

**INTERNAL AUDIT SERVICE
INTERNAL AUDIT PLAN 2006-07
(Report by the Internal Audit Manager)**

1. PURPOSE

- 1.1** To consider the internal audit plan for 2006-07 and invite the Panel to comment upon the plan prior to it being formally agreed by the Director of Commerce & Technology.

2. STRATEGIC & ANNUAL PLANNING

- 2.1** As members of the Panel will recall, an interim audit plan for 2006-07 was presented to the March meeting. Staffing and computer audit issues have now been resolved and a plan for the full year can now be presented.
- 2.2** The Internal Audit Manager is required to provide an opinion on the whole of the Council's internal control environment each year. This opinion also assists the Chief Executive and this Panel when they are preparing the Council's annual assurance statement. The work that is undertaken to form this opinion is governed in the main by the annual audit plan.
- 2.3** The Internal Audit Service maintains a four year strategic audit plan, listing all the risk and system areas that are considered likely to affect the Council's internal control environment. The strategic plan shows the relative importance of each risk and system area and the frequency with which it should be audited. The strategic plan has recently been reviewed and amended to take account of the risks listed in the risk register. There are currently 180 areas listed in the strategic plan.
- 2.4** To prepare the annual audit plan, the strategic plan is reviewed and audits placed in priority order. The highest priority schemes which can be delivered within the resources available are then included. Audit days are assigned to each area in the plan and then compared to the available resources available. The total days required to complete the four year strategic plan exceed current audit resources.

3. RECOMMENDATION

- 3.1** It is recommended that the Panel consider the Annual Audit Plan and determine whether they wish to make any comments to the Director of Commerce & Technology.

ACCESS TO INFORMATION ACT 1985
Strategic Audit Plan

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Internal Audit Service

Internal Audit
&
Assurance Plan
2006-07

2006-07 Internal Audit & Assurance Plan

The 2006-07 Internal Audit & Assurance Plan has been prepared in accordance with best practice as contained in the CIPFA Code of Practice for Internal Audit.

The Code requires that Internal Audit provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment and that the opinion should support the Statement on Internal Control. The plan has therefore been developed to take account of this requirement and provides the opportunity for reviews of corporate governance, risk management and operational controls to be undertaken as well as the more traditional financial areas.

A summary of the audits is contained in the following pages together with the name of the Liaison Officer responsible for dealing with any audit report or other issue that arises from an audit review.

Apart from undertaking the audits detailed in the plan, internal audit are also likely to be involved in providing advice and assistance with regard to the annual assurance opinion, dealing with whistleblowing allegations received and the national fraud initiative.

David Harwood
Audit Manager
18 September 2006

Corporate Systems

<p>Operations Centre – The Delivery of Services: R Preston</p> <p>This review will examine the steps taken by individual services to prepare for the challenge of delivering services from the new operations centre. It will consider project planning incl. the preparation of risk registers, change management, staff communications and procurement issues.</p>	25
<p>Disposal of Electronic & Paper Information: C Hall</p> <p>A recent Information Tribunal ruling has clarified the procedures to be followed for the deleting of electronic data. This audit will consider the Council's response to the ruling together with a review as to how paper based information is stored and disposed of. This area has not been reviewed previously.</p>	10
<p>Staff Capacity & Performance: P Duerden</p> <p>The risk register contains a number of risks around the theme of service capacity and the ability of staff to deliver constantly improving services. This audit will examine the support structures in place that identify services or staff who may be finding it difficult to manage change; the assistance offered to staff to help them continually adapt and deliver what is required.</p>	15
<p>Sustainability: R Preston</p> <p>To review the Council's approach to the management of 'green' activities and the impact on the environment, e.g. energy efficiency (current and proposed buildings), climate change, air quality. This area has not been reviewed previously.</p>	15
<p>Business Continuity: R Reeves</p> <p>The risk register recognises business continuity and service recovery to be a 'very high' risk. This audit will review the business continuity management procedures in place throughout the Council and include a review of the risk assessments in place for the changing approach to the delivery of services arising from the new building development.</p>	12
<p>Efficiency Savings: S Couper</p> <p>Specific actions have been agreed with respect to efficiency (Gershon) savings following the recent CPA Use of Resources assessment. This audit will review how potential savings have been identified, targets setting and monitoring, the completion of returns and associated information that support the submissions and linkages to the budget processes.</p>	10
<p>Management of Health & Safety: P Duerden</p> <p>This audit will consider the Council's approach to health and safety, including the role/responsibilities of Health & Safety Officers and managers, the approach taken towards the assessment of risk and the introduction of best practice, codes of conduct and legislation. There are many references to health and safety in the risk register. This area has not been audited previously.</p>	15
<p>Performance Indicators: I Leatherbarrow</p> <p>To review the systems and procedures in place that allow key performance indicators to be collated and their achievement verified. The audit will review a sample of the BVPI's that have been reserved or qualified by the external auditors. This system was last reviewed in August 2003 and received a limited opinion.</p>	15

	Audit Days
<p>Implementation of Member Decisions: R Reeves</p> <p>To examine the procedures in place to ensure that decisions taken by Members are recorded, monitored and actioned appropriately. This area was last reviewed in December 2003 and received a limited opinion.</p>	10
<p>Communications: I Leatherbarrow</p> <p>Effective consultation and communication with staff and stakeholders is an important element of the Council's business. This review will examine the effectiveness of the Council's Communications and Consultation Strategy and the mechanisms used to consult staff and stakeholders.</p>	10
<p>Corporate Subscriptions: S Couper</p> <p>The Council subscribes to a number of regular publications. This audit will consider the type and cost of subscriptions, duplication of subscription and alternative ways of obtaining and sharing information. This area has not been reviewed previously.</p>	5
Total Allocation	142

Financial Systems

<p>National Non Domestic Rates: J Barber</p> <p>To review on an annual basis a particular aspect of the NNDR system. This year's review will examine the valuation list, incl. liaison with the Valuation Office and notifications, amendments and reconciliations.</p>	10
<p>Housing Benefits: J Barber</p> <p>To review on an annual basis the administration of the Housing Benefit systems. This year's review will examine overpayments and recovery, subsidy claim, training and performance management. Areas considered to be key operational and financial controls identified within Housing Benefit & Council Tax Performance Standards appropriate to this area will also be considered.</p>	15
<p>Creditors: S Couper</p> <p>To review on a cyclical basis specific areas of the creditors system. This years review will examine the purchase ledger (including batch payments, urgent payments, the use of manual order books/obtaining goods without an order, receipting of goods) and review the controls introduced to address key fraud related areas.</p>	15
<p>Main Accounting System: S Couper</p> <p>To review procedures within the e-financials management system. This will include the control of journals, accounting codes, feeder system reconciliation's, and the transfer of opening and closing balances between financial years. This area was last reviewed in January 2004 and received a limited opinion.</p>	10
<p>Integrated Payroll & Personnel System: P Duerden</p> <p>This system is reviewed on an annual basis. The review will examine the procedures followed to manage statutory and voluntary deductions from payroll.</p>	20
Total Allocation	70

Commerce & Technology

Loans & Investments: S Couper 8

This audit will review the management of loans and investments against the Treasury Management Strategy. The implementation of previously agreed audit actions will also be reviewed. The area was last reviewed in December 2003.

Insurance: S Couper 15

The Internal Audit Manager became responsible for the insurance service in January 2006. This review will examine the systems and procedures followed for the receipt, administration and settlement of insurance claims. This area was last reviewed in October 2002 and received a limited opinion.

Mortgages: J Barber 8

This audit will examine the financial administration of those mortgages still being administered by the Council. This will include the application of interest rate changes, interest calculations, notifications and the collection of mortgage payments and insurance provisions.

Total Allocation 31

Central Services

Gifts, Hospitality & Register of Interests: R Reeves 5

To examine the procedures in place for the recording of gifts or hospitality received or given by both Members and Officers in accordance with the Local Government Act 2000. This area was last reviewed in December 2001 and received an adequate opinion

Leisure Centres: R Reeves 35

To continually review across the 5 Leisure Centres specific areas of their operation. This year's review will examine the financial management of the Centres including cash income controls and the provision of management information.

Leisure Centres – Bars & Catering: R Reeves 15

The review will identify the risks associated with the operation of the Leisure Centre bars and catering arrangements and the management controls introduced to address those risks. The implementation of previously agreed recommendations will also be reviewed. This area was last reviewed in December 2002.

Licensing: R Reeves 12

The Licensing Act 2003 required the Council to undertake duties previously performed by the Magistrates Courts. This review will examine the administrative procedures introduced to manage the receipt, review and granting of licence applications. Work will also be undertaken to review the taxi and private hire vehicle applications. This area was last reviewed in September 2000 and received an adequate opinion.

Land Charges: R Reeves 10

A review of the systems and procedures for the administration and collection of Land Charge income. This area was last reviewed in October 2001 and was considered to have a high level of control.

Total Allocation 77

ICT Audit

Post Implementation Review: C Hall	10
A series of PIR's is to be undertaken to examine the success or otherwise of ICT enabled projects. The timing of, and selection of the project to be reviewed, will be determined during the year as projects 'go-live'.	
Further information to be provided by Deloitte & Touche	
Network Infrastructure	12
Change Control	5
Data Protection	8
Facilities Move	5
Application Audit	7
Total Allocation	<u>47</u>

Operational Services

Homelessness: S Plant	10
To examine the systems and procedures for the management of homeless families. This area was last reviewed in August 2001 and received an adequate level of assurance.	
On & Off Street Parking: R Ward	10
This audit will examine the management of parking charges and excess charges. This audit was last reviewed in May 2001 and received an adequate opinion.	
Markets: R Ward	10
This audit will examine the management of street markets, specifically the procedures for the receipt and accounting for income. This area was last reviewed in October 2001 and was considered to have a low level of control.	
Building Control Fees: R Preston	10
This review will examine the systems and procedures in place to administer all fee income. The implementation of previously agreed recommendations will also be reviewed. This area was last reviewed in December 1998.	
Section 106 Agreements: S Ingram	12
This review will consider the systems in place for the negotiation of agreements with developers, the receipt and subsequent expenditure of funding and the record keeping and monitoring processes in place. This area has not been reviewed previously.	
Management of Trees & Plants: R Ward	10
The risk register considers the management of trees & plants to be a 'very high' risk due to both the increasing number of claims and insurance premiums. This audit will consider how those trees and plants that are the responsibility of the Council are managed; including the maintenance of the database established a number of years ago.	
Total Allocation	<u>62</u>

Audit
Days

Contract Audit

Service/Supply Contract:

8

The annual assurance statement identifies compliance with the Code of Procurement as an area for improvement. This audit will examine individual service and supply contracts that have been entered into and review the tendering process and procedures followed during the currency of the contract.

Total Allocation 8