
AUDIT SERVICES – ANNUAL AUDIT PLAN 2008/09

Purpose of Report

1. To present Audit Services' Audit Plan for 2008/09 and associated performance indicators.

Information and Analysis

2. Audit Services' Terms of Reference, require the Audit Committee to approve the Annual Audit Plan. The plan for 2008/09 is attached at **Appendix A** and details work to be undertaken by the Service and reflects an establishment of 5.3 full time equivalent staff.
3. The plan is risk based. It has been developed with reference to corporate and departmental risk registers and to the identification and prioritisation of auditable areas based on an assessment of their exposure to risk pertaining to the achievement of objectives.
4. In assessing the degree of exposure to risk relating to individual auditable areas, such factors as the following are considered:-
 - (a) materiality (volumes and values of transactions etc. processed by the service);
 - (b) the managerial and control environment;
 - (c) susceptibility to fraud; and
 - (d) importance in terms of sensitivity and public accountability.
5. The plan has been formulated following consultation with the Director of Corporate Services, Chief Executive and other Directors.
6. A suite of performance indicators to monitor the effectiveness of the Council's internal control environment and the operational performance of Audit Services is detailed at **Appendix B**.
7. Progress against the Plan and performance measures will be reported to the Audit Committee during the course of the year.
8. In addition, 2008/09 will see the implementation of the Darlington Stockton Partnership to provide support services to both Councils comprising ICT, Transactional HR and Finance and Print and Design. The audit of the Partnership services is to be undertaken by Stockton Borough Council's Internal Audit Service and the outcome from their activities will also be reported to this Committee periodically during the year.

Legal Implications

9. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

10. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Recommendation

11. It is recommended that :-
 - (a) Audit Services' Audit Plan for 2008/09 at Appendix A be approved.
 - (b) The performance indicators to monitor the effectiveness of the Council's internal control environment and the operational performance of Audit Services at Appendix B be noted.

Brian James
Head of Corporate Assurance

Background Papers

- (i) Audit Services Terms of Reference
- (ii) Audit Risk Assessment Information
- (iii) Corporate and Departmental Risk Management Information

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TAB

Department of Corporate Services

Audit Services

Annual Audit Plan

2008/09



Audit Services
Apportionment of the Audit Plan 2008/09

	Audit Assignments	Advice and Consultancy	Corporate Arrangements	Sub Total	Contingency Allowance	Total
Chief Executives	20	10		30	10	40
Community Services	206	30		236	25	261
Corporate Services	124	92		216	25	241
Children's Services	183	39		222	25	247
Core Corporate	76	80	90	246	25	271
	609	251	90	950	110	1060

COMMUNITY SERVICES DEPARTMENT

Audit Assignments	Brief Synopsis of Work to be Undertaken/Areas of Coverage	Audit Days
Housing Benefits	To include: Local Housing Allowance, BACS payment processes, backdating, overpayments, claims processing, system application controls, management processes, benefit fraud investigations	40
Housing Rents	To include: income control, BACS processes, Orchard Housing system application controls, application of annual rent increases, other charges, interface controls.	15
Supporting People	To include contractual arrangements, financing arrangements, management controls and payment processes.	12
Civic Theatre	To include: box office system, on line payments system, front of house activities, bar, catering, other sales, management controls.	20
Arts Centre	To include: Building utilisation, room hire, theatre box office, income control.	12
Arts Centre - Catering	To include: bars, bistro, vending , stock control, income control	10
Catering -School Meals	To include: stock control, income collection, consumption, vending, and security.	12
Contract Audit – Highways and Engineering	To include project management arrangements, tendering/selection processes, variations to contracts, time extensions, payments to contractors, adequacy of contractual documentation, systems and procedural documentation, management and supervision arrangements.	16
Contract Audit – Building and Design	To include project management arrangements, tendering/selection processes, variations to contracts, time extensions, payments to contractors, adequacy of contractual documentation, systems and procedural documentation, management and supervision arrangements	17
Stores	To include: purchasing, issues, receipts, stock levels, security, fuel dispensing system.	10
Independent Sector-Assessments and Payments	To include domiciliary and residential sector provision. Client care and financial assessments, the collection of client contributions together with payments to providers.	20
Learning Disability Day Service	Examination of day service activities and to include expenditure, income generation etc.	12
Creditors	To include adherence to financial/purchasing procedures, value for money, control over procurement cards, petty cash accounts.	10

COMMUNITY SERVICES DEPARTMENT		
Consultancy / Advice		
Leisure Management-new computerised events management system	Provide advice and assistance in the introduction of the Artifax Events Management system	7
Admin of Client Finances – Bankline upgrade	Implementation of the web based Bankline system within the financial protection team	3
Care First	Provide advice upon control issues and assistance with the implementation of relevant CareFirst modules	5
General Provision - inc. audit recommendations follow up	Issues arising within the department requiring audit input/advice, etc. Follow up of audit recommendations to ensure implementation by the dates agreed with management.	15
Contingency Activity Allowance		
Notional Allocation	Any unforeseen issues or assignments (special investigations etc). requests from the Director, arising during the course of the year	25
Total Person Days Allocated		261

CORPORATE SERVICES DEPARTMENT		
Audit Assignments	Brief Synopsis of Work to be Undertaken	Audit Days
Income Collection/Reconciliation	To include: reconciliation controls in respect of income from all sources, including credit and debit card payment systems, departmental bankings, departmental receipt books, BACS, cash handling, security.	20
Council Tax	To include; system application controls, user security, tax setting, property and debit controls, arrears recovery, bailiffs, income and direct debit controls, AUDDIS paperless direct debit.	15
Payroll/HR	To include: residual and feeder controls into the partnership payroll processing system, including contractual arrangements, incremental progression, honorariums, overtime, sickness management.	20
Health and Safety	To include; compliance with statutory legislation, inspection and monitoring regimes, compliance systems, documentation of systems and processes.	15
Property Risk Management System	To include; evaluation of effectiveness of system , coverage of all Council properties, completeness of property files, exception reporting in the event of non compliance.	10
Environmental Health	Review of services, Uniform system applications controls, income controls,	10
Licencing	Issue of licences, enforcement, income controls, security, compliance with legislation.	10
Bank Reconciliation	To include reconciliation of corporate bank accounts, cheque reconciliation system, cancelled / out of date cheque systems, timeliness of reconciliations, partnership implications.	4
Loans and Investments	To include: short and long term borrowing, PWLB, management systems employed, payment and receipting systems, calculation of interest, compliance with appropriate codes of practice , legislative requirements, documentation of systems.	10
Creditors	To include adherence to financial/purchasing procedures, value for money, control over procurement cards, petty cash accounts.	10
Consultancy/Advice		
Darlington and Stockton Partnership	Provide advice and assistance as required in respect of the implementation of the Partnership including governance and associated control environment and operational	40

CORPORATE SERVICES DEPARTMENT		
	issues.	
Plastic Card Industry - Data Security Standard	Lead on the implementation of the PCI Data Security Standard to ensure compliance with mandatory industry standards and the introduction of best practice in respect of plastic card data security.	15
Registrars – new computerised system	Provide advice and assistance in respect of the modernisation of the Registrars Service including the introduction of computerised systems and procedures.	10
Call/Contact Centre	Provide advice and assistance in the development of processes, both income and non income related to services within the call /contact centre	12
General Provision-inc. audit recommendations follow up	Issues arising within the department requiring audit input/advice, etc. Follow up of audit recommendations to ensure implementation by the dates agreed with management.	15
Contingency Activity Allowance		
Notional Allowance	Any unforeseen issues or assignments (special investigations etc). requests from the Director, arising during the course of the year	25
Total Person Days Allocated		241

CHILDRENS SERVICES DEPARTMENT

Audit Assignments	Brief Synopsis of Work to be Undertaken	Audit Days
Alderman Leach Primary	To include: the arrangements for governance, financial planning, budgetary control, purchasing, income, asset management, data security, payroll and personnel and an assessment of compliance against the FMSiS Standard.	6
Bishopston / Redmarshall CE Primary	As above	6
Firthmoor Primary	As above	6
Gurney Pease Primary	As above	6
Heighington CE Primary	As above	6
High Coniscliffe CE Primary	As above	6
Holy Family RC VA Primary	As above	6
Hurworth Primary	As above	6
Mowden Infants	As above	6
Red Hall Primary	As above	6
Skerne Park Primary	As above	6
St Bede's RC VA Primary	As above	6
St John's CE Primary	As above	6
St Teresa's RC VA Primary	As above	6
Pupil Referral Unit	As Above	10
Capital programme/Asset Management	Examination of the processes which support the delivery of the capital programme and asset management arrangements	15
Contract Monitoring - PFI Scheme	Examination of PFI contract monitoring arrangements	10
E Learning Centre - Technical	Assessment of processes which underpin technical support to schools	6
E learning Centre – Curriculum	Assessment of processes which underpin curriculum support to schools	6
Fostering Services	To include care management and payment processes	10

CHILDRENS SERVICES DEPARTMENT		
Looked After Children	To include care management and payment processes	10
Youth Service	Examination of processes and controls which support youth service activities	10
Libraries	To include library stock, purchasing, income and controls within the galaxy system etc.	10
Trusts and Funds	Undertake the annual audit of accounts	2
Creditors	To include adherence to financial/purchasing procedures, value for money, control over procurement cards, petty cash accounts.	10
Consultancy/Advice		
Procedural Documentation for Schools	Provide advice upon and assistance with the production of a comprehensive procedural manual in conjunction with children's services and in consultation with schools.	5
Contact Point	Provide advice upon data migration and other control issues in the implementation of Contact Point.	5
Care First	Provide advice upon control issues and assistance with the implementation of relevant CareFirst modules	5
Financial Management Standard in Schools (FMSiS)	Provide continued support and advice upon the implementation of FMSiS in Darlington primary schools and establish a 'light touch' approach for secondary schools in the interim years prior to their next FMSiS assessment.	5
Induction for Head Teachers/Bursars/Secretaries	Identify and establish in conjunction with children's services and schools the areas to be covered and robust arrangements to carry out the induction process.	4
General provision – inc. audit recommendations follow up	Issues arising within the department requiring audit input/advice, etc. Follow up of audit recommendations to ensure implementation by the dates agreed with management.	15
Contingency Activity Allowance		
Notional Allocation	Any unforeseen issues or assignments (special investigations etc) requests from the Director, arising during the course of the year	25
Total Person Days Allocated		247

Chief Executives Department		
Audit Assignments	Brief Synopsis of Work to be Undertaken	Audit Days
Transport	Concessionary fares, capital programme procedures.	10
Creditors	To include adherence to financial/purchasing procedures, value for money, control over procurement cards, petty cash accounts.	10
Consultancy/Advice		
General provision – inc. audit recommendations follow up	Issues arising within the department requiring audit input/advice, etc. Follow up of audit recommendations to ensure implementation by the dates agreed with management.	10
Contingency Activity Allowance		
Notional Allowance	Any unforeseen issues or assignments (special investigations etc) requests from the Director, arising during the course of the year	10
Total Person Days Allocated		40

CORPORATE CORE		
Audit Assignments	Brief Synopsis of Work to be Undertaken	Audit Days
Data Quality/Performance Indicators	To include: review of overall management arrangements to secure data quality including adequacy of arrangements, validation of data, risk assessments.	25
Corporate Governance	To include: review of the Corporate Governance Framework	15
Grants	A review of corporate arrangements in respect of the production, recording and management of grant claims	15
Local Area Agreement	Provide assurance on the eligibility of expenditure to enable the sign of by the Director of Corporate Services of the year-end statement of grant usage.	17
Mayors Charity Fund	Undertake the annual audit of accounts	2
T.M. Barron Charity	Undertake the annual audit of accounts	2
Consultancy etc.		
Personal information Transfer Database	To include: providing advice and assistance on the compilation of a database and associated monitoring processes in respect of the secure transfer of information between departments and external bodies.	15
Anti Fraud Arrangements	To include: review of the arrangements in place, effectiveness, awareness, publicity, protocols.	10
Risk Management	To include: review of the risk management process, monitoring and management of identified risks, new risks, action/improvement planning to mitigate risks, reporting arrangements, awareness.	10
Schools Assurance Statements	Develop and facilitate the roll out of Schools Assurance statements across the Council's schools	15
Leading Edge Projects	Provide advice, guidance and support to the council's leading edge projects as required	20
General Provision	Issues arising within the department requiring audit input/advice, etc. Follow up of audit recommendations to ensure implementation by the dates agreed with management.	10
Corporate Arrangements		
Training-Corporate Governance Issues	Facilitate a training programme within the Council to raise awareness of the Corporate Governance Framework and associated issues	15
NFI 2008	Co-ordinate the Council's response to the National Fraud Initiative 2008/9	15
CPA 2007	Facilitate the Council's response to the 2007 Comprehensive Performance assessment in respect of	15

CORPORATE CORE		
	the Council's Internal Control Framework.	
Audit Committee related	Facilitate and service the committee as required	15
External Audit Liaison	Quarterly meetings and regular ad hoc liaison to discuss areas of working, issues arising, to ensure best possible use of audit resource.	10
Managers Assurance Statements	Co ordinate the production of managers Assurance Statements across the departments.	10
Annual Governance Statement	Co-ordinate the production of the Annual Governance Statement.	5
Annual Review of Internal Audit effectiveness	Participate in the independent review of Internal Audit Effectiveness as required by the Accounts and Audit Regulations 2006.	5
Contingency Activity Allowance		
Notional Allocation	Any unforeseen issues or assignments (special investigations etc) requests from the Director, arising during the course of the year	25
Total Person Days Allocated		271

**AUDIT SERVICES
PERFORMANCE INDICATORS**

No.	Measure	Target 2008/09
1	The Council's Internal Control environment overall – as evaluated through CPA Use of Resources Key Lines of Enquiry (KLOE)	4/4
2	Elements of the Internal Control KLOE	
	• The Council manages its significant business risks	4/4
	• The Council has arrangements in place to maintain a sound system of internal control	4/4
	• The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	4/4
3	Days per auditor as per CIPFA Benchmarking Statistics for Unitary Authorities	183 Top Quartile
4	Cost per audit day as per CIPFA Benchmarking Statistics for Unitary Authorities	£284 Second Bottom Quartile
5	Customer satisfaction rating received from client surveys following the completion of each audit assignment (where 1= very poor to 5 = very good)	Average 4
6	Maintain ISO 9001:2000 Quality Accreditation	Achieve
7	% of planned audit assignments completed within year relative to the agreed Audit Plan	92%
8	% of audit recommendations accepted by the client with a priority of high or medium	100%
9	% of agreed audit assignments carried out within year on core financial systems	100%
10.	% of audit assignments completed within 10% of the planned time allocated for each assignment	92%
11	% of draft reports for each audit assignment completed within 7 working days of the exit meeting	100%
12	% of final reports for each audit assignment issued within 3 working days of receipt of response to the draft	100%
13	% of agreed Consultancy project work concluded to the satisfaction of the Client Manager	100%
14	Maintain service costs within budget	Achieve
15	% of workforce receiving PDRs	100%
16	% of planned audit assignments where the client was given 5 working days notice of, or agreed a timescale for, the commencement of the audit	100%