
INTERNAL AUDIT PLAN 2001/2002

1. SUMMARY

To submit to members of the Audit Committee an annual plan of proposed audit activity for the financial year 2001 - 02.

2. RECOMMENDATIONS

2.1 The Committee is asked to approve the annual audit plan for 2001 - 02.

3. BACKGROUND

3.1 The Council has an overall responsibility for ensuring that systems of internal control are established and maintained to give reasonable assurance that the assets are safeguarded, waste or inefficiency avoided and reliable financial information produced and that best value is being sought. Such a system of internal control can provide only reasonable and not absolute assurance, against loss.

3.2 The Internal Audit section is an autonomous unit within the Finance Department. It performs independent audits of Council departmental operations in order to provide assurance to both management and members on internal control. The remit of internal audit is set out clearly in the Auditing Practice Board (APB), in its Auditing Guideline, Guidance for Internal Auditors, as "an independent appraisal function established by the management of the organisation for the review of internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources". The Chartered Institute of Public Financial Accountants (CIPFA) supports these audit guidelines.

3.3 This report introduces a new plan for 2001 - 02 which explains how internal audit discharges its responsibility for 2001 - 02

4. SUMMARY OF AUDIT ACTIVITIES FOR 2001 - 2002

4.1 The work performed by Internal Audit has been based to date on a rolling 3 year audit plan, which was drawn up 3 years ago through consultation with department Directors and their Heads of Service.

4.2 The 2001-02 audit plan is based on 7 members of staff. It provides for staff holidays, sick leave and excludes administration and training. Appendix 1 details the calculation of audit resources.

- 4.3 Training in this year's plan will receive a high profile with a total of 5 weeks for each member of staff being set aside. A need for specific training in Systems Audit techniques has been identified. We are consulting with training providers and other Local Authorities to arrange a joint Systems Audit training programme. An assessment of other training needs in terms of practical audit techniques and skills and staff development is being made and a plan will be prepared to secure and deliver the required training.
- 4.4 The total of 1087 direct chargeable audit days is made up of four elements:
- 450 days for Departmental Audits
 - 213 days for Core Financial Systems Audits and
 - 212 days for External Audit Related work.
 - 120 days for Contingency/Special Investigations,
 - 50 days for Follow up Audit Reviews and
 - 42 days for Risk Assessment.
- Appendix 2 details the proposed audits for 2001 – 02.
- 4.5 The 450 audit days allocated to departmental audits are spread over each department. The identification of such audits has been based on a provisional 3-year audit plan prepared in 1998, together with the knowledge of internal audit staff. The audits selected have also been discussed with Heads of Service in the departments concerned.
- 4.6 A total of 14 Core Financial Systems Audit areas have been identified by the Accounts Commission, Internal Audit propose to review these on a three year rolling programme. The audit plan for 2000 – 01 contained five and a further five have been identified for 2001 – 02.
- 4.7 Work for the Councils external auditors is performed by Internal Audit and covers year-end stock taking, audit of both government performance indicators for Education, Development & Environmental Services and Housing & Social Work departments and Housing Benefit Grant Claim. All of this work is passed to external audit for sign off and a total of 212 days has been allocated within the 2001 – 02 plan for this type of work.
- 4.8 A total of 120 days has been set aside for Contingency/Special Investigation in 2001 - 02. The actual days incurred to date are just over 175 days.
- 4.9 Six months after a final audit report has been issued with a management agreed implementation plan; Internal Audit performs a follow up review. This is a check to ensure that implementation has taken place. Checks are also performed with regard to implementation of the annual recommendations made by the Councils external auditors. Fifty days has been allocated for this task in 2001 - 02.
- 4.10 A total of 42 days have been set aside for risk assessment. Risk assessment is a mechanism to minimise overall audit risk. In principal terms this means incorporating control objectives, expected controls to meet those objectives and the risk should those controls not be in place. Two mechanisms will be used to determine and shape future annual audit plans, Audit Needs Assessment and the use of a Risk Analysis Model. The former is to be developed in partnership with the Councils external auditors in March 2001 and an exercise will be carried out to evaluate the latter by Internal Audit in the new financial year.

4. CONCLUSION

An annual audit plan has been prepared for 2001 – 02 and is submitted to the Audit Committee for approval.

5. IMPLICATIONS

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| 5.1 | Policy: | Sets out audit plan for 2001 – 02. |
| 5.2 | Financial: | The audit plan is based on existing budgeted provision. |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216)

Ian Nisbet
Internal Audit Manager 26 February 2001.
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AUDIT RESOURCES

	Number of Staff	Working Days	Chargeable Days
Internal Audit Manager	1	210	80
Accountant	1	210	142
Senior Audit Assistant	3	630	525
Clerical Assistant	1	210	170
Clerical Assistant	1	210	170
	7	1470	1087

AUDIT ALLOCATION		Audit Days		Total Audit Days
External	Stock Taking, Monitoring.	92		
	Housing Benefit Grant Claim	40		
	Performance Indicators	80		
SUB				212
Core Financial Systems	Budgetary Control	40		
	Capital Contracts	53		
	Creditors Payments	40		
	Housing & Council Tax Benefits	40		
	General Ledger Operations	40		
SUB				213
Departmental Audits	CHIEF EXECUTIVE			
	Car Leasing	30	30	
	CONTRACT AUDIT			
	Contract Vetting	20		
	Contractor conditions Tendering etc	20	40	
	CORPORATE & LEGAL			
	Collection of Fines & Fixed Penalties	20	20	
	EDUCATION			
	Com.Education	30		
	School Meals Income	30	60	
	DEVELOPMENT & ENVIRONMENTAL SERVICES			
	Waste Disposal (Income)	20		
	Refuse Collection (income)	20	40	
	FINANCE			
	Fixed Asset Management	30		
	Loans Fund	30	60	
	HOUSING & SOCIAL WORK			
	Elderly Accommodation	30		
	Home Care (Income)	30		
	Unified Benefits System - Housing	30	90	
	INFORMATION TECHNOLOGY			
	Review of Adhoc Systems in Front Line Depts.	20		
	Disaster Recovery Procedures Proposal	20	40	
	TRANSPORTATION & PROPERTY SERVICES			
	DLO Roads Job Planning & Manpower Alloc.	20		
	Parking, Piers & Ferry Income	20		
	Stock Holding v Direct Purchase	30	70	
SUB				450
Contingency/Investigations		120		
Follow Up Review		50		
Risk Assessment		42		
SUB				212
TOTAL AUDIT DAYS				1087

