

**Agenda Item No:** -

**Report to:** Audit Committee

**Date of Meeting:** 21 March 2011

**Report Title:** Proposed Internal Audit Plan 2011-12

**Report By:** Tom Davies  
Chief Auditor

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### **Purpose of Report**

To invite comment on the proposed Internal Audit Plan 2011-12.

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### **Recommendation(s)**

**1. That the proposed Internal Audit Plan for 2011-12 is approved.**

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### **Reasons for Recommendations**

Audit Committee approval of the Internal Audit plan provides clear authority for Internal Audit to discharge the assignments listed therein and enable monitoring of the efficiency and effectiveness of Internal Audit.

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## Introduction

1. The audit programme for 2011-12 has been produced after communication with Heads of Service, the Deputy Chief Executive and Director of Corporate Services, external audit and reference to the Council's agreed priorities. It includes both new and traditional areas of work. Traditional audits include review of the fundamental financial systems. 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 changed five years ago by the introduction of International Auditing Standards (IAS) introduced into mainstream audit in 2004 and adopted in Local Government in 2006. It remains a key requirement and the main aspect of this work is the need to identify, document and test fundamental financial systems in a particular way. Financial audit remains the emphasis in the plan.
3. Other areas of audit and risk reviews are selected after reference to the Risk Database.
4. The plan is developed in relation to planning assumptions reviewed annually and made in accordance with available days.
5. The plan is spread across, financial, operational, computer and value for money (vfm) auditing.
6. The specific terms of reference for each audit will be agreed with the relevant Directors and managers before commencement of each assignment.
7. There is going to be change in the organisation and the plan will align itself to those changes as appropriate. Some specific contingency for this is shown in the plan.

	Fundamental and Financial Audits	Risk Reviews, Follow-up and Other
April	Spend Analysis	Postage
May	Non Domestic Rate	Housing Benefit – Grant Subsidy Work
June		
July	Car Parking	
August	Housing and Council Tax Benefits	
September		
October		
November	Debtors	Ad-hoc management requests that can be decided nearer this time
December	HIC Finance Processes	
January	International Auditing Standards Compliance work covering all fundamental controls	Project Methodology
February		Password Controls
March		Annual Reporting – Annual Governance Statement, Audit Committee Report to Council and Annual Audit Plan

<b>Audit</b>	<b>Reason</b>	<b>Outline Scope</b>
Spend Analysis	Chief Auditor request: To discharge an action resulting from the Operational Board Efficiency & Resilience Reviews.	To formally analyse payments to suppliers and where these are significant, determine whether they are on a cost efficient contract or off contract.
Postage	Management request: To ensure that our processes for posting are value for money.	To ascertain why such a high proportion of post is being sent first class and identify other postal savings through challenge.
Non Domestic Rate	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.
Housing Benefit – Grant Subsidy Work	Cyclical regulatory (new): This will directly reduce the external audit fee for grant work.	Comprehensive audit of the HB Grant Subsidy to be carried out in accordance with the DWP audit instructions.
Car Parking	Cyclical: Whilst aware of the considerations being made by ESCC in relation car parking, this is a significant income stream.	Comprehensive focussed on financial control as per programme carried out in previous years.
Housing and Council Tax Benefits	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.
Debtors	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.
HIC Finance Processes	Cyclical: Income from the HIC is significant.	Comprehensive as per programme carried out in previous years.
Project Methodology	Management request: To ascertain whether projects are being carried out in accordance with the Corporate Project Methodology.	Compliance audit that will examine 2 or 3 general projects to be decided nearer the time.

Password Controls	Chief Auditor request: External Audit place emphasis upon the reliability and integrity of our data. Password security is a key component to data quality.	To look at network password security, password security of all IS application systems and administrators' security. To also examine inefficient password control systems that constantly require password resets.
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International Auditing Standards Compliance work covering all fundamental controls	Cyclical regulatory: External Audit requirement.	Carried out in accordance with the audit programmes provided by External Audit.
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**Wards Affected**

None

**Area(s) Affected**

None

**Policy Implications**

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

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No

**Background Information**

Reference to the Operational Risk Registers

**Officer to Contact**

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