

Report

Report subject : Internal Audit Plan 2006/07
Report to : Audit Committee
Date : 4th April 2006
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1 Background

- 1.1 The work of Internal Audit is planned each year taking account of the council's assurance framework and risk profile. The role of Internal Audit is to give assurance to managers and to the Audit Committee that key risks are being managed effectively and to aid improvement. The audit plan is drawn up following extensive consultation with Management Team and Service Unit Heads to identify key risks where audit will be of greatest benefit.
- 1.2 Consultation is also undertaken with the Audit Commission, the council's external auditors, to avoid duplication and ensure that the Commission can rely on the work of Internal Audit as part of their audit processes. This year has also included consideration of International Auditing Standards that determine the work of the Audit Commission. The Audit Commission has indicated that that the planned audit work will be sufficient to allow continued reliance on the work of Internal Audit.

2 Key Features of 2006/7 Audit Plan

- 2.1 The format of this year's plan has been changed to show a clear relationship to the council's principal objectives and strategic risks. In addition the plan includes audits designed to address operational risks identified by managers. It should be noted that internal audit work is not planned in 2006/7 for all strategic risk areas. This takes into account the assurance that will be provided to the council in other ways. Internally through risk and performance management processes and externally by other assurance providers, such as the Audit Commission itself. In addition, where risks have not been assessed as significant by the responsible managers the need for assurance through audit is reduced. The summary audit plan which identifies areas for audit work in the subsequent three years (2007/8 to 2009/10) shows that audit work will be planned for these areas in future years.
- 2.2 The work of internal audit to provide assurance to the committee on the council's governance and risk management arrangements is also identified in plan. This section also includes the support for the Statement on Internal Control process and for the Audit Committee itself.
- 2.3 The plan includes an audit of the governance arrangements for the council's partnerships. This action was identified in the council's corporate governance action plan that was agreed at the last meeting.



Awarded in:
Housing Services
Waste and Recycling Services



This will draw upon a national report published by the Audit Commission 'Governing Partnerships, Bridging the Accountability Gap'.

- 2.4 Another area that the committee has raised at previous meetings is the need for fraud awareness training and support for managers. An allocation has been made in the plan to develop and rollout some training during 2006/7. This will also support the Use of Resources assessment by the Audit Commission.
- 2.5 Key strategic risks that are included in the 2006/7 plan include car parking and follow up work on last year's reports on waste management and CCTV. Also project management which has been an area of development in recent years.
- 2.6 Under operational risk several audits are planned on IT related areas. This reflects the increasing reliance of the council on its IT systems to ensure effective delivery of services together with increasing complexity of those technologies. Other audits on operational risk areas are also set out in the plan, together with time for general help and advice, which Internal Audit provides to all Service Units.
- 2.7 Internal Audit support several internal groups and boards. Time spent attending meetings and contributing to the work of those boards is also included within the plan. In addition time has been allowed for the development of training on risk management, which Internal Audit is supporting as part of the Risk Management Group.

3 Internal Audit Resources

- 3.1 During 2006/7 Internal Audit resources will be 2.95 FTE against the establishment of 3. In addition 23 days of specialist IT audit will be bought in from Deloitte & Touche. This is in accordance with the resources strategy agreed by the Committee in October. The audit resources for the summary plan for 2007/8 to 2009/10 are based on permanent staff in post (2.75 FTE) and IT audit days.

4 Conclusions

- 4.1 The audit plan is a key part of the council's assurance strategy and is based on consultation and risk assessments.

5 Recommendations

- 5.1 It is recommended that the audit plan for 2006/7 be approved.

Implications:

- **Financial:** Planned audit resources are within existing budgets.
- **Legal:** The council has a duty to maintain an adequate and effective system of internal audit having due regard for the CIPFA code of practice.
- **Human Rights:** None
- **Personnel:** None
- **Community Safety:** None
- **Environmental Impact:** None
- **Council's Core Values:** Excellent service, open learning council and a willing partner.

Internal Audit Plan 2006/7 to 2009/10

APPENDIX A

				Audit Days	Audit Days
				2006/7	2007/8 to 2009/10
Governance, risk management arrangements					
Corporate governance annual review		Annual review of action plan, update of Local Code and other developments.		10	30
Review of risk management Statement on Internal Control	Assessment of risk maturity. Framework and provision of assurance based on Internal Audit work.	Risk Management Annual report and identification of key areas.		5	15
Audit Committee support	Internal Audit reports to Audit Committee	Annual report, plan, performance reports plus others as required.		15	45
Follow up of audit work	General work to follow up actions taken by managers in response to previous audit work	Follow up certificates	Annual	7	21
Objectives of the council					
Objectives of the council	Key areas for assurance	Audit Areas			
Creating more affordable housing		Affordable housing, enabling Private sector housing			12
Maintaining council housing to a good standard					12
	A review of changes to the supporting people funding arrangements and their implementation.	Supporting people		8	15
		Housing repairs & maintenance			15
		Housing repairs works & stores	2005/6		12
		Service Charges - sold properties			8
		Disabled adaptations			8
Reducing household waste and improving recycling					
	A review of the waste management action plan.	Waste management follow up		5	12
Making the district safer and reducing the fear of crime					
	A review of the proposed changes.	CCTV follow up		5	0
Reducing traffic congestion and improving public transport					
	Audit of the council's strategy for car parking and management arrangements.	Car parking		20	
		Concessionary travel			10
		Joint Transportation strategy			6
Improving services for our customers					
Protecting and enhancing the built environment					
		Planning applications & fees	2005/6		10
		Building control fees			8
		Section 106 agreements	2005/6		15
Meeting the financial challenge					
	Value for money	Arrangements for securing VFM		10	
		Use of resources improvement work		5	
	Ensuring that the council's key financial processes, including those which are material for the statement of accounts have robust controls in place. The Audit Commission will seek to place reliance on the work of internal audit in these areas.	Main accounting system	2005/6	15	45
		Bank Reconciliation	2005/6	6	18
		Budgetary control	2005/6		36
		Creditors	2005/6	12	36
		Debtors	2005/6	12	36
		Treasury Management	2003/4		15
		VAT	2004/5		20
		Capital Expenditure	2004/5		12
		Payroll	2005/6	20	60

		Cash collection & banking	2005/6	12	36
		Purchasing arrangements	2005/6	20	60
		Council Tax	2005/6		24
		NNDR	2004/5	12	12
		Housing & council tax benefits	2005/6	25	75
		Housing rents	2005/6	16	48
		Asset Management	2003/4		8
Improving the performance of the council	The council's framework for project management and its use in practice.	Project management		12	12
		Performance Management	2003/4		15
		Corporate procurement	2002/3		10
		Equality & diversity			10
		Sustainability			8
Partnership working and community engagement	To ensure effective governance of the council's partnership arrangements.	Governance arrangements for partnerships		15	
Building the capacity of the organisation	Recruitment and vetting processes are in accordance with policy and regulations and applied effectively.	Recruitment and vetting			10
	Implementation of e-procurement across the council.	E-procurement		10	
	Effective management arrangements for sickness absence	Sickness absence	2005/6	12	
		Capability	2004/5		8
Operational Risk					
	Community Initiatives	Five Rivers follow up of swimming lesson income		5	
		Crematorium and cemeteries		10	
		Bemerton neighbourhood centre		7	
		Resalable goods at leisure & sports facilities			15
		City Hall & Guildhall income staffing & asset management	2002/3 and 2001/2		15
		Sports facilities income, staffing & asset management	2001/2, 2004/5 and 2005/6		20
		Park facilities & allotments	2002/3		10
		Grounds maintenance	2003/4		10
	Customer Services	Customer Services cash handling		6	0
	Democratic Services	Print unit	2001/2		8
	Environmental Services	Fleet and transport management		12	12
		Street cleansing	2003/4		10
		Vehicle workshops	2000/1		10
		Licenses	2005/6		12
	Financial Services	Insurance		8	
		Housing Advances	2005/6		0
		Construction Industry tax	2001/2		8
		Officer & Member expenses	2002/3	10	
	Forward Planning & Transportation	Shopmobility			6
	IT Services	Network infrastructure	2003/4	5	4
		Wireless networks			5
		Remote access management			5
		Telecommunications			10
		Content management			

	Internet & email	2003/4		7
	Data back up arrangements		3	
	Business continuity & disaster recovery	2004/5	6	10
	Data centre			3
	Relocation of IT Services		4	
	E-systems			6
	Change control			5
	IT Security		5	
	Virus Protection		5	
	Software Licensing		6	
	Data protection & Freedom of Information	2005/6		10
	IT Strategy	2004/5		6
	CRM application system			6
Legal & Property	Land Charges			8
	Property management	2002/3	10	
	Facilities management	2002/3		10
Marketing, economic development & tourism				
	Economic development			8
	Tourist information centre			8
Revenue & benefits				
	Benefit verification	Annual	8	18
Strategic Housing Services				
	Homeless housing & leased properties			16
Corporate				
	Tendering arrangements	2002/3	12	
	Use of consultants	2004/5		10
	Contract management	2004/5		12
	Contract final accounts & performance benchmarking			10
Ensuring that the council's arrangements for the prevention and detection of crime are robust. Undertaking investigation work where required.	Counter fraud work		25	75
Contributing to national data matching activities.	National fraud initiatives		7	14
	Fraud risk assessment	2005/6		10
	Regulation of investigatory powers			6
	Help & advice		40	120
Corporate Project Work				
	Risk Management Group		8	24
	Information Management Board		5	15
	Improving performance board		5	15
	Shared Services		5	
	Risk Management training		8	
	Fraud & ethics awareness training		6	6
	Review of financial & contract regulations and other policies		4	10
Contingency				
	Stock transfer	client side support	15	22
TOTAL			544	1513
AUDIT DAYS AVAILABLE			544	1513
VARIATION			0	0

Note days available are on in-post staff - excludes vacancy in 2007/8 to 2009/10

Internal Audit Plan 2006/07

			Date of last audit	Audit Days 2006/7
Governance and risk management arrangements				
Corporate governance annual review		Annual review of action plan, update of Local Code and other developments.	Annual	10
Review of risk management Statement on Internal Control	Assessment of risk maturity. Framework and provision of assurance based on Internal Audit work.	Risk Management Annual report and identification of key areas.	Annual	5
Audit Committee support	Internal Audit reports to Audit Committee	Annual report, plan, performance reports plus others as required.	Annual	15
Follow up of audit work	General work to follow up actions taken by managers in response to previous audit work	Follow up certificates	Annual	7

Objectives of the council	Key areas for assurance	Audit Areas		
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Creating more affordable housing				
	Performance to be monitored by managers.			
Maintaining council housing to a good standard	A review of changes to the supporting people funding arrangements and their implementation.	Supporting people	2004/5	8
Reducing household waste and improving recycling	A review of the waste management action plan.	Waste management follow up	2005/6	5
Making the district safer and reducing the fear of crime	A review of the proposed changes.	CCTV follow up	2005/6	5
Reducing traffic congestion and improving public transport	Audit of the council's strategy for car parking and management arrangements.	Car parking	2001/2	20
Improving services for our customers	Not specifically covered by internal audit this year. Audit Commission inspection in 2004/5.			
Protecting and enhancing the built environment	Performance to be monitored by managers.			
Meeting the financial challenge	Value for money Ensuring that the council's key financial processes, including those which are material for the statement of accounts have robust controls in place. The Audit Commission will seek to place reliance on the work of internal audit in these areas.	Arrangements for securing VFM Main accounting system Bank Reconciliation Creditors Debtors Payroll Cash collection & banking Purchasing arrangements NNDR Housing & council tax benefits Housing rents	2005/6 2005/6 2005/6 2005/6 2005/6 2005/6 2005/6 2005/6 2004/5 2005/6 2005/6	10 15 6 12 12 20 12 20 12 25 16
Improving the performance of the council	The council's framework for project management and its use in practice.	Project management		12
Partnership working and community engagement				

Building the capacity of the organisation	To ensure effective governance of the council's partnership arrangements.	Governance arrangements for partnerships		15
	Recruitment and vetting processes are in accordance with policy and regulations and applied effectively.	Recruitment and vetting		10
	Implementation of e-procurement across the council.	E-procurement		10

Operational Risk

Community Initiatives				
	Five Rivers follow up of swimming lesson income	2005/6		5
	Crematorium and cemeteries	1997/8		10
	Bemerton neighbourhood centre			6
Customer Services				
	Customer Services cash handling	2005/6		6
Environmental Services				
	Fleet and transport management			12
Financial Services				
	Construction Industry tax	2001/2		8
	Insurance	1997/8		8
	Officer & Member expenses	2002/3		10
IT Services				
	Network infrastructure	2003/4		5
	Data back up arrangements			3
	Business continuity & disaster recovery - follow up	2004/5		6
	Relocation of IT Services			4
	IT Security			5
	Virus Protection			5
	Software Licensing			6
Legal & Property				
	Property Management	2002/3		10
Revenue & Benefits				
	Benefit verification	Annual		8
Corporate				
	Tendering arrangements	2002/3		12
	Help & advice	Annual		40
	Counter fraud work	Annual		25
Ensuring that the council's arrangements for the prevention and detection of crime are robust. Undertaking investigation work where required.				
Contributing to national data matching activities.	National fraud initiatives	Bi-annual		7

Corporate Project Work

	Risk Management Group	Annual		8
	Information Management Board	Annual		5
	Improving performance board	Annual		5
	Shared Services development work			5
	Risk Management training			8
	Fraud & ethics awareness training			6
	Review of financial & contract regulations and other policies	Annual		4

Contingency

Stock transfer	Client side support			15
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TOTAL				544
AUDIT DAYS AVAILABLE				544
VARIATION				0