

ITEM NO.

Report to: Audit Committee
Date: 22nd February 2007
Report of: Gordon Fletcher, Audit Manager
Subject: Internal Audit Plan for 2007/2008
Ward: All.

1 Purpose of the Report

- 1.1. The purpose of the report is to advise members of the Internal Audit Plan of work for 2007/08.

2. Consultation

- 2.1. In preparing this report I have consulted with:
Senior Auditor
Head of Financial Management

3. Background

- 3.1. It was agreed that the Audit Manager would report to the Audit Committee the Internal Audit Plan for 2007/08. An explanation of how the plan was formulated would be given to enable members to discuss any possible issues.

4. Position Statement and Option Appraisal.

- 4.1. In order for the Internal Audit Section to ensure that the Council's records are properly maintained, a three year rolling Audit Strategic Plan has been developed, which is updated every year to take into account changes of activity within the Council, and in accordance with the current CIPFA Code of Practice.

The main purpose of the Plan is to ensure the following:

- the main systems of the Council, are audited every year if required.
- to ensure that all other activities carried out at the Council are audited within the 3 years.
- that audit work is in accordance with the Council's aims and objectives.

- 4.2. The Audit Plan is based upon a risk assessment of all auditable areas of the Council, the scores dictates how often audits are to be carried out, i.e: high scores - annually; medium scores - two yearly; low scores - three yearly.

This methodology is accepted as current best practice and has also been developed to ensure compliance with District Audit requirements and to reduce the possibility of duplication of effort. The analysis of risk allows the audit plan to be much more focussed, concentrating resources on the areas of most need.

- 4.3. The risk analysis is used to develop the Strategic Audit Plan, which is then used to produce the Annual Plan that includes:

S The main systems of the council are covered every year on either a full system or key control basis.

S The other systems are covered either annually or once every two or three years dependent upon their risk rating.

S Some areas of work are more specialist or of a Corporate nature and have their own mini plans. (e.g. Computer and Partnership audits).

- 4.4. The total of possible audit man days worked for the year is 1044 but this is reduced due to non productive time such as holidays, sickness etc. This leaves 861 actual planned days of audit work for the year. Some of these days are used for the running

of the Internal Audit section and are shown as Administration, Planning and Control etc. and some days set aside for contingency, the remaining areas covered can be seen in Appendix A.

- 4.5. There will be a number of audits that are ongoing at the end of March 2007 and some that were not completed last year and these have been included in the annual plan. (The days for these will be taken from contingency).

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 Management

Any corporate risk register has been considered when formulating the annual audit plan.

5.3. There are no Financial, Policy, Communications or Corporate implications.

6. Conclusion

- 6.1 It can be seen that the direction, focus and relevance of the section are very much dependent upon a well formulated plan. The planning process used, ensured that the Internal Audit Section is able to meet the requirements placed upon it and also provide a valuable service to the members and officers of the council.

7. Recommendation

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

8. Background Papers/Documents Referred to in Preparing this Report

- 8.1. Internal Audit Strategic Plan
Internal Audit Annual Plans
Internal Audit files.

ANNUAL AUDIT PLAN 2007/2008

2006/2007 brought forward audits
Main Systems
Council Tax
Creditors (inc vat)
Benefits
Main Accounting/Budgets
NNDR
Salaries and Wages
Debtors
Capital Accounting
Cash/Banking
Loans and Investments
Other Systems
Contracts:
Claims
Liquidated damages
Contractor Selection
Queries
Complaints Procedures
Performance Indicators
Recruitment procedures
Purchasing (procurement)
Regular Audits
Final Accounts
Assessing Company Accounts
Annual Audits
Chairman's' Charity Account
Risk Management (inc. Insurance)
NFI
Two Yearly Audits
Right to Buy
Members Allowances
Postal System
Renovation/Disabled grants
Sales by Tender
Three Yearly Audits
Assisted Car purchasing/car leasing
Controlled Stationery
Hackney Carriages
Transport
Register of Electors
Credit Card processing
Corporate Audits
Documenting Procedure Notes
Financial Regs./Fraud Strategy/S.I.C.
Audit Committee
Best Value/FIOD etc.
Partnerships (inc. Grants)
Computer Audits
East Durham Homes Audit Service