

Report

Report subject: Annual Audit Plan 2007/8

Report to: Audit Committee

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1 Background

- 1.1 The Internal Audit Plan shows the planned work for Internal Audit in 2007/8. It has been drawn up to reflect the wider assurance framework of the council, assessment of risk and following consultation with Management Team and Service Unit Heads.
- 1.2 Previous audit plans have presented not only the annual plan for the forthcoming year but also anticipated work for subsequent years. With the greater emphasis on risk based auditing it is now recommended practice that audit planning should be conducted over a time frame of no more than one year. Accordingly the audit plan is now annual.

2 Methodology

- 2.1 The plan reflects judgments on the need for assurance to support the Statement on Internal Control process and assessment of risks. The assessment of risk maturity by the Risk Management Group is the first stage as it identifies the level of reliance that can be placed on the council's risk management processes. For 2007/8 the assessment is 'risk defined'. This enables some reliance to be placed on the council's risk registers, supplemented by further assessments of risk where required. Consultations are carried out with Management Team and Service Unit Heads. The purpose of this is to identify key risks and to identify where assurance through internal audit work would be appropriate. As part of the planning process the use of audit to support the achievement of value for money has also been considered.
- 2.2 The Audit Commission has been consulted to ensure that the planned work will be sufficient for them to place reliance on the work of Internal Audit and to avoid duplication.

3 Key Features of the 2007/8 Plan

- 3.1 The plan at Appendix A has four main sections:
 - Assurance over governance, internal control and risk management arrangements.
 - Assurance over council operations and projects that align with the council's strategic objectives.
 - Assurance over areas of operational risk.
 - Corporate project work.

This grouping allows the Audit Committee to see the allocation of Internal Audit time to each of these areas.

Governance, internal control and risk management

- 3.2 A key piece of work in 2007/8 will be coordination of the corporate governance review following the publication of the revised corporate governance framework by CIPFA and SOLACE in March 2007. This was outlined in detail in the report to Audit Committee in September 2006. Also included here is work to assess the council's risk management arrangements, to prepare the assurance plan in accordance with the assurance framework and support for the preparation of the Statement on Internal Control. Support for the Audit Committee and assurance on follow up work is also included here.

Assurance on meeting the council's strategic objectives

- 3.3 Twelve audits are planned to provide assurance to the council on operational services or projects that will support the achievement of the council's strategic objectives. Audit work is not planned in each of these areas because work has been carried out in previous years, other sources of assurance are available or the risk profile means that other audit work takes priority.
- 3.4 The audit work will include a review of the council's progress and strategy for creating more affordable housing. This area has not been subject to audit in previous years. Two other audits in the housing area on service charges and repairs and maintenance will contribute to the development of the HRA business plan. The Customer Relationship Management (CRM) system is a key part of the improving customer services project. Once this has been rolled out in a number of areas during 2007/8 the audit will examine how efficiently and effectively it is being used and look at security aspects of the system. Work is also planned to review the project management arrangements of the Salisbury Vision project.
- 3.5 An audit on the council's strategic approach to sustainability will identify how different aspects are being approached and linkages to a number of objectives, notably creating better places to live, reducing traffic congestion and reducing household waste. Further work on the council's partnerships is planned, in particular to look at the risk and control implications of work on shared services through the council's Customer First Joint Committee.
- 3.6 This section also includes a further nine audits of financial systems. Whilst these audits support the objective of 'meeting the financial challenge' these audits are carried out annually to support the assurance work of the Audit Commission, as they are material for the statement of accounts.

Operational Risk

- 3.7 A number of areas of operational risk have been included for audit after consultation with the responsible managers and review of risks. Also included here are two audits that will support review of the Statement on Internal Control action plan for the year: business continuity arrangements and follow up of the property management audit carried out in 2006/7. A new audit has been included in the plan, advertising and sponsorship, as additional attention will be focused on this area in the future.
- 3.8 This section also includes audit work relating to counter fraud. It is planned to review the council's counter fraud strategy and assess compliance with the counter fraud standards issued by CIPFA. In addition time is allowed for any pro-active counter fraud work, investigation or advice on this area.

Corporate Project work

- 3.9 Internal audit staff support corporate work and this is allowed for in this section of the plan.
- 3.10 The plan shows the relative priority to the audit work. Assurance work to support corporate governance and in support of the council's objectives will be the first priority, followed by financial audits. Other areas of operational risk will be third. A priority has not been given to the corporate project work as it takes place throughout the year rather than a single audit.

4 Internal Audit Resources

- 4.1 The plan is based on 3.1 full time equivalent staff and includes 22 days IT audit which is bought in from Deloitte and Touche. The unit is now staffed by permanent staff following the return of a member of staff from maternity leave and the successful recruitment of a part-time member of the team. The audit plan uses a resource plan that identifies the available audit days in the year based on staffing levels, leave, training, preparation of the audit plan, development of audit methodology and general administration. An allowance is also made for any non-audit work that the audit team might

be requested to do. For 2007/8 this is budgeted at 11 days. On the basis of the resource plan the team's efficiency is planned to be 71%.

5 Recommendation

5.1 It is recommended that the annual audit plan for 2007/8 is agreed.

Implications

Financial: None

Legal: None

Human Rights: None

Personnel: None

Community Safety: None

Environmental Impact: None

Council's Core Values: Communicating with the public, excellent service, open learning council and a willing partner.

Internal Audit Plan 2007/8

APPENDIX A

Area for Assurance		Date of last audit	Audit Days	
			2007/8	Priority
Governance, internal control and risk management arrangements				
Corporate governance	Annual review of action plan, update of Local Code and other developments.	Annual	20	1
	Ethical governance review to support the Audit Commission		4	1
Review of risk management	Assessment of risk management arrangements and risk maturity.	Annual	5	1
Statement on Internal Control and Assurance Framework	Framework and provision of assurance based on Internal Audit work.	Annual	8	1
Audit Committee support	Internal Audit reports to Audit Committee	Annual	17	1
Follow up of audit work	Work to follow up actions taken by managers in response to previous audit work to provide assurance to Audit Committee	Annual	8	1
Objectives of the council Key areas for assurance Audit Areas				
Creating more affordable housing	Strategy and projects to deliver affordable housing		15	1
	Maintaining council housing to a high standard			
	Service charges on council properties		10	1
	Housing repairs & maintenance	2003/4	15	1
Reducing household waste and improving recycling				
Making the district safer and reducing the fear of crime	Follow up on previous audit work on CCTV	2005/6	5	1
	Reducing traffic congestion and improving public transport			
Improving services for our customers	Review of efficiency savings resulting from customer services projects		15	1
	Implementation of CRM and key IT controls		14	1
Creating better places to live	Salisbury Vision - project management arrangements		15	1

Meeting the financial challenge		Arrangements for securing Value for Money and Efficiency	2006/7	10	1
		Main accounting system	2006/7	15	2
		Creditors & Construction	2006/7	12	2
		Industry tax	2006/7	12	2
		Debtors	2006/7	12	2
	Audit of the council's key financial processes	Payroll	2006/7	8	2
		Cash collection & banking	2006/7	10	2
		Purchasing arrangements	2006/7	20	2
		Council Tax	2005/6	12	2
		Housing & council tax benefits	2006/7	25	2
		Housing rents	2006/7	16	2
Improving the performance of the council					
		Corporate procurement	2002/3	12	1
		Sustainability		20	1
Partnership working and community engagement					
		Risk & control issues of partnerships (shared services)		10	1
Building the capacity of the organisation					
		Equality & diversity		15	1
Operational Risk					
	Corporate				
		Business continuity & disaster recovery	2006/7	5	1
	Community Initiatives				
		Bemerton neighbourhood centre		8	3
		Resalable goods at leisure & sports facilities		15	3
	Environmental Services				
		Vehicle workshops	2000/1	10	3
	IT Services				
		Wireless networks		6	3
		Remote access management		6	3
		Internet & email	2003/4	8	3
	Legal & Property				
		Commercial & investment property management. Follow up	2006/7	10	1
	Marketing, economic development & tourism				
		Advertising & sponsorship (include corporate)		12	3

Corporate	Contract final accounts & performance benchmarking	10	3
	Counter fraud work on the council's arrangements for the	25	1
	National fraud initiatives	2006/7	7
	Fraud risk assessment (CIPFA standards)	2005/6	10
	Help & advice	40	3
Corporate Project Work			
	Risk Management Group and delivery of training	8	
	Delivery of corporate training: risk management & fraud awareness	2	
	Use of resources improvement work	5	
	Information Management Board	3	
	Improving performance and financing board	3	
	Shared Services & joint working	5	
	Review of council policies	4	
Contingency		10	
TOTAL		560	
AUDIT DAYS AVAILABLE		560	
VARIATION		0	