

Audit Committee – 25th February 2010

6. Internal Audit Plan 2010-11

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Purpose of the Report

To provide the Audit Committee with details of the internal audit plan for 2010/11.

Recommendation

That the Audit Committee approves the internal audit plan for 2010/11.

Background

The annual internal audit plan is derived from a four year strategic audit plan that was devised with the co-operation and approval of the Section 151 Officer. The plan is risk based and is co-ordinated with the audit plans of the other members of the South West Audit Partnership (SWAP).

Although the annual audit plan is derived from a long-term strategic plan, SWAP regularly reviews the risk status and ranking of all auditable entities. This is to ensure that the highest risk areas are always given priority for internal audit review. We review at least twice a year the current risk rank order of the strategic plan and, with the agreement of the Section 151 Officer, make appropriate amendments.

As part of the SWAP partnership strategy, a number of audits planned for next year will be carried out across all the partnership. Joint audits of this kind derive real benefits in both reducing the overall time taken and in the shared lessons that can be learnt by all the partners. The Internal Audit service for SSDC is provided by South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA code of practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 26th February 2004 and by Council on 18th March 2004. The Charter was also reviewed and endorsed by the Audit Committee on 26th February 2009.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- 4 Year Plan of Operational Audit Reviews
- Annual Review of Key Financial System Controls (Managed Audits)

The Audit Plan

The audit plan is broken into four main areas of activity as detailed below. The operational reviews are comprehensive in nature and cover the entire range of risks and controls. A detailed report is issued at the end of the audit review and an agreed action plan devised. Progress on the action plan is reviewed by internal audit between 6 and 12 months after the main systems review. At the request of the Section 151 Officer, a number of areas will be subject to review annually and are indicated with *. For these

reviews, the key controls will be tested annually with the remaining controls tested in descending risk order over the period of the strategic plan.

This year, we will continue with the new specialist area of Governance, Fraud and Corruption audits that were introduced last year. In the past we have audited certain aspects of governance piecemeal, as we conduct each individual review. For instance, when carrying out an audit of say Car Parks, the auditor would consider areas such as procurement, fees and charges, risk management etc. In effect the same work was being replicated across a range of services. SWAP believes that this will provide the most timely and valuable assurance for management and members, whilst maintaining a high level of operational review.

Key control reviews are carried out in support of the work done by the Audit Commission and focus on financial control. These reviews are carried out annually between October and December. A report is issued for each review providing an assessment of the viability of controls in all areas and recommending improvements, where appropriate. Where a full operational audit is planned for one of the areas normally covered under the key control review, then the work is combined and co-ordinated.

In addition to our core audit work, as described above, internal audit also provide a range of other services including risk advice, follow-up reviews, specialist advice and special investigations.

Operational Reviews

- **Building Control** – Review the financial controls around part payments, fee structures and the management of sundry debts.
- **VAT** – Review partial exemption, re-introduction of full VAT rate and VAT accounting arrangements.
- **Private Sector Housing Grants** – A high level strategic review of the service also covering financial controls.
- **Tourist Information Centres** – A high level strategic review i.e. the purpose and aims of the service, review “add-ons” e.g. commission based selling for 3rd parties and the risk exposure.
- **Catering** – Review of procurement, alternative methods around the acceptance of cash and a review of the overall financial controls.
- **Childcare Nursery** – A high level strategic review and overall management of the service.
- **Printing and Copying** – A high level strategic review to include analysis of the costs and charges.
- **Streetscene** – A high level strategic review.
- **Corporate Policy and Performance** – Review of TEN and its effectiveness.
- **Countryside** – Review of procurement, vehicle maintenance and inventories.

- **Care Line** – A high level strategic review, to include financial controls and any lone working issues.
- **Town Centre Management** – A review of the town centre accounts.
- **Housing – Choice Based Lettings** – A review across Somerset and Dorset of the controls and effectiveness of the new scheme.
- **Innovation Centre** – A review of the financial controls operating within the centre.
- **Octagon Theatre** – A review of the contractual relationships with production companies.

Governance, Fraud and Corruption Review

- Income Collection
- Fees and Charges
- Health and Safety – Internal Awareness and Training
- Performance – NI179
- Performance – NI188
- Gifts and Hospitalitys – Register of Interests (Members)
- Gifts and Hospitalitys – Register of Interests (Officers)
- Business Continuity – Major Partnerships and Contractors
- Risk Management – Risk Registers (inc Major Projects)
- Data Quality
- EDI – Impact Assessments

Managed Audits

- Capital Accounting
- Council Tax
- NNDR
- Housing Benefit
- Main Accounting
- Payroll
- Treasury Management
- Creditors
- Debtors
- Budgetary Control

ICT Audits

- Threat Protection
- Corporate Back-up Routines
- Network Security (Firewall Change Management)
- SW Information Security Group

Key Control Audits

- Licensing*
- Yeovil Recreation Centre*
- Goldenstones*
- Octagon Theatre*

- Car Parks*
- Homelessness*

Other Planned Audit Activity

- Risk Advice
- Follow Up Reviews
- Special Reviews
- Corporate Advice
- General Advice

Financial Implications

None.

Background Papers: *None.*
