

AUDIT COMMITTEE

Internal Audit Plan Update 24 September 2008

Report of Internal Audit Manager

PURPOSE OF REPORT

To advise Members of the latest position regarding the development and delivery of the 2008/09 Internal Audit Plan and to seek approval for a proposed schedule of potential future assurance audits.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That the proposed schedule of potential assurance audits attached at Appendix A is endorsed.

1.0 Introduction

1.1 The 2008/09 Internal Audit Plan was approved by the Audit Committee at its meeting on 25th June 2008. This report is based on monitoring undertaken up to 31st August 2008 and work done to develop potential work programmes for the remainder of the year.

2.0 Proposal Details

2.1 Work In Progress brought forward as at 01 April 2008.

Seventeen jobs from the 2007/08 plan were still in progress at 01 April 2008, of which thirteen have now been completed and reported to Members of the Committee. The remaining four jobs, relating to Markets, Procurement, Salt Ayre Sports Centre and Payroll are all due to be completed by the middle of September 2008.

2.2 Consultation on Development of the 2008/09 Audit Plan

In accordance with the current Internal Audit Strategy, the 2008/09 Annual Plan approved by the Committee in June set out allocations of resources to broad areas of audit activity. At that stage, the Corporate Plan had only recently been approved and Service Business Plans were nearing completion. As such, there had been limited opportunity to develop detailed plans based on the developing plans. A consultation exercise involving meetings with all Service Heads has now been completed, which has identified potential assurance audits. The resulting schedule of potential audits, prioritised according to risk considerations and the existence of other sources of assurance is attached as Appendix A to this report.

It is proposed that this schedule is used as the primary source of audit assignments for the remainder of 2008/09 under the Plan headings of "Core Management Arrangements" and "Risk Based Assurance". Following normal practice, the objectives, scope, detailed work programmes and resource allocations for each audit will be developed through initial meetings with relevant managers.

Arrangements to schedule audit work within the “Core Financial Systems” section of have been discussed with the Head of Financial Services and relevant managers. The bulk of this work will take place between October 2008 and February 2009, the final programme being determined through a review of risks within each of the following systems:

- Main Accounting
- Asset Management
- Fraud & Corruption
- Payroll
- Ordering & Payments
- Sundry Debtors
- Income Management
- Treasury Management
- Council Tax
- Housing Benefit & Council Tax Benefit
- National Non-Domestic Rates
- Housing Rents

Internal Audit work on core financial systems is specifically considered and relied on where possible by the External Auditors in their audit of the accounts. Internal Audit’s work will be designed to ensure that this reliance is provided wherever possible.

2.3 Audit Plan – Current Position

Pending the outcome of the consultation process, the following audits have been commenced based on previous risk assessments and through agreement with relevant Service Heads:

- Arts Development
- Land Charges
- Member Expenses and Civic Functions
- Public Health and Safety
- Street Cleansing
- Economic Development Marketing and Promotions
- Planning for Floods
- Business Continuity Planning
- Risk Management Arrangements

3.0 Details of Consultation

- 3.1 The proposed schedule of potential audits for the remainder of 2008/09 has been drawn up following consultation meetings with all Service Heads and consideration by Corporate Management Team and the statutory officers.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 At this point, there are no indications that the framework set out in the approved plan cannot be achieved. The options available relate to the results of the consultation exercise and the resulting schedule of potential assignments, specifically their relevance in terms of Internal Audit's provision of assurance.
- 4.2 The main risk to consider is that the developing internal audit programme might not be effective in providing the expected levels of assurance to management and the Council (via the Audit Committee). It is felt that the process adopted, involving Service Heads, Corporate Management Team and the Council's statutory officers and liaising with the external auditor ensures as far as possible that internal audit work plans are suitably focused, relevant and effective.
- 4.3 The options are to a) endorse the proposed schedule of potential assignments as attached, or b) endorse the revised work programme subject to any additional/alternative assignments being considered for inclusion.

5.0 Officer Preferred Option

- 5.1 The officer preferred option is option a) that the proposed schedule of potential assignments set out in Appendix A is endorsed as the primary source of audit work for the remainder of 2008/09. It is proposed that this schedule is reviewed and updated on a six-monthly basis through further consultation with Service Heads, Corporate Management Team and the statutory officers.

6.0 Conclusion

- 6.1 Endorsement of the proposed schedule of potential audits will enable the 2008/09 Audit Plan to be developed in a focused manner and establish a robust base for future planning exercises.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2008/09

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