

23rd APRIL 2007

REPORT OF DIRECTOR OF RESOURCES

Portfolio: STRATEGIC LEADERSHIP

INTERNAL AUDIT PLAN 2007/2008

1. SUMMARY

The Internal Audit Plan for the period 1st April 2007 to 31st March 2008 has been prepared and takes into account the changes affecting the Council's services as well as the wide range of corporate governance issues considered an integral part of any well-run organisation. Consultation with the Internal Audit service customers has taken place and views expressed have been fully considered in the Audit Plan's production.

2. RECOMMENDATIONS

It is recommended that:

- 2.1 The Internal Audit Plan for 2007/2008, as detailed in Appendix 1, be approved.
- 2.2 Half-yearly progress reports are submitted to future meetings of this Committee.
- 2.3 Significant developments associated with the Audit Plan be reported to this Committee as necessary.

3. AUDIT PLAN DETAIL

3.1 **Background**

The production of a comprehensive Audit Plan is an essential requirement for the delivery of an effective Internal Audit service. In addition to the identification of planned areas of audit activity, the Plan provides the structure for the essential performance management work needed to ensure the practical completion of identified projects. The Plan recognises the continuing importance of the developmental areas of corporate governance, including risk management, performance management, Comprehensive Performance Assessment (CPA)/Key Lines of Enquiry (KLOE) and Statement of Internal Control.

The Audit Plan and associated management and monitoring also assists the Audit Commission in forming judgements in relation to their statutory duty to express opinion to the Council on the service provided by Internal Audit.

The Plan has been prepared following an assessment of the staffing resources expected to be available during the year. At the present time efforts are being made to appoint a Principal Auditor to fill the current vacancy (a progress report will be given verbally at the meeting). For planning purposes the availability of the equivalent of 5.5 persons for 2007/08 has been assumed, of which the equivalent of 4.7 persons is available to deliver the work detailed in the Audit Plan.

3.2 **Audit Plan 2007/08**

The proposed Internal Audit Plan for the year is attached at Appendix 1 and shows a total of 911 days, compared with the approved Plan for 2006/07 of 915 days. The content of the Plan reflects a wide range of Council activities and has been developed following consultation across all departments to ensure that changing priorities and pressures have been recognised. The maintenance of a proper control environment is fundamental to delivery of services and must be the main focus of internal audit activity.

3.3 **Corporate Governance**

The increasing emphasis in recent years on corporate governance continues to be a dominant feature affecting all large organisations. Subjects such as performance management, risk management, procedural frameworks, internal control and financial management continue as essential features of the Audit Plan.

The development of procedures associated with the Statement of Internal Control (SIC), continue to impact and this is likely to prevail during 2007/2008. The comprehensive compliance on SIC issues will enhance the Council's overall governance framework and complement the audit activity.

The continuing development of risk management will be a strong focus of audit activity during 2007/2008, with the identification of the key strategic risks currently being progressed. The governance of the Council's key partnerships is likely to be a key risk and the Audit Plan includes review work in this area.

4. **RESOURCE IMPLICATIONS**

- 4.1 Whilst this report has no direct implications for resources, the Plan work undertaken could highlight issues requiring action, resulting in additional costs or savings being made.

5. **CONSULTATION**

- 5.1 The Audit Plan has been prepared following consultation with all departments, and recognises Audit Commission requirements detailed in the Internal Audit Protocol guidance, Inspection Plan and revised Code of Audit Practice.

6. **OTHER MATERIAL CONSIDERATIONS**

6.1 **Links to Corporate Objectives/Values**

The audit activity effectively supports all services in the delivery of the Council's priorities, together with a reinforcement of the need for accountability for public finances.

6.2 **Risk Management**

Much of the work undertaken by Internal Audit relates to minimising the risk to the Council of major system problems and failure of the internal control arrangements. Activity is directed towards providing assurances on the control environment, thereby highlighting any risk issues capable of causing damage to the Council.

Audit efforts to embed good risk management practices around the Council also form a significant element of the Audit Plan. Of course, the full co-operation of management across the Council is essential to the maintenance of quality corporate governance, including risk management.

6.3 **Health and Safety**

No additional implications have been identified, beyond those contained within the Risk Management development work around the Council.

6.4 **Equality and Diversity**

No material considerations have been identified.

6.5 **Legal and Constitutional**

The Audit Plan recognises the statutory framework associated with services and the corporate governance framework, as well as the Council's constitutional arrangements. No other legal or constitutional implications have been identified.

6.6 **Other Material Considerations**

No other material considerations have been identified.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 Following the establishment of the Audit Committee in 2006/2007, the role of overseeing the Internal Audit activity transferred away from Overview and Scrutiny. Half-yearly progress reports will be presented to this Committee during 2007/2008 and these will detail the work undertaken as well as any significant issues highlighted in the course of this audit work.

8. **LIST OF APPENDICES**

8.1 Audit Plan Man Days 2007/2008.

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Ward(s): Not Ward specific.

Background Papers: Scrutiny Committee 1 – 28th March 2006
- Internal Audit Plan 2006/2007
Audit Committee – 30th October 2006
- Internal Audit Plan 2006/2007 – Half-Year Report

Examination by Statutory Officers:

	Yes	Not Applicable
1. The report has been examined by the Council's Head of the Paid Service or his representative.	<input type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S.151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative.	<input type="checkbox"/>	<input type="checkbox"/>
4. Management Team has approved the report.	<input type="checkbox"/>	<input type="checkbox"/>