

Report

Report subject: Internal Audit Plan 2005/6 to 2008/9

Report to: Audit Committee

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1. Report Summary

- 1.1. The report recommends the detailed internal audit plan for 2005/6 and outlines the audit plan for the period 2006/7 to 2008/9.

2. Background

- 2.1. The audit plan for 2005/6 has been developed using current recommended practice. This incorporates the following factors:

- A risk based approach to ensure that audit work is targeted at the main corporate and operational risks to the Council.
- The plan is drawn up in detail for the current year, reflecting current risks, but allows adjustment during the year to respond to changes.
- It identifies the overall need for audit and gives assurance that the level of audit resource available is adequate
- Consultation with Management Team and Service Unit Heads to identify key risks and areas for audit.
- Consultation with the Audit Commission to identify areas where Internal Audit can support their audit work and make most efficient use of total audit resources.

3. Key Areas in the 2005/6 Audit Plan

- 3.1. Risks within the Council's corporate risk registers are reflected in the plan where

appropriate. This will enable Internal Audit to give assurance on those key areas in support of the Statement on Internal Controls for 2005/6. These areas include:

- New licensing arrangements
- Waste Management
- Homeless housing & leased properties
- Sickness Absence
- S106 Agreements

- 3.2 The Audit Commission seek to rely on the work of Internal Audit where they can be satisfied that internal audit work is in accordance with the CIPFA Code of Practice. In the most recent Annual Audit and Inspection Letter the Audit Commission confirmed that they were satisfied on this. As a result Internal Audit will undertake audits of key financial systems that will be relied on by the Audit Commission as part of their audit work. These audits include the following:

- Main accounting system
- Bank reconciliation
- Creditor payments
- Debtors
- Payroll
- Cash Collection & banking
- Council Tax
- Non domestic rates
- Housing & Council Tax benefits
- Housing Rents

The Audit Commission prefer that Internal Audit carry out audits in these areas annually, however from 2005/6 it has been agreed that audits of Council Tax and Non domestic rates will be undertaken in alternate years. This reflects the current good standard of internal control within those areas. Other areas of financial audit are also carried out but on a less frequent basis, according to risk.

3.3 Audit resources are also allocated to support the review of the Local Code of Corporate Governance and the Statement on Internal Control.

3.4 Other audits will support the Council's integrated change programme, in particular: meeting the financial challenge, improving the performance of the council and building capacity. Key areas for audit here will be:

- Budgetary control
- Project management
- E-procurement implementation and development.
- Project work on the office project.

Corporate audit work will ensure that Internal Audit contributes to the continued development and achievement of the Council's objectives.

3.6 Other areas of work reflect operational priorities and operational risks as discussed and agreed with Service Unit Heads.

3.7 Capacity within Service Units is also considered as part of the consultation process. In particular, audit work on IT Services will be minimal in 2005/6 reflecting the work required to meet the ODPM e-government priority outcomes in the next year.

4 Internal Audit Resources

4.1 The plan for 2005/6 is based on the current level of resources within Internal Audit: 2.8 FTEs and purchase of specialist IT audit resources. There is currently a vacancy of 0.2 FTE that could be filled during the course of the year. The plan highlights those audits that are planned for completion with the current resource level and those audits that will be undertaken if the vacancy is filled. Where work is not undertaken in 2005/6 then the requirement for future years will be increased.

5 Recommendations

5.1 It is recommended that the Audit Plan for 2005/6 to 2008/9 be approved.

6 Background Papers

CIPFA Code of Practice for Internal Audit in Local Government

7 Implications

- **Financial:** None at this stage,
- **Legal:** None at this stage
- **Personnel:** None at this stage
- **Community Safety:** None
- **Council's Core Values:** Excellent service
- **Ward(s) Affected:** District wide
- **Consultation Undertaken:** Management Team, Service Unit Heads, Audit Commission