

CITY OF DURHAM

AUDIT OVERVIEW COMMITTEE

13TH JULY 2006

REPORT OF THE DIRECTOR OF STRATEGIC RESOURCES

1. INTRODUCTION

1.1 This report will cover:-

- ◆ The Role of Internal Audit
- ◆ Staff Establishment
- ◆ The Strategic Audit Plan
- ◆ The 2005/2006 Annual Audit Plan out-turn
- ◆ The 2006/2007 Annual Audit Plan progress report for the 1/04/06 to the 31/05/06

2. THE ROLE OF INTERNAL AUDIT

2.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the Council's objectives. It objectively examines, evaluates and reports on the adequacy of the Council's control environment, including policies, procedures and operations as a contribution to the proper, economic, efficient and effective use of resources.

2.2 The control environment comprises the organisation's policies, procedures and operations in place to:

- a) establish, and monitor the achievement of, the organisation's objectives
- b) identify, assess and manage the risks to achieving the organisation's objectives
- c) facilitate policy and decision making
- d) ensure the economical, effective and efficient use of resources
- e) ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations
- f) safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption
- g) ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes. It encompasses elements of corporate governance and risk management.

2.3 Internal Audit provides a range of services, which support effective management by helping managers to:

- ◆ Monitor performance
- ◆ Improve operational efficiency
- ◆ Successfully meet their objectives
- ◆ Review, identify, and mitigate areas of risk
- ◆ Review and identify Corporate Governance issues
- ◆ Assist managers in the identification, and collation of the evidence required to support the Council's Statement of Internal Control

2.4 The Council's Internal Audit Section helps managers to maintain financial control by providing a service, which is:

- ◆ Independent
- ◆ Objective
- ◆ Responsive to needs
- ◆ Constructive in its approach, appraisal and recommendations.

2.5 The aim is to provide a quality service to ensure that:

- a) Financial and other management information is reliable and effective
- b) Resources are employed in an economical, efficient and effective manner
- c) Operations are properly accounted for
- d) Funds and assets are safe guarded against:
 - ◆ Fraud
 - ◆ Error
 - ◆ Waste
 - ◆ Poor value for money
- e) Risks are identified, recorded and managed effectively.
- f) Continuous service improvement is achieved through Best Value and the Comprehensive Performance Assessment. (CPA)
- g) The underlying principles of good governance are complied with.
- h) The Statement of Internal Control is adequately supported by appropriate and timely evidence.

3. STAFF ESTABLISHMENT

3.1 The Internal Audit Section presently consists of six posts.

- ◆ Head of Internal Audit
- ◆ 2 x Principal Auditors
- ◆ 2 x Auditors
- ◆ Assistant auditor

3.2 The Internal Audit Section reports to the Director of Strategic Resources.

4. AUDIT PLANNING

4.1 It is important for Internal Audit to plan effectively to ensure that a positive contribution is made to the Council's objectives at strategic and operational levels. Planning also enables Internal Audit to demonstrate both internally and externally that they are making best use of scarce resources.

Appropriate controlling and recording mechanisms are required to monitor plans in order to identify deviations early and collect evidence to substantiate findings that need to be reported.

- 4.2 Historically, Internal Audit has produced a strategic audit plan that attempts to identify the audit environment and then, on a cyclical basis, determined over what period of time every part of the audit environment is subjected to an audit review. For example, a risk assessment would determine which systems would be audited on an annual basis, which would be audited every two years, and so on. Increasingly this approach is losing favour and being replaced by continuous planning. Some authorities have moved to an in-year assessment of risk that effectively makes a strategic (say, five-year) plan redundant. In short, unless the subject of an audit review is considered to be a key risk, there is little point in planning to provide audit coverage in three or four years' time. However, to fully achieve this there needs to be a definitive link between the Council's Corporate Plan, its business plans, performance plan and risk register.
- 4.3 City of Durham Council has successfully developed business planning throughout the Authority during 2005/06. Risk management arrangements have also been considerably strengthened, although these are not yet fully embedded. Plans are in place to achieve this in 2006/07. Working closely with the Audit Commission and to ensure compliance with new International Auditing Standards, The Head of Internal Audit has identified all systems that are considered to be business critical (these are highlighted in the Audit Plan) These systems will be reviewed on an annual basis.
- 4.4 A number of business (operational) risks were determined as part of the business planning process. Following extensive risk management training in 2005/06 and early 2006/07 a number of workshops are to be undertaken to review the Council's Strategic Risks and further develop business risks. These will be fed into the Council's risk register and will be used to inform the audit process in future years.
- 4.5 Training with Heads of Service in 2006/07 in how to complete the control risk self assessment forms introduced in 2005/06 will also improve and inform the audit process. All areas of audit activity identified as low risk have been removed from the audit plan. The criteria used by Internal Audit in determining risk, however, do not take into account business risks. Heads of Service have been asked to review such systems from an operational point of view to determine whether or not they need to be brought back into the audit plan in the future.
- 4.6 The Head of Internal Audit prepares the Strategic Audit plan in consultation with senior managers from across the Council, to identify a broad outline of the work to be undertaken to meet internal audit objectives. The overriding objective is that any plan should be realistic and achievable.
- 4.7 The Strategic Audit plan is regularly updated as new initiatives are identified. Relevant risk areas are revised whenever a systems audit is carried out and fed back into the plan.

5. 2005/2006 ANNUAL PLAN OUT-TURN

- 5.1 The annual plan translates the strategic plan into a schedule of audit assignments to be carried out during the period. It defines the purpose and duration of each audit assignment and allocates staff and other resources accordingly. Extensive consultation with the Chief Executive, the Executive Director, Heads of Service and line managers assists the Head of Internal Audit in determining priorities for the year. Consultation with the Audit Commission prevents duplication of effort.
- 5.2 Audit assignments are distributed evenly to the Principal Auditors on a quarterly basis. Each Principal Auditor will then distribute assignments to audit teams as required. Verbal instructions on the task to be undertaken are given together with the number of audit days allocated for the task. An opportunity exists at the research stage of the audit process to challenge the number of days allocated for the task, and this will be reviewed and amended by the Head of Internal Audit where appropriate

- 5.3 A pre-audit meeting with the Senior line manager of the relevant Service will highlight any problems that may be encountered during the audit, identify any major business risks and assist the auditor in documenting the system in operation. Information gathered at this stage of the process will determine the level of testing to be carried out.
- 5.4 The Head of Internal Audit will ensure that details of all jobs issued are recorded in the audit plan control, and will monitor progress via regular team briefings.
- 5.5 All tasks undertaken are recorded on daily timesheets which at the end of each month are used to update the Audit Plan summary which measures the performance of the Audit section against the targets set out in the audit plan. Progress on the audit plan will be reported on a quarterly basis to the Audit Committee.
- 5.6 The Council has a legal responsibility under the 2003 Accounts and Audit regulations to establish and maintain adequate systems of corporate governance and internal control. Internal Audit is a fundamental part of these arrangements and CIPFA's Code of Practice for Internal Audit sets out the professional standards that should be applied.
- 5.7 Annually the Audit Commission will also assess the performance of the Internal Audit provision to ensure that:-
- ◆ Internal Audit's programme is risk based and covers all of the expected areas
 - ◆ Working practices comply with CIPFA standards
 - ◆ The agreed work programme has been delivered
 - ◆ Computer audit coverage is satisfactory
- 5.8 The original Audit Plan for 2005 / 2006 was based on a total of 625.5 available audit days, with a further 40 days dedicated to follow up work. The plan was intended to cover 80 specific assignments over the year.
- 5.9 The main financial systems pose the greatest risk to the Council of losses through fraud, and consequently will always attract greatest priority. It has been agreed with the Audit Commission that key control areas of the main financial systems are to be covered annually, with a full system audit being undertaken every two years. (This will change in 2006/07 see 4.3).
- 5.10 In the period 1st April 2005 to the 31st March 2006, the following work was undertaken and compares to the plan as shown below:

Annual Plan Audit Days		Cumulative Planned Audit Days	Cumulative Actual Audit Days	Variance Audit Days
445.50	Non productive time	445.50	394.09	(51.41)
183.00	Management & Admin (non chargeable)	183.00	216.37	33.37
89.00	Management & Admin (chargeable)	89.00	64.85	(24.15)
40.00	Follow ups	40.00	41.15	1.15
625.50	2005/2006 Audit Plan	625.50	542.75	(82.75)
120.00	Contingencies & Special Investigations	120.00	187.94	67.94
1503.00	Total	1503.00	1447.15	(55.85)

A more detailed analysis is given in Appendix 'A', where items of concern have been specifically highlighted for your information.

- 5.11 Initially the 2005/2006 Audit Plan comprised of eighty specific audit assignments.
- 5.12 At the 31st March 2006, one more had been added, two merged and six deleted making a total of seventy three. A total of twenty nine assignments have now been carried forward to future years, these include twenty one which had not been allocated during the year, and eight which had been allocated but delayed. Of the forty four remaining, thirty seven have been completed of which eight are at draft report stage. A further seven have been carried forward to 2006/2007 for completion (See Appendix B).
- 5.13 Of the nine assignments covering the main financial systems eight have been completed (three to draft stage) The final main financial system is one of six assignments that have been carried forward to 2006/07 for completion, as have all assignments that have reached draft stage at the 31st March 2006.
- 5.14 This means that forty four audit assignments have been completed in 2005/06, compared to 45 in 2004/05. The percentage of audit assignments completed in relation to the original plan for 2005/06 is 55% compared to 72% in 2004/05. This is a direct result of the job shadowing carried out as part of the training requirements for new staff as previously reported.
- 5.15 The number of audit days spent on audit assignments in 2005/06 was 542.75 (86.77%) compared to 2004/05 when it was 452 (84.30%). This included an additional 60 audit days arising from the appointment of an Agency Worker to cover long term sickness.
- 5.16 Internal Audit has set itself a target of achieving 90% of the original audit plan in recent years. This target was originally set by the Audit Commission in its Auditor Judgement in 2003. This target was not included in the Use of Resources Assessment, which replaced the Audit Judgement during 2005/06, as it was widely felt to be unachievable. As this Section aspires to set itself very challenging targets, it has retained the 90% target for 2005/06 and 2006/07. The Internal Audit Section did not meet this target in 2005/06 for the following reasons:
- ◆ The shortfall of 55.85 audit days shown in the above table is a direct result of a delay in filling vacant posts during the year as previously reported, and the unusual high levels of sickness within the section over the last year.
 - ◆ Exceeding planned contingency provision by 67.94 days, including specific work on:
 - Time spent finalising audit assignments brought forward from the previous year (24.83 days)
 - Interviews for vacant posts (5.74 days)
 - Business planning (6.49 days)
 - Development of data base (9.39 days)
 - Development of key controls for all systems (6.76 days)
 - Audit awareness training (7.47 days)
 - Data matching for Revenues SX3 system (9.30 days)
 - Accountancy reconciliation work (79.05 days)
 - ◆ Exceeding planned Management and Administration (non chargeable) by 33.37 days. This was partly offset by a saving on non productive time of 51.41 days and Management and Administration (chargeable) of 24.15 days.

Internal Audit will, however, be receiving the validity of this target during 2006/07, as our experience reflects the national position. There is little point in setting targets that are not achievable.

5.17 As previously reported it had been agreed with relevant Heads of Service to delete three audit assignments from the plan. A further three assignments have also been deleted. These include SRB6 which after consultation with the Audit Commission is considered to be the responsibility of the County Council; VFM work on the Print Room – following a report on a possible partnership with Derwentside District Council; and IT Micro-computing which the temporary Agency Worker failed to carry out.

5.18 As in previous years, an agency worker was employed on a temporary basis during the latter part of the year. The City of Durham's Internal Audit Section has developed modern systems and procedures that more than comply with best practice. Consequently, most agency staff are requiring high levels of training and supervision. As in previous years, this limits the benefit to the City of Durham if they are engaged for short periods. Agency staff will only be used for long periods in future years.

5.19 On the basis of our work carried out in 2005/2006 we are satisfied that:-

- ◆ Outputs from the main financial systems can generally be relied upon for opinion purposes, although the Audit Commission has identified some weaknesses to security access levels for some of the computer systems. However, the Audit Commission has not requested that these weaknesses be included in the statement of internal control. A number of improvements to strengthen the internal audit coverage of IT has been agreed with the Audit Commission and included in the 2006/07 Audit Plan.
- ◆ Internal controls are adequate for the systems we have reviewed, however, there remain some minor concerns regarding the level of division of duties within some of the Revenue systems.
- ◆ Policies and procedures in place to prevent and detect fraud and corruption are sufficient, however there has been little activity or reporting of any major instances of fraud or corruption during the last twelve months
- ◆ Corporate governance arrangements are adequate.
- ◆ Previous problems relating to bank reconciliations and Debtors have now been addressed.

However:

- ◆ Although risk management arrangements have been implemented at a strategic and corporate level, the development of risk management processes at an operational level has yet to be achieved, in addition risk management arrangements have not yet been embedded throughout the Authority. Plans are in place to achieve this by March 2007.
- ◆ Written procedure notes for all business critical systems needs to be developed.

5.20 Key achievements

Despite the considerable challenges faced, in 2005/2006, Internal Audit continues to improve its efficiency and the quality of the work undertaken. The Audit section continues to meet all Audit Commission requirements and incorporates "Best Practice" in all of its activities. The section continues to work closely with senior managers and a marked improvement in working relationships in this regard has developed over the last twelve months.

5.21 During 2005/06 the introduction of new International Auditing Standards caused some major problems for other Districts, particularly regarding the documentation of systems. However, City of Durham Internal Audit Section were largely unaffected by this due to the quality audit process already in place.

Whilst the number of audits completed has reduced by one compared to the previous year (45 in 2004/05 compared to 44 in 2005/06) and the percentage of the original planned coverage has reduced to 55% from 72% in 2004/05 there are mitigating circumstances for this.

The Strategic Plan will continue to be developed, and will move further towards a purely risk based strategy as links between the Council's Corporate Plan, Performance Plan, Business Plans and risk register are established. This will inevitably lead to a change in the criteria used in the audit risk assessment to better reflect corporate and business risks.

A number of changes to work practices were made during 2005/2006, and further revisions will be made in 2006/07 where appropriate to ensure that all CPA requirements are met.

These included:-

- ◆ Revision of set targets for all audits
- ◆ Improvements in audit methodology.
- ◆ Changes to the way in which audit assignments are distributed.
- ◆ Additional in house training for staff
- ◆ Improvements to follow up procedures

The internal audit section continues to be proactive and responsive to management in meeting their requirements. The introduction of control risk self assessment forms in 2005/06 were largely ineffective. A training issue with Heads of Service has been identified and this will be addressed during 2006/07. A number of audit awareness sessions were carried out with most Services in 2005/06, the feedback for this has been very favourable, with most officers outlining the actual audit process as being most important for their needs. Further awareness training is scheduled for 2006/07.

5.22 The section will continue to review and amend policies and procedures where appropriate. This will include the following:-

- ◆ Fraud and corruption policy (revised)
- ◆ Confidential reporting policy. (revised)
- ◆ Fraud Response Plan (revised)
- ◆ Surveillance Policy (revised)
- ◆ Retention and Disposal of documents

5.23 The section will continue to challenge its performance through the continued use of performance management initiatives. This will include:-

- a) Continued use of post audit questionnaires
- b) Proactive consultation with line managers, senior management, Audit Commission and Members.
- c) The use of an annual client survey.
- d) Benchmarking against other internal audit sections within the district.

5.24 The following local performance indicators for the period 1st April 2005 to the 31st March 2006 are shown below:-

Number of audits undertaken and completed	44 (8 at draft stage)
Number of recommendations made	207
Number of recommendations agreed	202 (97.6%)
Number of recommendations not agreed	0
Number of recommendations partly agreed	5
CPA target - % of Audit Plan completed	55%
Number of draft reports issued within 10 working days of closure meeting	34.88%
Number of final reports issued within 5 working days of the post audit meeting	86.05%
Number of recommendation action plans signed off and returned within 5 working days of issue	21.87%

All recommendations only partly agreed have been reported to Audit Overview Committee previously.

There are no instances of recommendations not being agreed.

6. The 2006/2007 Annual Audit Plan progress report for the 1/04/06 to the 31/05/06.

6.1 Introduction

6.1.1 This will compare the actual work undertaken by Internal Audit with that planned for the period 1st April 2006 to the 31st May 2006.

6.2 Progress report

6.2.1 In the period 1st April 2006 to the 31st May 2006, the following work was undertaken and compares to the plan as shown below:

Annual Plan Audit Days		Cumulative Planned Audit Days	Cumulative Actual Audit Days	Variance Audit Days
446.00	Non productive time	90.33	101.90	11.57
223.00	Management & Admin (non chargeable)	37.17	22.07	(15.10)
91.00	Management & Admin (chargeable)	15.17	18.90	3.73
580.00	2006/2007 Audit Plan	95.33	24.85	(70.48)
180.00	Contingencies & Special Investigations	30.00	87.06	57.06
40.00	Follow ups	10.00	1.52	(8.48)
1560.00	Total	278.00	256.30	(21.70)

A more detailed analysis is given in Appendix C.

- 6.2.2 The 2005/2006 Audit Plan comprises 63 audit assignments. At the 31st May 2006, 1 assignment (1.6%) had been completed with a further 6 at various stages of completion.
- 6.2.3 The lack of progress in respect of the 2006/2007 plan is largely as a result of additional work being undertaken in respect of the work carried out by the temporary Agency worker, high levels of sickness, examination leave, and the completion of audits brought forward from 2005/06.
- 6.2.4 Of the fifteen audit assignments brought forward for completion in 2006/07, twelve have now been fully completed, with seven of these at draft stage. The remaining three, are currently under review and will be distributed to line managers in the near future. The number of audit days required to carry out all of this work totals 61 audit days and this has been taken from the contingency provision.
- 6.2.5 The following local performance indicators for the period 1st April 2006 to the 31st May 2006 are shown below:-

Number of audits undertaken and completed	1
Number of recommendations made	Nil
Number of recommendations agreed	Nil
Number of recommendations not agreed	Nil
Number of recommendations partly agreed	Nil
CPA target - % of Audit Plan completed	1.6%
Number of draft reports issued within 10 working days of closure meeting	100%
Number of final reports issued within 5 working days of the post audit meeting	100%
Number of recommendation action plans signed off and returned within 5 working days of issue	0%

At the April Audit Overview Committee a commitment to the development of an additional four LPI's was made. It is intended that these will be introduced as audit assignments from the audit plan for 2006/07 are carried out.

7. 2005/2006 AUDITS COMPLETED (excluding items already reported)

Internal audit reviewed the following systems where key controls and other parts of the internal control system were assessed as working effectively and provide full assurance that risks material to the achievement of the control objectives are adequately managed.

Crematorium

Minor recommendations were made in respect of recording data electronically, and ensuring that stock checks are adequately evidenced.

Internal audit reviewed the following systems where key controls and other parts of the internal control system provide substantial assurance that risks material to the achievement of the control objectives are adequately managed.

Food Safety and Hygiene

Main recommendations were in relation to the production of written procedure notes, and the rotation of staff when visiting premises for inspection.

Housing Benefits

Only one recommendation was made in respect of computer access permissions.

DLO Recharges

No recommendations were made, however there were some issues with filing of reports, which have been reported in the Housing Repairs audit.

There were also minor weaknesses regarding the recording of inspections.

Internal audit reviewed the following systems where key controls and other parts of the internal control system provide reasonable assurance that risks material to the achievement of the control objectives are adequately managed.

Enforcement (Legal)

Recommendations included the production of written procedure notes for some parts of the system, the maintenance of an electronic record of court costs awarded and the development of a declaration of interests form for use by staff.

Council Tax

Main recommendations refer to the regular review of discounts and exemptions, monitoring of accounts passed to the bailiffs, supervision of recovery suppressions and the need for staff to sign an annual declaration of interests form.

Recruitment

Recommendations were made in respect of maintaining statistical information, the development of local PI information, and employee references.

Internal audit reviewed the following systems where key controls and other parts of the internal control system provide limited assurance that risks material to the achievement of the control objectives are adequately managed.

Supporting People

Main recommendations related to the reconciliation process, completion of performance work books and utilising Microsoft excel as part of the process to record amendments to the list.

Internal audit reviewed the following systems where key controls and other parts of the internal control system provide little assurance that risks material to the achievement of the control objectives are adequately managed.

Creditors

Main recommendations were made in relation to separation of duties, written procedure notes, computer access levels, and certification of amendments made to the central file.

Payroll

Recommendations include, recording of overtime, computer access levels, certification of amendments to the central file, review of establishment list, and amendments to parameters of exception reports.

Two further reviews have been carried out, which have not attracted an audit score due to the nature of the work involved.

Durham Sport

An annual review of Durham Sport's accounts was carried out in accordance with the instructions issued by Sport England. This included reconciling the accounts to the Council's FMS system, checking data accuracy, and ensuring that expenditure has been made only in accordance with grant conditions.

There were no matters for report, and the grant claim certificate was duly endorsed by the Head of Internal Audit.

Housing Benefits Performance Standards

Internal audit annually benchmark Housing Benefits against the Benefit Fraud Inspectorate's performance standards.

Main recommendation were in respect of the preparation of an action plan to address the weaknesses raised, amendment to the scores following the outcome of the audit, and the need to retain evidence to support claims of compliance.

8. 2006/07 AUDITS COMPLETED (excluding items already reported)

Benefits Accuracy Q1

Internal Audit undertakes a quarterly review of the accuracy of benefit claims. These aim to meet three objectives:

- ◆ Completion of the Department for Work and Pensions Stats 128 Return.
- ◆ Enable client management to monitor performance against BVPI 79a.
- ◆ Enable client management to monitor performance against the standards of evidence requirements of the Verification Framework.

The quarterly audit identified that 123 of the 125 (98.4%) determinations were compliant with the Verification Framework Requirements.

9. RECOMMENDATIONS

- ◆ That the action taken in respect of the 2005/2006 Audit Plan be approved.
- ◆ That the Audit Overview Committee note the contents of the Progress Report for the 1st April 2006 to the 31st May 2006

Audit number	Reported to committee	2005/ 2006 audit days	Audit item	YTD Plan	YTD Actual	YTD Variance	Work shadowed	Complete	
06/01	✓	10	Financial management information (VFM) inc FMS & feeders	10.00	11.15	1.15		Y	
06/02		7.5	Housing benefits - performance standards	7.50	8.35	0.85		Draft	c/fwd to 06/07
06/03	✓	6	Housing benefits - quarterly check	6.00	6.01	0.01		Y	
06/04	✓	8	NNDR - liability incl voids & refunds, valuation, collection	8.00	9.47	1.47		Y	
06/05		15	Risk Management	15.00	NYA	-		n/a	
06/06		25	Salaries and Wages	25.00	30.64	5.64		Draft	merged with 06/44 c/fwd to 06/07
06/07	✓	8	Sickness	8.00	30.41	22.41	✓	Y	
06/08		8	Creditors	8.00	10.31	2.31		Y	
06/09		5	Data retention and disposal	5.00	10.64	5.64	✓	Draft	c/fwd to 06/07
06/10	✓	6	Decent homes standard (Overview)	6.00	5.24	-0.76		Y	
06/11	✓	6	Destination Durham	6.00	7.77	1.77		Y	
06/12	✓	6	IT - Environmental controls, security etc.	6.00	13.58	7.58	✓	Y	
06/13		5	Money Laundering	5.00	1.90	-3.10		c/fwd to 06/07	Delay new policy being developed
06/14	✓	7	Performance indicators	7.00	8.72	1.72		Y	
06/15		5	BACS / Chaps	5.00	NYA	-		n/a	
06/16	✓	15	Freedom of Information/data protection	15.00	12.42	-2.58		Y	FOI only data protection c/fwd 06/07
06/17		3	Recycling	8.00	1.22	-6.78		Deleted	
06/18		5	Hire of vehicles / skips etc	5.00	3.01	-1.99		WIP	c/fwd to 06/07
06/19	✓	10	Homelessness (operational)	10.00	15.76	5.76	✓	Y	
06/20	✓	10	Cash offices & cash collection	10.00	24.11	14.11	✓	Y	
06/21	✓	7	CCTV	7.00	17.40	10.40	✓	Y	
06/22		5	High level action plan	5.00	0.07	-		c/fwd to 06/07	Delayed
06/23	✓	6	Housing benefits - quarterly check	6.00	6.04	0.04		Y	
06/24	✓	7	Housing rents - liability incl voids & refunds	7.00	19.27	12.27	✓	Y	
06/25		7	Stores (VFM)	7.00	1.93	-5.07		c/fwd to 06/07	Delayed
06/26		5	DLO recharges	5.00	3.98	-1.02		Y	
06/27		5	Enforcement (legal)	5.00	7.26	2.26		Y	
06/28		8	Performance planning and review	8.00	NYA	-		n/a	
06/29		8	Priority Outcomes	8.00	0.07	-		c/fwd to 06/07	Some work carried out by Audit Commission
06/30		6	RIPA	6.00	1.18	-4.82		c/fwd to 06/07	Delayed
06/31		6	Housing stock option appraisal (Overview)	6.00	2.43	-3.57		Y	
06/32	✓	15	Sports Centres	15.00	29.49	14.49	✓	Y	
06/33		7	Supporting people	7.00	6.83	-0.17		Y	
06/34		10	Durham Sport	10.00	17.16	7.16		Y	Grant certificate signed, no report produced - verbal report if required
06/35	✓	5	Adaptations / special needs	5.00	15.28	10.28	✓	Y	
06/36	✓	6	Contaminated Land	6.00	8.38	2.38		Y	
06/37		10	Durham City arts/Citizens Advice (Overview)	10.00	5.68	-4.32		Draft	Advice awaiting public satisfaction survey
06/38		7	Food safety and hygiene	7.00	9.06	2.06		Y	Registrations, inspections and sampling only
06/39		1	Markets	5.00	0.14	-4.86		Deleted	
06/40	✓	5	Playschemes	5.00	7.94	2.94		Y	
06/41		6	Rechargeable works	6.00	0.03	-		n/a	error previous quarter NYA
06/42		15	Council tax - liability incl voids, discounts, exemptions etc	15.00	20.21	5.21		Draft	
06/43	✓	6	Housing benefits - quarterly check	6.00	6.62	0.62		Y	
06/44		-	Wages	-	-	-		-	Merged with 06/06
06/45		8	Heritage Economic Regeneration schemes	8.00	NYA	-		n/a	
06/46		6	Complaints scheme	6.00	0.47	-5.53		c/fwd to 06/07	Delay new policy under development
06/47		8	Financial planning / Treasury management	8.00	NYA	-		n/a	
06/48		10	Fleet management	15.00	33.47	18.47		Draft	merged with 06/60
06/49		10	Local Strategic partnerships	10.00	NYA	-		n/a	
06/50		5	NCP car parks	5.00	NYA	-		n/a	
06/51		7	Print room (VFM)	7.00	Deleted	-		Deleted	
06/52		6	Leasing	6.00	3.38	-2.62		c/fwd to 06/07	Delayed
06/53		5	Listed building applications strategic and operational	5.00	NYA	-		n/a	
06/54		6	Private sector housing standards	6.00	NYA	-		n/a	
06/55		15	Travelling expenses	6.00	13.14	7.14		WIP	c/fwd to 06/07

06/56		15	Industrial development, economic development and fin incentives	15.00	NYA	-		n/a	
06/57		8	Local Plan	8.00	NYA	-		n/a	
06/58		5	Public conveniences including cleaning	5.00	NYA	-		n/a	
06/59		9	SRB6, Objective 2 priority 4	9.00	Deleted	-		Deleted	
06/60		5	Vehicle maintenance	-	-	-		-	Merged with 06/48
06/61		6	Bonus	6.00	Deleted	-		Deleted	
06/62		4	Corporate Governance	4.00	1.01	-2.99		WIP	c/fwd to 06/07
06/63		4	Fraud and corruption	4.00	1.04	-2.96		WIP	c/fwd to 06/07
06/64		15	Housing benefits - Council tax , Rent allowances & other	15.00	13.61	-1.39		Draft	c/fwd to 06/07
06/65	✓	6	Housing benefits - quarterly check	6.00	6.01	0.01		Y	
06/66		37	Housing repairs and maintenance	37.00	36.66	-0.34	✓	WIP	c/fwd to 06/07
06/67		5	IT - microcomputing	5.00	4.67	-0.33		Deleted	Unfinished by Agency worker
06/68		5	One stop shops/customer services - Coxhoe	5.00	1.69	-3.31		c/fwd to 06/07	Delayed
06/69		5	Community recreation	5.00	NYA	-		n/a	
06/70		7	Crematorium	7.00	7.09	0.09		Y	
06/71		15	Debtors incl health check	15.00	10.71	-4.29		WIP	c/fwd to 06/07
06/72		5	E Planning	5.00	NYA	-		n/a	
06/73		10	Equalities inc Disability Discrimination Act	10.00	6.86	-3.14		WIP	c/fwd to 06/07
06/74		6	Recruitment	6.00	5.78	-0.22		Draft	c/fwd to 06/07
06/75		5	Stage school	5.00	NYA	-		n/a	
06/76		6	Gala - Healthcheck	6.00	NYA	-		n/a	
06/77		8	Licences - Justices	8.00	NYA	-		n/a	
06/78		6	Pest control	6.00	NYA	-		n/a	
06/79		5	Redecoration allowances	5.00	NYA	-		n/a	
06/80		4	Home loss payments	4.00	NYA	-		n/a	
Total		625.5		625.50	542.75	-82.75			

n/a		40	Follow ups	40.00	41.15	1.15			
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Non Productive Time

36	Bank holidays	36.00	32.00	-4.00
199.5	Annual Leave	199.50	162.13	-37.37
30	Sick leave	30.00	64.47	34.47
6	Special leave	6.00	5.33	-0.67
118	Day Release	118.00	41.40	-76.60
36	Other training	36.00	76.63	40.63
20	Study leave / exams	20.00	12.13	-7.87
445.5	TOTAL	445.50	394.09	-51.41

Management and Administration (non chargeable)

50	Audit planning and supervision	50.00	75.87	25.87
10	Review of Policy documentation	10.00	3.13	-6.87
15	Audit Manual review in line with new CIPFA model	15.00	2.13	-12.87
4	Advice and discussion with District Audit	4.00	3.67	-0.33
2	Audit sub group	2.00	5.47	3.47
20	Best value	20.00	0.00	-20.00
5	Risk management	5.00	12.93	7.93
10	Internal audit review meetings	10.00	9.37	-0.63
10	Procurement	10.00	5.17	-4.83
40	General administration	40.00	85.73	45.73
12	Office move	12.00	10.10	-1.90
5	Finance Management Team	5.00	2.80	-2.20
183	TOTAL	183.00	216.37	33.37

Management and Administration (chargeable)

3	Tender openings	3.00	2.13	-0.87
5	Financial appraisals	5.00	0.93	-4.07
20	Project implementation	20.00	3.67	-16.33
6	Stores - stocktaking	6.00	5.63	-0.37
15	Advice to departments	15.00	30.00	15.00
5	Departmental training	5.00	4.40	-0.60
10	Organisational and departmental review of regulations and procedures	10.00	0.67	-9.33
10	Implementation of recommendations involving additional work by IA	10.00	2.88	-7.12
10	Statement of Internal control	10.00	5.39	-4.61
5	Miscellaneous working groups	5.00	9.15	4.15
89	TOTAL	89.00	64.85	-24.15

APPENDIX A
(3 of 3 pages)

Ad Hoc work (Contingency)

						Completed
05/01 b/f		Corporate Governance	0.00	3.17	3.17	Y
05/04 b/f		Fraud and Corruption	0.00	1.35	1.35	Y
05/05 b/f		Postages	0.00	0.91	0.91	withdrawn
05/08 b/f		Accountancy estimates	0.00	4.73	4.73	Y
05/09 b/f		Capital finance	0.00	0.75	0.75	Y
05/20 b/f		Insurance strategy	0.00	0.27	0.27	Y
05/21 b/f		Conferences and Seminars	0.00	1.55	1.55	WIP
05/22 b/f		Subsistence allowances	0.00	0.00	0.00	n/a
05/23 b/f		Health and Safety	0.00	0.34	0.34	Y
05/24 b/f		Debt management strategy	0.00	0.13	0.13	Y
05/29 b/f		Refuse collection	0.00	1.66	1.66	Y
05/43 b/f		Council tax refunds	0.00	1.35	1.35	Y
05/44 b/f		Debtors	0.00	8.62	8.62	Y
06 - cont		Software demos	0.00	1.58	1.58	n/a
06 - cont		Interviews audit posts	0.00	4.73	4.73	n/a
06 - cont		Interviews financial planning posts	0.00	1.01	1.01	n/a
06 - cont		Lord Carews charity accounts	0.00	0.68	0.68	n/a
06 - cont		Building control reconciliation re debtor accounts paid at Byland Lodge	0.00	0.88	0.88	n/a
06 - cont		Inductions for new staff	0.00	0.54	0.54	n/a
06 - cont		Gala Theatre	0.00	0.20	0.20	n/a
06 - cont		Business planning	0.00	6.49	6.49	n/a
06 - cont		Development of internal audit data base	0.00	9.39	9.39	n/a
06 - cont		Control risk self assessment	0.00	0.75	0.75	n/a
06 - cont		Accountancy final accounts / bank reconciliation	0.00	79.05	79.05	n/a
06 - cont		OMT	0.00	0.81	0.81	n/a
06 - cont		Fire evacuation	0.00	0.41	0.41	n/a
06 - cont		VDU assessments	0.00	1.42	1.42	n/a
06 - cont		Use of resources	0.00	2.23	2.23	n/a
06 - cont		Gala Tills training	0.00	0.55	0.55	n/a
06 - cont		Purchasing cards	0.00	0.62	0.62	n/a
06 - cont		Certifying officers list review	0.00	3.92	3.92	n/a
06 - cont		Key controls - all systems	0.00	6.76	6.76	n/a
06 - cont		Business Continuity	0.00	1.96	1.96	n/a
06 - cont		Audit awareness presentation and notes	0.00	7.47	7.47	n/a
06 - cont		Flourishing communities	0.00	1.08	1.08	n/a
06 - cont		Career structure query	0.00	0.48	0.48	n/a
06 - cont		Subscriptions	0.00	3.82	3.82	Y
06 - cont		Deecal	0.00	0.41	0.41	n/a
06 - cont		International audit standards	0.00	1.02	1.02	n/a
06 - cont		Personal development reviews	0.00	2.40	2.40	n/a
06 - cont		Budgets 2006/07	0.00	0.85	0.85	n/a
06 - cont		Document Imaging	0.00	0.41	0.41	n/a
06 - cont		Drug Awareness	0.00	0.81	0.81	n/a
06 - cont		Rent restructure checking data	0.00	2.94	2.94	n/a
06 - cont		Baths Till training	0.00	0.34	0.34	n/a
06 - cont		Eye test	0.00	0.10	0.10	n/a
06 - cont		BFI meeting	0.00	3.55	3.55	n/a
06 - cont		Durham city arts	0.00	0.98	0.98	n/a
06 - cont		Gypsy site - electric meters	0.00	1.49	1.49	n/a
06 - cont		Data matching - SX3	0.00	9.30	9.30	n/a
06 - cont		Loss of work through printer error and software crash	0.00	1.68	1.68	n/a
	120.00	Special investigations	120.00	0.00	-120.00	
Total	120.00		120.00	187.94	67.94	

to be done with Travelling expenses

Totals	1503.00		1503.00	1447.15	-55.85	
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Breakdown of Audits Carried Out for 2005/06

Original	Merged	Total	Additions	Deletions	Final Total
80	2	78	1	6	73
Completed	29				
Draft c/fwd	8				
WIP c/fwd	7				
NYA c/fwd	21				
Delayed c/fwd	8				
Total	73				

Total number of audits carried out in year (including c/fwd to be completed in 2006/07)	44
% of original audit plan	55%
Planned days - all activity	1503
Actual days - all activity	1447
%	96%
Planned days - audit activity	625.5
Actual days - audit activity	542.77
%	87%

AUDIT PLAN 2006/2007 DETAILED ANNUAL

PERIOD 1/04/2006 TO 31/05/2006

Audit number	Audit item	Target Days	YTD Plan	YTD Actual	YTD Variance	Complete
07/01	Financial management system	10.00	6.67	0.00	-6.67	NYA
07/02	High level action plan	5.00	3.33	0.00	-3.33	NYA
07/03	Housing benefits - quarterly check Q1	6.00	6.00	6.89	0.89	Y
07/04	NNDR - liability incl voids & refunds, valuation, collection	10.00	6.67	0.00	-6.67	NYA
07/05	One stop shops/customer services	10.00	6.67	0.00	-6.67	NYA
07/06	Performance indicators	10.00	6.67	10.88	4.21	WIP
07/07	Performance planning and review	10.00	6.67	1.83	-4.84	WIP
07/08	Priority Outcomes	10.00	6.67	1.32	-5.35	WIP
07/09	Statement of Internal control	10.00	6.67	5.50	-1.17	WIP
07/10	Durham Sport	10.00	6.67	1.01	-5.66	WIP
07/11	Leasing	7.00	4.67	1.50	-3.17	WIP
07/12	Gala - Healthcheck	15.00	10.00	1.42	-8.58	WIP
07/13	Tourism strategy	7.00	4.67	0.00	-4.67	NYA
07/14	Stores (VFM)	10.00	6.67	0.00	-6.67	NYA
07/15	IT Strategy	10.00	6.67	0.00	-6.67	NYA
Total Quarter 1		140.00	95.37	30.35	-65.02	

07/16	Council tax - liability incl voids, discounts, exemptions etc	10.00	0.00	0.00	0.00	
07/17	Council Tax refunds	5.00	0.00	0.00	0.00	
07/18	Housing benefits - quarterly check Q2	6.00	0.00	0.00	0.00	
07/19	Housing benefits verification procedures	10.00	0.00	0.00	0.00	
07/20	Housing rents - liability incl voids & refunds	10.00	0.00	0.00	0.00	
07/21	Payroll	10.00	0.00	0.00	0.00	
07/22	Financial planning / Treasury management	10.00	0.00	0.00	0.00	
07/23	Flexitime	10.00	0.00	0.00	0.00	
07/24	Housing Lettings	15.00	0.00	0.00	0.00	
07/25	RIPA	5.00	0.00	0.00	0.00	
07/26	Stage school	10.00	0.00	0.00	0.00	
07/27	BACS / Chaps	7.00	0.00	0.00	0.00	
07/29	Register of Electors	7.00	0.00	0.00	0.00	
07/35	Housing benefits - performance standards	10.00	0.00	0.00	0.00	Moved to Q2
07/30	Void management incl repairs element	10.00	0.00	0.00	0.00	
07/31	File Controls	10.00	0.00	0.00	0.00	
Total Quarter 2		145.00	0.00	0.00	0.00	

07/32	Accountancy Estimates	10.00	0.00	0.00	0.00	
07/33	Cash collection	10.00	0.00	0.00	0.00	
07/34	Creditors	10.00	0.00	0.00	0.00	
07/28	Food safety and hygiene	10.00	0.00	0.00	0.00	Moved to Q3
07/36	Housing benefits - quarterly check Q3	6.00	0.00	0.00	0.00	
07/37	Housing benefits fraud investigations	10.00	0.00	0.00	0.00	
07/38	Housing repairs and maintenance	20.00	0.00	0.00	0.00	
07/39	Sickness	10.00	0.00	0.00	0.00	
07/40	Neighbourhood wardens/dog fouling/dog warden	7.00	0.00	0.00	0.00	
07/41	Purchasing cards	6.00	0.00	0.00	0.00	
07/42	Sports Centres	15.00	0.00	0.00	0.00	
07/43	Air quality	7.00	0.00	0.00	0.00	
07/44	Licences - Justices	7.00	0.00	0.00	0.00	
07/45	Planning enforcement	7.00	0.00	0.00	0.00	
07/46	Penetration Testing	10.00	0.00	0.00	0.00	
Total Quarter 3		145.00	0.00	0.00	0.00	

07/47	Corporate Governance	5.00	0.00	0.00	0.00	
07/48	Debtors incl health check	10.00	0.00	0.00	0.00	
07/49	Fraud and corruption	5.00	0.00	0.00	0.00	
07/50	Housing benefits - Council tax , Rent allowances & other	20.00	0.00	0.00	0.00	
07/51	Internet Controls	10.00	0.00	0.00	0.00	
07/52	Housing benefits - quarterly check Q4	6.00	0.00	0.00	0.00	
07/53	Purchasing	15.00	0.00	0.00	0.00	
07/54	Risk Management	10.00	0.00	0.00	0.00	
07/55	Data protection	7.00	0.00	0.00	0.00	
07/56	E Planning	7.00	0.00	0.00	0.00	
07/57	Equalities inc Disability Discrimination Act	10.00	0.00	0.00	0.00	
07/58	Heritage Economic Regeneration schemes	7.00	0.00	0.00	0.00	
07/59	Elections	7.00	0.00	0.00	0.00	
07/60	Crematorium	7.00	0.00	0.00	0.00	
07/61	Sale of land	7.00	0.00	0.00	0.00	
07/62	Local Plan	7.00	0.00	0.00	0.00	
07/63	Change Controls	10.00	0.00	0.00	0.00	
Total Quarter 4		150.00	0.00	0.00	0.00	

Total for the year		580.00	95.37	30.35	-65.02	
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n/a	Follow ups	40	10.00	1.52	-8.48	
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Totals	1560.00	278.04	256.31	-21.73
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