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| REPORT TO THE FINAL ACCOUNTS AND AUDIT COMMITTEE | | Report No. 8 |
| Date of Meeting | 28 January 2008 | |
| Title of Report | Draft Internal Audit Plan 2008/2009 | |
| Link to Corporate Priorities | No links to corporate priorities, however links to corporate aims: 2. To ensure high quality, cost effective services. 4. To safeguard and enhance the assets and resources of North Wiltshire and the wider community. | |
| Public Report | Yes | |

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| <p>Summary of Report</p> <p>To present to the Final Accounts and Audit Committee the draft Internal Audit Plan for the year 2008/2009 for their approval.</p> |
| <p>Officer Recommendations</p> <p>1. That the draft Internal Audit Plan is approved.</p> <p>2. That the planned reduction in dedicated auditors from two to one is noted.</p> |

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| Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report. | | | | |
| Financial Implications | Legal Implications | Community & Environmental Implications | Human Resources Implications | Equality & Diversity Implications |
| Yes | None | None | Yes | None |

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1. Introduction

- 1.1 The work delivered by the Internal Audit section throughout the year is based on the audit Plan prepared by the Head of Finance and Resources, and approved by the Council's Final Accounts and Audit Committee.
- 1.2 The Plan sets out the audit work to be undertaken over the next financial year, and is updated and approved on an annual basis to ensure it remains aligned to the priorities and the risk of the authority.

2. Options and Options Appraisal

- 2.1 Option 1: The Draft Audit Plan be approved.
- 2.2 Option 2: Amendments to the Plan be made by the Committee.

3. Background Information

- 3.1 At its meeting on 29th June 2006 the Final Accounts and Audit Committee approved the audit plan for the three year cycle 2006/2007 to 2008/2009.
- 3.2 As recommended by Best Practice, the plan has been updated to reflect changes in the authorities risk profile and concerns raised by Management.

4. Preparation of the Audit Plan

- 4.1 The audit plan for 2008/09 has been based upon the Council's risk registers, the Statement of Internal Control produced in 2005/2006 and also the Council's Local Code of Corporate Governance. Issues identified by external inspection agencies such as the Audit Commission and the Benefit Fraud Inspectorate (BFI) have also been incorporated into the audit planning process.
- 4.2 Discussions were also held with the Chief Executive, Corporate Management Board, the Council's Internal Audit Function and our External Auditors over the scope and content of the plan.
- 4.3 The draft plan has been reviewed and approved by the Corporate Management Board.

5. Items of interest

- 5.1 The restructure moved the Internal Audit function under the Head of Finance and Resources (Section 151 Officer). Both substantive internal auditors resigned during 2007 with the role currently undertaken by agency staff. As a result of this lack of substantive auditors and the move toward a unitary authority a review of the audit workload and programme has been undertaken.
- 5.2 Having reviewed the programme and identified which areas are most at risk, which audits were less critical in terms of 'control' we have arrived at a draft programme which requires only one full – time auditor. To ensure that sufficient resource is available and to engender staff development I intend releasing each of the

Management Accountants (four) for one week each to support the Internal Auditor, this will increase capacity and provide for professional development for the four Management Accountants.

- 5.3 I am satisfied that the risks to the authority through normal service change are diminished as we move toward the unitary authority, whilst the control risk to current systems may increase if staff in various departments were to leave or become engaged in Unitary work. The plan therefore acknowledges that certain regular audits will be of an update review nature, rather than a full audit, whilst other areas will be expanded.
- 5.4 Additional surge capacity (if required) and professional support for the remaining auditor will be procured through a neighbouring authority. I am currently in discussions with the Head of Internal Audit at Swindon Borough Council over costs and availability. My intention as Section 151 Officer is to ensure that the Internal Audit function integrity is maintained and protected through a professional Head of Internal Audit being available for advice.
- 5.5 We will take further guidance and advice from the District Auditor over any aspects of the audit programme which will have significance in their ability to conduct the External Audit of our year end accounts.
- 5.6 We have agreed with our partner Districts to extend the IT Audit contract with Deloitte's by one year to take us to vesting day (1 April 2009)

6. Implications

- 6.1 Audit can be delivered within resources currently available to the Audit Section, which will be one auditor plus surge capacity.

7. Risk Analysis

- 7.1 By applying audit resources to areas already identified by the Council as being of risk, we can hopefully clarify the authority's risk profile and suggest controls to mitigate the impact of those risks.

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| Appendices: | <ul style="list-style-type: none"> • Appendix 1 - Draft Audit Plan |
| Background Documents Used in the Preparation of this Report: | None |

Previous Decisions Connected with this Report

| Report | Committee & Date | Minute Reference |
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| None | N/A | N/A |