

AGENDA ITEM NO:

Report to: Audit Committee

Date: 27 June 2006

Report from: Chief Auditor

Title of report: **DRAFT INTERNAL AUDIT PLAN 2006-07**

Purpose of report: To present the internal audit plan for 2006-07

Recommendations: That the Committee approves the plan

Audit Plan 2006-07

1. The audit programme for 2005-06 has been produced after discussions with Executive Directors, Managers, the Audit Commission and reference to the Council's agreed priorities. It includes both traditional and new areas of work. Traditional audits include review of the fundamental financial systems and some projects. New areas include risk reviews that focus on ensuring that significant risks have been identified and are being appropriately managed.
2. The approach to the audit of the fundamental financial systems has been changed by the introduction of the International Auditing Standards (ISAs) introduced into mainstream audit in 2004 and adopted in Local Government in 2006. The key aspect of the change is the requirement to identify, document, and test fundamental financial systems in a particular way. In order to bring us into line with the new standards as quickly as possible, all of the work related to the introduction of the International Auditing Standards is set out for the first part of the financial year.
3. At the request of the Audit Commission, we have included work on grant claims, including the Housing Benefit Subsidy Claim. A half-time Audit Assistant is now in post, and when she has received the necessary training, she will carry out this work. A time allowance for the grant claims work is included in the main audit programme.
4. Other areas for audit and risk reviews are selected from the Risk Database. The operations included on this year's audit plan are those with a risk score in the upper quartile by comparison with other HBC services.
5. Occasionally, audits are unable to go ahead as planned, or take less than the allocated number of days. Therefore, the supplementary list sets out lower priority audits and risk reviews that can be slipped into the core programme as time and resources permit.
6. There are allowances in the programme for staff leave and some unplanned work. However, it is normal for unplanned work, (e.g. investigations and issues arising during the course of the year), to displace some planned work and flexibility in implementing the plan is essential. The timing of each audit is therefore provisional, and it is normal for some substitutions to become necessary during the course of the year.
7. Specific Terms of Reference for each audit are agreed with relevant Directors and Managers shortly before the commencement of each audit.
8. The key dependency for delivery of the audit plan is the staff resource. This risk is being managed by through arrangement with a retired, qualified auditor who is willing to be called up for audit assignments as and when he is required.

Internal Audit Plan 2006-07

	Fundamental (ISA) and financial audits	Fundamental (ISA) and Risk Reviews	Audit Commission grant claim checks
April	ISA documentation and testing: Main accounting ISA documentation and testing: Cash-bank reconciliations	ISA documentation and testing: Creditors ISA documentation and testing: Debtors	
May	ISA documentation and testing: Payroll	ISA documentation and testing: Capital accounting	
June	ISA documentation and testing: Council Tax; NDR	Recycling follow-up	
July	ISA documentation and testing: Treasury	ISA documentation and testing: Asset register	Housing benefit subsidy claim
August	Allowance for staff leave, etc		
September	Environmental Services Contract supervision	Risk review: Community Safety	NDR grant claim
October	Council Tax Collection	Risk review: Housing and CT Benefit	Grant claims
November	Refuse and Street Cleansing	Risk review: Parking	
December	Allowance for staff leave, etc		
January	To be decided	Risk review: IT	
February	Capital programme project	Risk review: Housing Renewal Grants	Housing benefit subsidy claim
March	Annual report and SIC; Audit committee report to Council; Audit Committee forward plan	Allowance for over-run or unplanned work or supplementary list	
Supplementary list: To be carried out if time allows			
<ul style="list-style-type: none"> • Compliance with new Financial Rules • Recruitment advertising and relocation expenses • Renovation grants • Factory rents • Indoor sports facilities 			

Audit Plan 2006-07

Appendices and background documents:

None

Policy implications

Please tick if this report contains any implications for the following:

Equalities & Community Cohesiveness	<input type="checkbox"/>
Crime and Fear of Crime (Section 17)	<input type="checkbox"/>
Risk Management	<input type="checkbox"/>
Environmental issues	<input type="checkbox"/>
Economic / Financial implications	<input type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Organisational Consequences	<input type="checkbox"/>

Any ticked areas should be referred to in the text of the report under the heading "policy implications"

Report written by

Eileen Masters, Chief Auditor

Ext 1524