Internal Audit

Audit Plan
2008-09

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Chief Auditor: **Steve Memmott**
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INTERNAL AUDIT

Audit Plan 2008-09

Introduction

1. Internal Audit's role is to provide an independent and objective opinion to the County Council on its control environment. In so doing, it provides an important element of assurance to inform the Annual Governance Statement which the Council must publish each year with its accounts. The County Council must therefore maintain an adequate and effective system of internal audit throughout the year, in accordance with proper practices.

2. This effectively means that internal audit must be carried out in a manner which meets the requirements of the mandatory Code of Practice for Internal Audit in Local Government. This incorporates the need for internal audit to have adequate resources to meet its objectives and comply with the Code of Practice. The starting point for internal audit work is the setting of a risk-based audit plan at the beginning of each operational year.

3. The purpose of this report is to inform officers and members regarding our audit planning process and its outcomes, with particular regard to the following:

    - risk-based audit planning and risk information sources we have taken into account in preparing our audit plan
    - significant issues having an impact upon the plan for 2008-09, principally the implications of the move towards becoming a unitary council from April 2009
    - a summary of our available audit resources, and where these will be employed over the operational year.

The audit planning process for 2008-09

Risk-based audit planning

4. The Code of Practice for Internal Audit requires us to prepare a risk-based audit plan linked to the County Council's risk management process. This means we must have regard to the various risks involved across the range of services and activities, and plan our work in order to address those risks and the controls in place to mitigate them.

5. The risk information we have taken into account has come from various sources, including the County Council's risk register, and discussions with key officers in all departments. We also draw upon our own knowledge and experience built up from the findings of our previous audit work.

6. We have used these information sources to build up a comprehensive picture of systems and activities which could be included in our potential audit plan. We have then determined their relative priorities for audit, and prepared an audit plan incorporating departmental and corporate issues.

7. The plan will be kept under review during the course of the year to identify any updating needed to reflect changing priorities and emerging risks. We will discuss and agree with the audit client concerned, any proposed changes to our Audit Plan before putting them into practice.

External Audit liaison

8. Our external auditors, KPMG, look to place reliance on our work in a number of areas, and thereby maximise the benefit derived from our combined audit effort. To this end we have agreed a Joint Working Protocol which identifies a number of key systems and controls which contribute to the production of the County Council's final accounts. These have been included in our audit plan, and in carrying out this work we will ensure that our external auditors have sufficient evidence to place full reliance on our work.

Significant Planning Issues for 2008-09

9. The tables shown in the following pages set out our Audit Plans in respect of the following:

    - a range of work needed as part of the preparations for the new Wiltshire Council (the table headed 'One Council for Wiltshire')
    - audit work which is corporate in nature (the table headed 'Corporate and Central Management')
    - audits specific to each of the four departments of the County Council.

10. These plans amount to 1,800 chargeable audit days overall. In addition, in order to allow for work which cannot reasonably be foreseen but will inevitably arise during the year, we have provided a contingency of 200 days, representing 10% of our estimated chargeable days.

11. For 2008-09, the move towards becoming a unitary council means we must allocate sufficient resources to various tasks arising from this. We therefore plan to undertake the following work:

    - **Business Management Programme (BMP):** During the blueprinting phase we will review the output from all workshops in order to ensure adequate controls are built in as business processes are developed. This will include attending those workshops we feel are most important from a control perspective. We will also work proactively with the BMP team throughout the realisation and testing phases.

- **Transitional issues and risks:** A number of issues will emerge and pose an increasing level of risk as we move closer to the creation of the new council. In conjunction with colleagues in the district councils, we must therefore work to ensure we have adequate arrangements in place for a range of activities. These will include safeguarding of equipment and assets, reconciliation of stocks and stores, and cash handling and banking. We must also work to secure a proper process for data migration and consolidation, and to see that network user migration is carried out in a controlled manner.

- **Joint working with district internal auditors:** In order to make best use of overall audit resources, we will work with audit colleagues from the districts across a number of areas. These will include financial management assessments in schools, revenues and benefits systems, and achieving compliance with the data security standards laid down by the Payment Card Industry. This latter item will assume increasing importance for the new council. These areas of joint working will widen our overall expertise and therefore contribute to the formation of an internal audit service for the new council.

- **Internal Audit for Wiltshire Council:** Within the overall workstream for resources, we have identified a series of key tasks we must complete in order to establish a combined internal audit service for the new council. These include setting the terms of reference and strategy for the new service, and preparing a new audit manual and risk-based plan for 2009-10. It also involves determining the structure of the new team, and implementing an appropriate IT support system. In order to ensure all arrangements are in place in time for Vesting Day, we will aim to have a combined team established and working together before that date. Finally, as part of this work we must develop a counter fraud strategy for the new council.

12. We will report progress against the Audit Plan regularly to the Final Accounts and Audit Committee throughout the year. These reports will highlight significant emerging issues which need to be brought to members' attention. We will also summarise the results of all our work in our Annual Report, which will incorporate the audit opinion on the adequacy and effectiveness of the County Council's control environment. This will provide an important source of assurance for the Annual Governance Statement.

Internal Audit Plan 2008-09

One Council for Wiltshire

Activity/System	**Days**
Business Management Programme (BMP)	150
- Blueprinting	
- Realisation	
- Testing	
Transitional Issues and Risks	120
- Safeguarding assets	
- Stocks and stores	
- Cash handling and banking	
- Data and user migration	
Joint Working with District Councils	240
- Overall programme management	
- Financial management in schools	
- Revenues and benefits	
- PCI data security standards	
- District council audit management	
Internal Audit for Wiltshire Council	150
- Terms of reference & audit strategy	
- Audit manual	
- Risk-based audit plan 2009-10	
- Management & resources structure	
- IT support system	
- Counter fraud strategy	
Total	**660**

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Corporate and Central Management

Activity/System	Days
Planning & Management	30
Governance & Internal Control	60
- Risk Management Support	
- Annual Governance Statement	
- Final Accounts & Audit Committee	
Anti-Fraud & Corruption	150
- National Fraud Initiative 2008	
- Proactive reviews of risk areas	
- Fraud awareness measures	
Corporate Projects	40
- Local Area Agreement	
- Performance Indicators	
IT Audit Projects	100
- IT security	
- Software reviews	
- Control of IT assets	
Total	**380**

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Department for Children and Education

Activity/System	Days
Schools Financial Regime	10
Capital Projects	10
Vulnerable Children	30
Early Years	20
Special Needs	20
Follow up Audits	15
Total	**105**
Schools Audit Work:	
FMSiS External Assessment Visits	210
Risk Based Visits and Themed Reviews	60
Total	**375**

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Department of Community Services

Activity/System	Days
Contract management	25
Care First	20
Budget Monitoring processes	25
Individual Budgets	25
Partnerships	25
Follow up Audits	15
Total	**135**

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Environmental Services Department

Activity/System	Days
Highways	20
Waste	20
Transport	20
Contracts	20
Procurement	10
Follow up Audits	10
Total	**100**

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Department of Resources

Activity/System	Days
Financial Systems - External Audit reliance work	75
- Financial reporting	
- Accounts payable	
- Accounts receivable	
- Payroll	
- Pensions	
- Cash, investments & borrowing	
- Capital accounting & financing	
ICT Audits	65
- General controls (external audit reliance)	
- IT management contract	
Follow up Audits	10
Total	**150**