

Report

Report subject : Internal Audit Plan 2006/07
Report to : Audit Committee
Date : 4th April 2006
Author : Diana Melville, Chief Internal Auditor

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 2006/7 | Audit Days 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 | | | | | |
| 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 | | |
|---------------------------|-------------------------|-------------|--|--|
|---------------------------|-------------------------|-------------|--|--|

| | | | | |
|--|--|--|--|---|
| 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 |
|----------------|---------------------|--|--|----|

| | | | | |
|-----------------------------|--|--|--|------------|
| TOTAL | | | | 544 |
| AUDIT DAYS AVAILABLE | | | | 544 |
| VARIATION | | | | 0 |