

Report

Subject : Revision of Internal Audit Plan
Report to : Audit Committee
Date : Wednesday 26 September 2007
Author : Diana Melville, Chief Internal Auditor

1. Introduction

- 1.1. The Internal Audit Plan for 2007/8 was approved by the Audit Committee in April. The plan was risk based and showed clear linkage to the council's strategic objectives at the time. The recent decision on the unitary authority means that it is appropriate to review the plan to ensure it is still relevant to the council's risks and objectives. Cabinet is currently reviewing the priorities for the council, so the plan remains aligned to the existing objectives.

2. Key Factors

- 2.1. Provisions in the plan to support governance and risk management work have been retained, although it is possible that work in this area will be scaled back. A key area of activity will be the governance review against the new framework, leading to the publication of a governance statement.
- 2.2. The area of greatest change is the section on strategic risk audits. With the limited timescale before the creation of the unitary authority the council's opportunity to make improvements in some of these areas will be limited. In addition, priorities for the District Council may not remain as priorities for the unitary. As a result it is proposed to omit the following audits:
- Review of efficiency savings from customer services projects.
 - Arrangements for securing value for money and efficiency
 - Sustainability
 - Equality and diversity (also the subject of extensive work in the current year from consultants)
 - Risk and control issues of partnerships (shared services)

The areas where it is proposed to continue with the plan include those relating to housing, Salisbury Vision and CCTV.

- 2.3. Many areas of operational risk will remain for the new authority so it is appropriate to continue with audit work in the majority of these areas. Included also are audits on the key financial systems which are required to support the external audit of the accounts.
- 2.4. Project and development work will also be scaled back.
- 2.5. The reduction of the plan releases 81 audit days for other audit work.



INVESTOR IN PEOPLE



CUSTOMER SERVICE EXCELLENCE

Awarded in:
Housing Services
Waste and Recycling Services



3. Proposed audit areas

- 3.1. It is proposed to use the audit days available to undertake audit work that supports the transition. In particular a review of the governance and internal controls arrangements across all the Wiltshire councils has been commenced. This will support the establishment of effective arrangements in the new authority.
- 3.2. The transfer period creates new areas of risk, including security of assets, maintenance of service delivery. It is proposed that audit work will be directed towards those risk areas as required.

4 Internal Audit Performance

- 4.1 All audit reports from 2006/7 have now been finalised with the exception of Officers and Members Expenses. The response to the Governance Arrangements for the Council's Partnerships is currently being revised to reflect the future changes to the council's partnerships as a result of the transition to a unitary authority.
- 4.2 Audits from the 2007/8 plan which have been completed together with the level of assurance are shown in the following table.

Audit Area	Level of Assurance	Audit opinion on proposed management actions at the point the report was issued
Cash collection and banking	Full	A Full Assurance will be maintained
Corporate procurement	Limited	Draft Report issued, management actions not yet received
Service charges on sheltered housing and leasehold properties	No – Sheltered housing Limited – Leaseholder properties	The improvement in internal control should lead to a higher level of assurance
Internet and email controls	Limited	The improvement in internal control should reduce risk but not sufficiently to change the level of assurance.
Housing Repairs	Limited	The improvement in internal control should lead to a higher level of assurance
Advertising & sponsorship	Limited	Report currently in draft
Resalable goods – leisure facilities	Limited	Draft Report issued, management actions not yet received

Work is currently underway on the following audits:

- Purchasing arrangements
- Council Tax
- Vehicle Workshops
- Fraud risk standards
- Good governance review

- 4.3 The key area of concern has been no assurance rating for the service charges at the council's sheltered properties. The key areas of weakness have been the absence of a policy, inconsistent charging arrangements and the under-recovery of expenditure on services from

the charges levied. This was a known area of concern to management and a review has already been undertaken by Financial Services to establish a new basis for charging and work is underway to develop a policy by Housing.

- 4.4 The audit on resalable goods at the council's leisure facilities covered City Hall, Five Rivers, Durrington and Tisbury centres. A wide variance in practice was identified from the very good at City Hall where a full assurance would be appropriate to Tisbury where no assurance could be given. There are opportunities to develop more sharing of working practices and joint procurement to improve performance and value for money.

5 Recommendation

- 5.1 The Committee is asked to approve the revised audit plan for 2007/8 and note the audit work for the first part of 2007/8.