

ITEM NO.

Report to: Audit Committee
Date: 22nd February 2007
Report of: Gordon Fletcher, Audit Manager
Subject: Internal Audit Strategic Plan - 2007 to 2010
Ward: All

1 Purpose of the Report

- 1.1. The purpose of this report is to inform the Audit Committee of the updated 3 year Internal Audit Strategic Plan.

2. Consultation

- 2.1. In preparing this report I have consulted with:
Senior Auditor
Head of Financial Management.
Director of Finance and Corporate Services.

3. Background

- 3.1 Good practice dictates that the Audit Manager reviews the rolling strategic internal audit plan every year, which is subject to revision due to differing corporate objectives and identified risks of the Council and any known new systems.
- 3.2. The strategic plan also complies with the standards within the current CIPFA Code of Practice and any new regulations under the Accounts and Audit Regulations 2003.

4. Position Statement and Option Appraisal

- 4.1. An initial needs assessment is carried out with due regard given to the long term Council's corporate objectives and the risk register. This will identify all the areas required to be examined by Internal audit, so as to give assurance to the Audit Committee, as part of the governance framework, that there is a structured program of work in place to ensure that all the Councils systems of internal control are being examined.
- 4.2. Currently we have a risk analysis of every known auditable area for the District of Easington that has been completed using risk and consequence factors. This is updated after every completed audit to ensure that these remain the same or require adjustment. A weighting based on the activity's importance is given which then determines a score. The higher the score the higher the risk and therefore the activity is more frequently audited
- 4.3. Days are then allocated to each audit based on previous knowledge and experience and these days are then reconciled to the number of available days for audit staff over the three years. If there were any shortfall in resources then it would be identified here.
- 4.4. For the current resources of the Audit Section it is expected that all areas can be adequately covered within 3 years. However, unexpected audit work may have an impact on the plan, and adjustments will have to be made.
- 4.5. The 3 year strategic plan from April 2007 is shown in Appendix 1.

ITEM NO.

5. **Implications**

5.1 **Legal Implications.**

It is a requirement of law that the Council maintains an adequate and effective Internal Audit service.

5.2. **Risk Implications**

5.2.1. Any reduction in staff resources and/or any unforeseen activity will affect the completion of the Audit Strategic Plan.

5.3. **Corporate Implications**

5.3.1. All known corporate plans have been taken into account when formulating the Strategic Plan.

5.4. **There are no other Corporate, Financial, Policy or Communications implications.**

6. **Recommendation**

6.1 Members are asked to comment on the information contained within the report, and to approve the Internal Audit Strategic Plan.

7. **Background Papers/Documents Referred to in Preparing this Report**

7.1 Internal Audit risk analysis sheets.
Previous Internal Audit Strategic Plans.
Internal Audit Annual Plans.
Corporate plans.
Risk Register.

ITEM NO.

ACTIVITY	2007/ 2008	2008/ 2009	2009/ 2010
	Allocated Days	Allocated Days	Allocated Days
Main Systems			
Council Tax	15	20	15
Creditors (Inc. VAT)	20	15	20
Benefits	20	25	20
Main Accounting/Budgets	10	20	10
NNDR	10	15	10
Salaries and Wages	20	15	20
Debtors	20	15	20
Capital Accounting	10	15	10
Cash/Banking (inc. cash offices)	20	20	20
Loans and Investments	8	0	8
Total	153	160	153
Other Systems			
Contracts:			
Tendering	0	15	0
Cost Control	0	15	0
Variations/Interim Valuations	0	15	0
Claims	15	0	10
Liquidated Damages	15	0	10
Contractor selection	15	0	15
Queries	10	10	18
Complaints Procedures	0	0	5
Performance Indicators	30	30	30
Flexi time	0	0	0
Purchasing (procurement)	15	30	20
Recruitment Procedures	8	0	0
Care and Repair	0	0	0
Total	108	115	108
Regular Audits			
Final Accounts	30	30	30
Assessing Company Accounts (searches)	5	5	5
Total	35	35	35
Annual Audits			
Chairman's' Charity Account	5	5	5
Risk Management (inc. Insurance)	20	20	20
NFI	10	5	10
Total	35	30	35
Two Yearly Audits			
Debt Collection (inc. Bailiff collection)	0	6	0
Building Control	0	6	0
Corporate Accommodation Costs	0	6	0
Right to Buy	6	0	6
Members Allowances	10	0	10
Planning Fees	0	5	0
Postal System	6	0	6
Renovation/Disabled Facilities Grants	9	0	9
Telecommunication costs	0	6	0
Trade Refuse	0	6	0
Sales by Tender	7	0	7
Corporate Credit Card	0	6	0
Total	38	41	38

ITEM NO.

Three Yearly Audits			
Allotments	0	0	8
Assisted Car Purchase/Car Leasing	8	0	0
Concessionary Travel	0	0	8
Controlled Stationery	3	0	0
Hackney Carriages	7	0	0
Transport	8	0	0
Licences	0	6	0
Officers Travel and Subsistence	0	8	0
Petty cash	0	6	0
Redecoration/Disturbance Payments			
Shop leases/rents	0	0	8
Special Collections	0	10	0
Car Mileage	0	8	0
Register of Electors	6	0	0
Leisure Arrangements	0	0	10
Wardens	0	0	8
Credit card processing	6	0	0
Total	38	38	42
Corporate Audits			
Documenting Procedure Notes	10	10	5
Financial Regs./Fraud Strategy/SIC	20	20	20
Audit Committee	18	18	20
Best Value/FIOD etc.	15	15	20
Total	63	63	65
Grants (Partnerships/SRB/NRF etc.)	60	60	60
Computer Audits	50	50	50
East Durham Homes Audit Service	71	71	71
Total Audit work	651	663	657
Work Not Directly Chargeable			
Meetings	20	20	20
Training	10	10	10
Audit Administration	100	100	100
Audit Planning and Control	30	30	30
Contingency	50	50	50
Total	210	210	210
TOTAL AUDIT DAYS AVAILABLE	861	873	867
Reconciled to Available days:			
Total available audit days for the year.	1044	1040	1044
Less:			
Annual leave	118.5	118.5	121
Bank Holidays	40	24	32
Estimate Sickness	20.5	20.5	20
Christmas/New Year Discretionary	4	4	4
TOTAL AUDIT DAYS AVAILABLE	861	873	867