

<b>Audit Plan 2008/2009</b>				
	<b>2008/09</b>			
		<b>Actual to</b>	<b>Estimated</b>	
	<b>Audit Plan</b>	<b>end of</b>	<b>time to</b>	
	<b>Days</b>	<b>Oct 08</b>	<b>complete</b>	<b>Comments / Timings</b>
<b><u>Fundamental Systems</u></b>				
Purchasing & Accounts Payable	20	1.1	0	To be outsourced
Accounts Receivable	20		0	To be outsourced
Payroll	20	1.2	15	
Housing Rents	20		0	Outsourced - in progress
Income/Cash Receipting	20		20	
Treasury Management	10		10	
Housing/Council Tax Benefits	20		0	Outsourced - in progress
Asset Management	30		30	
Sub-total	160	2.3	75	
<b><u>Corporate Resources</u></b>				
New Deal - Grant Claims & Systems	100	93.3	11	Ongoing audit involvement
Workforce System & Recruitment	20		20	
Risk Management	10	1.0	9	
Neighbourhood Renewal Fund	5	1.3	2	Ongoing audit involvement
LEGI	5	4.0	1	Ongoing audit involvement
Sub-total	140	99.6	43	
<b><u>Regeneration &amp; Development</u></b>				
Car Parks Income	20	3.3	17	In progress
Concessionary Bus Fares - NCC only	10	1.8	8	In progress
Landlord Services - Voids & Arrears	15		15	
Premises Management & Leaseholders	15		15	
Sub-total	60	5.1	55	
<b>To complete 2007/08 plan:</b>				
Residents Service Team	10	1.5	8	In progress
Council Tax / NNDR	10	6.7	9	In progress
Sub-total	20	8.2	17	
<b>Follow Ups</b>	10	10.5	2	
<b><u>Corporate</u></b>				
Ad-hoc Investigations	30	11.7	10	Contingency allowance
Data Protection / Freedom of Information	10	0.2	5	
Probity	20	19.6	5	
Interreg Claims	30	48.9	5	Plus external audits of projects
Best Value Performance Indicators	20	16.4	2	Incl. data quality + progress on NIs
Fraud related, incl. NFI 2008	30	17.3	8	Wider scope of NFI in 2008
Corporate Governance	40	37.3	3	Review policies
Financial Appraisals/Tenders/Final A/cs	10	3.5	5	
Outsourced Audits:	10	4.9	5	(Client role)
Data Protection				Draft report
Business Continuity Planning				Draft report
Unix, Windows & Oracle security				In progress
Sub-total	200	159.8	48	
<b><u>General Call on Audit Time</u></b>				
e.g. general advice, A. Commission liaison, unplanned work, requests	50	20.5	20	

<b>Total Allocated Days</b>	<b>640</b>	<b>306</b>	<b>260</b>	
<b>Reconciliation of Available Audit Days 2008/09:</b>				
Total available days (after allowance for holidays and sickness)		760		
<u>Less</u> Allowance for non-chargeable days:				
Management/Administration	145			
Training	20			
Other	45	210		
<b>Planned Chargeable Days</b>		<b>550</b>		
Resources needed for Audit Plan		640		
<b>Surplus/(Deficit)</b>		<b>(90)</b>		
<b>As at end October 2008:</b>				
Planned Chargeable Days		550		
Days used (internal audit)		306		
Available days remaining		244		
Days required to complete plan		260		
<b>Projected shortfall</b>		<b>-16</b>		