

Report

Subject : Annual Audit Plan 2008/09
Report to : Audit Committee
Date : Wednesday 9 April 2008
Author : Audit Manager

1 Background:

- 1.1 The Internal Audit Plan shows the planned work for Internal Audit in 2008/9. 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 In light of the Local Government Review and the establishment of a Unitary Council for Wiltshire with effect from 1st April 2009, along side 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 annual.

2 Methodology:

- 2.1 The plan reflects judgments on the need for assurance to support the Governance Statement 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. As for 2006/7, the assessment is 'risk defined', although there are a number of areas where the council is achieving the higher level 'risk managed'. This enables some reliance to be placed on the council's risk registers, supplemented by further assessments of risk where required.
- 2.2 Consultations are carried out with the Chief Executive 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, in relation to both business as usual as well as the establishment of one council for Wiltshire. As part of the planning process the use of audit to support the achievement of value for money has also been considered.
- 2.3 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.



Awarded in:
Housing Services
Waste and Recycling Services



3 Key Features of the 2008/09 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.
- Assurance over corporate and local government review programme and 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 Following on from the corporate governance review which was outlined in detail in the report to Audit Committee in September 2007, work will be undertaken to support the Corporate Governance Annual Review and Governance Statement. Also included here is work in support of the Audit Committee and assurance on follow up work.

Assurance on meeting the council's strategic objectives

3.3 Eleven 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 relation to all of the five corporate objectives of the council 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 follow up review of the council's progress against the risks identified in the 2007/8 audit on service charges for sheltered schemes, as well as support for improvement work on Use of Resources.

3.5 This section also includes nine audits of financial systems. Whilst these audits support the objective of 'giving local people value for money' these audits are carried out annually to support the assurance work of the Audit Commission, as they are material for the statement of accounts.

3.6 Benchmarking exercises and reviews of the Unitary Programme Office Project plans will also be undertaken, to provide assurance on the effectiveness of arrangements for the reorganization of local government within Wiltshire.

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. A new audit has been included in the plan, data sharing and security of personal data, as this will be a key area for assurance for the council and for 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, in conjunction with other Wiltshire councils to produce a new strategy for the new Wiltshire Council, and assess compliance with the counter fraud standards issued by CIPFA. Time has been allocated for work in support of the National Fraud Initiative, which incorporates the co-ordination and review of national data matching activities. contribution In addition, time is allowed for any pro-active counter fraud work, investigation or advice on this area.

Transition to Unitary work

3.9 Internal audit staff support transition to unitary 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 on project management arrangements for the Unitary and the proposed establishment of a Parish Council for Salisbury City will be the first priority. In support of this, assurance work will be undertaken on the security of assets

and information, income management and collection systems, data transfer arrangements between the district's systems and the new Unitary business management system, as well as on the IT interfaces combining the district with the county.

- 3.11 The plan includes time set aside for joining up work with the audit teams from Wiltshire County and the other three Districts, for the purposes of information sharing and the establishment of a county wide Internal Audit function with an agreed strategy and terms of reference.

4 Internal Audit Resources:

- 4.1 Following the departure of the Chief Internal Auditor on 31st March 2008, the structure of the Internal Audit team has been reviewed. The team now comprises an Audit Manager and two Senior Internal Auditors.
- 4.2 The plan is based on 2.1 full time equivalent staff and plus 23 days IT audit which is bought in from Deloitte and Touche. 0.4 full time equivalent staff will be lost within the first quarter of the year due to the departure of one Senior Internal Auditor, however it is planned to replace this resource so as to ensure that the proposed plan is fulfilled.
- 4.3 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 2008/9 this is budgeted at 8 days. On the basis of the resource plan the team's efficiency is planned to be 70%.

5 Recommendation:

- 5.1 It is recommended that the annual audit plan for 2008/9 is agreed.

6. 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 2008

APPENDIX A

**Date of Last
Audit
Audit Days
2008/9**

Governance & Risk Management Arrangements

Corporate Governance Annual Review & Governance Statement	Framework and provision of assurance based on Internal Audit work.	Annual review of action plan.	Annual	6
Audit Committee support	Internal Audit reports to Audit Committee	Annual report, Audit plan, performance reports plus others as required.	Annual	20
Follow up of audit work	General work to follow up actions taken by managers in response to previous audit work	Follow up certificates	Annual	12

Objectives of the council Key areas for assurance Audit Areas

Deliver efficient and customer focused services that give local people 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.	Use of resources improvement work	2006/7	4
		Service Charges - sheltered schemes follow up	2007/8	10
		Main accounting system	2006/7	10
		Bank Reconciliation	2006/7	6
		Creditors	2006/7	12
		Debtors	2006/7	12
		Payroll	2006/7	20
		Cash collection & banking	2006/7	10
		NNDR	2006/7	12
		Housing & council tax benefits	2006/7	15
Housing rents	2006/7	16		
Corporate Efficiency, Best Value Review and Feasibility Study	Benchmarking exercises Effectiveness of arrangements Programme Office Project Plans (Corporate Plan - May 2008)			30

Operational Risk

IT Services	Data sharing and security of personal data	Deloitte	7
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Ensuring that the council's arrangements for the prevention and detection of crime are robust. Undertaking investigation work where required.	Counter fraud work - responsive work to local issues, unitary counter fraud policy liaison		15
Contributing to national data matching activities.	National Fraud Initiatives	2008/09	10
	Help & advice		30
Transition to Unitary			
Joint audit work with Districts, County and Audit Commission	Assurance work on project management for unitary		25
	Joining up work with other IA teams - WAG, information sharing		15
Corporate	Security of assets and information (including IT)		18
IT Interfaces with SAP	Joint working with North Wilts and Kennet DCs and WCC	Deloitte	10
Data Transfer Arrangements (SDC to SAP)	Payroll, HR and debtors (all live data) and creditors and CIT standing data (all under contract or continuing under Unitary)	Deloitte	6
Salisbury City Council	Assurance work on project management for new council		20
Income Management	Income collection, BACs and security (rents, council tax, NNDR, Five Rivers, etc.)		10
Contingency			
	Contingency		22
TOTAL			383
AUDIT DAYS AVAILABLE			383
VARIATION			0