
AUDIT SERVICES – ANNUAL AUDIT PLAN 2009/10

Purpose of the Report

1. To present Audit Services' Audit Plan for 2009/10 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 2009/10 is attached at **Appendix A**. It 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 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;
 - (d) outcome from external inspection; and
 - (e) 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.

Recommendation

8. It is recommended that :-
 - (a) Audit Services' Audit Plan for 2009/10 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.

Reasons

9. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

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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| S17 Crime and Disorder | Other than any special investigation work required there is no crime and disorder impact. |
| Health and Well Being | There is no specific health and well being impact. |
| Sustainability | There is no specific sustainability impact. |
| Diversity | There is no specific diversity impact. |
| Wards Affected | All wards are affected equally. |
| Groups Affected | All groups are affected equally. |
| Budget and Policy Framework | This report does not affect the budget or policy framework. |
| Key Decision | This is not a key decision. |
| Urgent Decision | This is not an urgent decision. |
| One Darlington: Perfectly Placed | There is no specific relevance to the strategy beyond the report comprising part of the Council's governance arrangements. |
| Efficiency | There is no specific efficiency impact. |

APPENDIX B

**AUDIT SERVICES
PERFORMANCE INDICATORS**

| No. | Measure | Target 2009/10 |
|------------|---|--------------------------------|
| 1 | Use of Resources External Audit Assessment Governing the Business Theme – the Council manages its risks and maintains a sound system of internal control. | 3/4 |
| 2 | Outcome from annual review of Internal Audit effectiveness | Effective |
| 3 | Days per auditor as per CIPFA Benchmarking Statistics for Unitary Authorities | 185 Top Quartile |
| 4 | Cost per audit day as per CIPFA Benchmarking Statistics for Unitary Authorities | £297 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 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% |