

**ANNUAL AUDIT PLAN 2007 - 2008**

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**1. SUMMARY**

The Audit Committee was provided with the Strategic Audit Plan for 2005 – 2008, which was approved on the 4<sup>th</sup> March 2005. The report attached in Appendix 1, is an extract from the 3 year plan and outlines in detail the areas that will be audited in 2007 – 2008. This is the final year of the 3 year Strategic Audit Plan and complies with the Audit Scotland request to provide additional information to auditees.

**2. RECOMMENDATIONS**

2.1 The Annual Audit Plan for 2007 - 2008 is approved.

**3. DETAILS**

- 3.1 Attached is the proposed Annual Internal Audit Plan, which has been presented to the Strategic Management Team (SMT). It provides detail as to the proposed time and areas we intend to audit in 2007 – 2008. The areas were agreed as part of the overall 3-year audit plan for the years 2005 – 2008.
- 3.2 This document increases the awareness amongst departments regarding audit objectives and it is hoped will aid planning and preparation.
- 3.3 Within the attached document is a chart showing when in 2007 – 2008 audits are planned to take place. The annual audit plan has 3 sections, core financial, computer and non financial audits. A table has been produced for each audit section listing the audits, date last audited and number of audit days. The timing of the audits was discussed with Heads of Service and line managers. However, the audits could be subject to change and timing should only be viewed as an indication.
- 3.4 Core financial audits have been selected using an Audit Needs Assessment and this will enable Internal Audit over the next year to provide an assurance statement on the Council's overall internal control framework. As financial controls improve across the board, it has provided Internal Audit the opportunity to identify core audits where the focus of the audit can be widened to look at aspects such as data integrity and efficiency, as well as financial control.
- 3.5 Non financial audits within the annual audit plan have been derived from a Heads of Service risk evaluation exercise. The exercise highlighted a number of key operational risks to be included in the plan. Discussions will take place with Heads of Service to progress these audits over the coming year.
- 3.6 The plan is based on having a full complement of staff. Section 2 in the report highlights the vacant posts within Internal Audit. Contract audit staff will be employed to cover these vacancies in the short term. A vacant Accountant post is

being held for a recently qualified member of staff who is currently seconded to Corporate Accounting.

- 3.7 If it seems that the annual audit plan will not be completed as a result of staff shortages then those audits with the highest ranking will take priority over those with lower rankings.
- 3.8 A section has been included within the annual audit plan which lays out the broad scope and objectives for each of the audit sections.
- 3.9 An exercise will be commenced by Internal Audit and KPMG towards the end of the financial year to prepare a further 3 year Strategic Audit Plan for 2008 to 2011. The exercise will evaluate control systems within the Council and cover risk identification with Heads of Service so that these factors can be reflected in the plan.

#### **4. CONCLUSIONS**

The Audit Plan addresses the key areas highlighted in the Audit Needs Assessment and will provide an annual assurance statement on the Council's overall internal audit framework. The Annual Audit Plan has been reviewed by RSM Robson Rhodes and it is audit areas have been identified where joint working will take place.

#### **5. IMPLICATIONS**

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| 5.1 | Policy:              | None |
| 5.2 | Financial:           | None |
| 5.3 | Personnel:           | None |
| 5.4 | Legal:               | None |
| 5.5 | Equal Opportunities: | None |

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