

**Audit Committee – 07 April 2009****INTERNAL AUDIT – ANNUAL INTERNAL AUDIT PLAN 2009/10****Report of the Strategic Director (Resources)****Statutory Powers: Accounts and Audit Regulations 2003**

**Financial Implications:** None, within existing budgets.

**Purpose**

The purpose of this report is to provide Members with the opportunity to review and comment upon the internal audit plan and computer audit plan for 2009/10.

**Link to Council Priorities:** Improve core service performance in a cost-effective way.

**Recommendations**

**That the Audit Committee review and comment upon the audit plan and computer audit programme for 2009/10.**

**Background**

1. The Accounts and Audit Regulations 2003 and Section 54 of the Local Government Act (Northern Ireland) 1972 provide the legal basis for the establishment of internal audit in local authorities. Paragraph 5 of the Act states that 'A relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems'.
2. The 'CIPFA Code of Practice for Internal Audit in Local Government 2006' has changed the definition of internal audit.
3. The Code reflects that 'Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient use of resources'.
4. Internal audit work therefore, has to be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure the effective and efficient use of audit resources.

5. This is undertaken by the Internal Audit Manager, who prepares a strategic audit plan, a broad outline of the work to be undertaken, from which an annual plan is developed and reported to the Strategic Director (Resources) as S.151 Officer and the Audit Committee.
6. In addition, the Internal Audit Strategy states, at a high-level, how the internal audit service will be delivered and developed in accordance with the Terms of Reference (presented to the Audit Committee in December 2007: minute A21/07, reviewed and not considered to need updating).
7. The Internal Audit Strategy 2009/10 accompanies this plan but under separate cover.

### **3-Year Audit Plan 2009/10 to 2011/12, and, Annual Audit Plan 2009/10**

#### 3-Year Audit Plan 2009/10 to 2011/12

8. A 3-year plan has been drawn up to cover the period 2009/10 to 2011/12, following completion of the previous version in 2008/09 **(Appendix C)**.
9. The 3-year plan is derived from an assessment of all of the systems and processes within the Council requiring audit, 'the Audit Universe'. This work was undertaken in association with our colleagues at Teignbridge, both to ensure that all areas were identified and as the duration of the respective plans were aligned in 2006/07 and need to remain so given the Shared Service arrangement in place (extended collaboration).
10. Once these systems and processes were identified an assessment of risk was applied based on a statistical methodology derived from an Institute of Internal Auditors approach, that took account of the:
  - Value of transactions;
  - Complexity of the system;
  - Inherent risk (vulnerability to fraud or error);
  - Political sensitivity;
  - Time since last audit; and
  - Impact on other systems.
11. The resulting scores formed the basis of the priority rating, and the number of days to be spent on each system as a proportion of the days available.
12. A rating number of 1 is audit work carried out annually as required in cases of high internal risk plus external influences such as the External Auditor or CAA/Use of Resources self assessment checklist (KLOE); 2 is an annual audit as a result of the assessed risk to the Council; and, 3 a lower audit risk and frequency of coverage (once in 3 years).
13. The intention is that all parts of the Audit Universe will receive coverage over the 3-year period, although the original risk assessment has been reviewed for 2009/10.

## Annual Audit Plan 2009/10

14. The 2009/10 annual plan has been developed from the 3-year Audit Plan 2009/10 to 2011/12 discussed above following a further risk assessment.
15. Factors that result in a variation to the original are:
- Where there has been, or expected to be, significant changes to a system e.g. new computer software;
  - Legislative changes; and
  - Other factors that affect organisational priorities identified from the minutes of member bodies and the Council's risk register.
16. The revised plan for 2009/10 is attached at **Appendix A**. It has also been reviewed and commented upon by the Strategic Management Team and the Council's external auditor.
17. The main variations to the original 3-year plan are:
- Areas of joint coverage with Teignbridge District Council Internal Audit;
  - Adjustment of days for some individual audits to reflect the practicalities of carrying out the work;
  - Linking the work with other audits to save time where possible; and
  - Additional sick allowance to reflect a further one off situation known to members, the Strategic Director (Resources) and the Head of Financial Services.
18. The 2009/10 audit plan also sets out the proposed quarters in which the audit work will take place, although in certain areas this will always be flexible. In normal circumstances the timing and detailed work plans will be drawn up following consultation with the client managers.
19. The structure of the 2009/10 audit plan at **Appendix A** has been changed when compared with previous years. The plan is presented in order of priority with the Fundamental systems appearing first followed by those areas that the risk assessment identifies as essential if an 'opinion' on the System of Internal Control to be given. The Priority 3 audits are grouped together because, while they contribute to the 'opinion', they are the lowest risk areas in the plan and may need to change depending on the results of the Local Government Review which will not be known until after this report is submitted to members.

### **3-Year Computer Audit Plan 2009/10 to 2011/12, and, Annual Computer Audit Plan 2009/10**

#### Computer Audit 3-Year Audit Plan 2009/10 to 2011/12

20. We carried out a separate risk assessment and drew up a 3-year audit plan specifically for computer audit covering the period 2009/10 to 2011/12 (**Appendix D**).

21. The risk assessment was undertaken using the same methodology as the main audit plan, and also gave due consideration to the related CIPFA 'Computer Audit Guidelines.

#### Computer Audit Plan 2009/10

22. For 2009/10, the audit work is to be resourced internally from the annual audit plan (26 days).
23. The intention is to maintain the coverage set out in the 3-year Computer Audit Plan resourced, and linked where practical, to the work in the main audit plan.
24. The computer audit plan for 2009/10 is attached at **Appendix B** and has been updated to reflect emerging risks and the resource changes.

### **Impact on the Audit Plan of Shared Services and Local Government Review (LGR)**

#### Shared Services

25. The Audit Committee has been provided with frequent updates on the progress of the Shared Service arrangement with our Internal Audit colleagues at Teignbridge District Council following the decision of the Joint Steering Group (JSG) in June 2008.
26. The majority of the proposals for the extended collaboration have been completed or are underway. The main exception to this is the sharing of the audit coverage of individual audits over the two Authorities.
27. Although it was intended to introduce this working arrangement in 2008/09, circumstances prevented this from taking place. The key issue was that the two Internal Audit teams planned their year before business plan was written and the decision of the JSG was known.
28. As discussed above close liaison has taken place for the 2009/10 and some of the proposed areas of joint working are marked in the annual plan at Appendix A.
29. Further areas will be identified as the year progresses to include some of the main financial systems and other topics as the results of LGR become clear. The Internal Audit Managers will monitor the exchange of resources.

#### Local Government Review (LGR)

30. The impact of LGR on both the annual and three year plan remains unclear due to the extension given to the Boundary Committee to make public its recommendation to the Department of Communities and Local Government. The deadline is now the 15 July 2009.
31. Given this uncertainty, it was decided to plan the next three years as normal but having regard to the fact that the plans may need to change at relatively short notice.

32. The 2009/10 is therefore presented in priority order: Fundamental Systems (priority 1), Other Essential Systems (priority 2), and Other Systems (priority 3). Any changes needed to the 2009/10 audit plan brought about by a LGR announcement will come from Other (priority 3) audits as priorities 1 and 2 will require to be completed to allow the Internal Audit Manager to provide the Committee with an opinion on the System of Internal Control for 2009/10.

33. The Shared Service audit brought forward from 2008/09 has been held over until year 2 of the 3-year plan pending the LGR result.

### Risk Assessment

34. The following table Identifies risks associated with the proposals contained within this report:-

<b>Opportunity</b>	<b>Issues / Obstacles</b>	<b>Mitigation/Benefits</b>
<p>Audit plans include all areas of potential coverage and direct audit resources to the areas most beneficial to the Council and so scarce audit resources are used in a way that provides the necessary assurance.</p>	<p>Audit plans do not direct audit resources to the areas most beneficial to the Council and so scarce audit resources are kept away from areas of high risk.</p>	<p>An assessment of risk was applied to an 'Audit Universe', based on a statistical methodology that took account of the:</p> <ul style="list-style-type: none"> <li>• Value of transactions;</li> <li>• Complexity of the system; Inherent risk (vulnerability to fraud or error);</li> <li>• Political sensitivity;</li> <li>• Time since last audit; and</li> <li>• Impact on other systems.</li> </ul>
<p>The audit plan and its coverage contribute to the Council's system of internal control and therefore provide reasonable assurance that service objectives will be met.</p>	<p>The audit plan and its coverage may not contribute to the Council's system of internal control as required by the related guidance.</p>	<p>Identification of the Audit Universe and subsequent assessment of risk.  The audit plan is presented for review and comment to senior managers (including the s.151 Officer), Audit Committee and the external auditor.  The Audit Committee's role includes monitoring performance against the plan and action on significant issues identified.  The audit plan is linked to the Council's aims, priorities and commitments.</p>

## Risk Assessment (Continued)

<b>Opportunity</b>	<b>Issues / Obstacles</b>	<b>Mitigation/Benefits</b>
Audit coverage provides assurance over the controls built into new systems.	New systems or issues may come into operation that are more important than some of those areas already included in the audit plan.	The audit plan is reassessed through the year to compare emerging risks with the original risk assessment. Any emerging risk that is considered to require audit coverage during the year is included at the expense of the lowest priority areas. The revision is reported to senior managers including the s.151 Officer and Audit Committee.
Opportunity for internal audit staff to develop skills, through partnership or alternative approaches to the audit.	Due to circumstances beyond the audit manager's control, staff absences may have an impact on the delivery of the audit plan by the relatively small internal audit team.	Audit work in the plan is prioritised. The most important has a rating number of 1, is of a high internal risk as well as external influences such as the External Auditor or Use of Resources assessments. If no audit resources are available to complete this work, a partnership arrangement may include the guarantee that priority 1 work is completed for the year.
A fraud or other irregularity being identified provides the opportunity to identify and strengthen a control weakness.	A fraud or other irregularity is identified and audit resources are required to be directed away from planned work.	Fraud or other irregularities are investigated using the Council's Anti-Fraud and Corruption Strategy and Fraud Response Plan. A contingency is built into the audit plan to guard against any unexpected pieces of work including fraud.
The external auditor places reliance upon the work of internal audit, and makes no additional charges to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts.	The external auditor places no reliance upon the work of internal audit, resulting in additional charges to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts.	Audit work, including recording and reporting, carried out to the required standards of the latest CIPFA Code of Practice for Internal Audit in Local Government. Regular liaison with the external audit managers and staff.

## Conclusion

35. The CIPFA Code of Practice for Internal Audit in Local Government 2006 provides the framework for all aspects of the internal audit function including the planning of audit work.



## SOUTH HAMS DISTRICT COUNCIL

## INTERNAL AUDIT – ANNUAL PLAN 2009/10



**South Hams  
District Council**

The CIPFA. 'Code of Practice for Internal Audit in Local Government' (2006) defines Internal Audit:

Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient use of resources.

Objectives: the audit plan upholds the Council's objectives and commitments as with every audit we are seeking continuous improvement of services, making best use of available resources to fulfil priorities and deliver services with skill, competence and integrity.

<b>FUNDAMENTAL SYSTEMS</b>
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Fundamental systems are those that the Council's external auditor considers to be so important that a failure in key controls may lead to their withholding or qualifying the opinion on the Council's statement of accounts. We therefore need to audit these systems on an annual basis; days based on the risk score, benchmarking and experience.

	Priority Rating	Council Objective	<i>Shared Service: Joint areas of coverage to be agreed at a later date.</i>	Proposed Quarter	2009/10 Days
<b>Main Accounting System and Budgetary Control</b>	1	CP6	Accounts for the Council's activities and assists in meeting the budgets set by the Council. Linking systems and audits: Accounts: All financial systems; Budgets: Council Tax (Setting); Computer audit: Access to system. <b>Audit work to also cover the small number of Trusts and Mortgages.</b>	3	13
<b>Payments</b>	1	CP6	Pays the Council's creditors promptly and accurately and processes other internal debit items. Linking systems and audits: Main Accounting; Treasury Management; Council Tax (Refunds); NDR (Refunds); Housing Benefits; Petty Cash. Computer audit: Access to system. <b>Audit to include the controls over the use of purchase cards and document scanning.</b>	3	12
<b>Payroll</b>	1	CP6	Ensures accurate calculation and timely payment of salaries and wages to employees. Linking systems and audits: Main Accounting; Computer audit: Access to system. <b>Audit to include redundancy payments.</b>	2	11

Continued Overleaf

**FUNDAMENTAL SYSTEMS (Continued)**

	Priority Rating	Council Objective		Proposed Quarter	2009/10 Days
<b>Council Tax</b>	1	CP6	Calculates, bills, accounts for and assists in recovery of cash paid by Council Tax payers. Linking systems and audits: Main Accounting; Housing Benefits; Cash Collection; Computer audit: Access to system.	2	14
<b>NDR</b>	1	CP6	Calculates, bills, accounts for and assists in recovery of cash paid by NDR payers. Linking systems and audits: Main Accounting; Council Tax; Creditors; Computer audit: Access to system.	2	13
<b>Benefits</b>	1	CP6	Ensures accurate calculation and timely payment of Housing Benefits. Linking systems and audits: Main Accounting; Council Tax; Creditors; Computer audit: Access to system. <b>Audit to include costs of providing the service and subsidy claim.</b>	3	31
<b>Debtors</b>	1	CP6	Invoices, accounts for and assists in recovery of cash due to the Council. Linking systems and audits: Main Accounting; Cash Collection; Computer audit: Access to the system	2	13
<b>Treasury Management</b>	1	CP6	Manages the Council's cash flow and invests monies to maximise the interest earned. Linking systems and audits: Main Accounting; Creditors; Cash Collection; Computer audit: Access controls re Financial Director software.	3	7
<b>Capital Expenditure</b>	1	CP6	Audit of expenditure of a capital nature to ensure that monies spent in line with the Capital Programme and Financial Instructions/ Standing Orders Relating to Contracts. <b>Audit to consider use of electronic tendering.</b>	3	8
<b>TOTAL: FUNDAMENTAL SYSTEMS</b>					<b>122</b>

**OTHER SYSTEMS AND AUDIT WORK**

The planned audit work is presented as 'Other Essential' audits where there is requirement for them to be completed annually, and 'Other' those completed once in 3 years Both are in service group order. The bold italic sub-headings above each audit further groups the proposed audit areas in accordance with the CIPFA Best Value Accounting Code of Practice. The 'Priority Rating' above is derived from a statistical assessment of risk that includes the value of transactions, complexity, susceptibility to fraud or error, last audit coverage, impact on other systems and political sensitivity. A rating number of 1 is audit work carried out annually as required in cases of high internal risk plus external influences such as the External Auditor or Use of Resources assessments; 2 is an annual audit as a result of the assessed risk to the Council; and, 3 a lower audit risk and frequency of coverage (once in 3 years). Those audits brought forward from last year will have their rating enhanced with a plus sign (+).

Council's Priorities The link to the Council's published priorities. Proposed Quarter column shows the proposed quarter of the year in which a specific audit will be started. It has been drawn up giving regard to known audit needs, service and external pressures. However, the plan is flexible enough to take account of unforeseen matters for both internal audit and service managers, so the proposed quarter is effectively indicative.

## OTHER ESSENTIAL SYSTEMS AND AUDIT WORK

	Priority Rating	Council Objective		Proposed Quarter	2009/10 Days
<b>COMPUTER AUDIT</b>					
E-Mail Monitoring	2	CP6	Regular review of the use of E-mail with the aid of dedicated software, to ensure the Council's policy is adhered to.	2	4
Internet Monitoring	2	CP6	Regular review of the use of the Internet with the aid of dedicated software, to the ensure Council's policy for Internet use is adhered to.	3	4
Computer Audit	2	CP6	Computer audit subject to a separate planning process (Appendix B).	4	26
<b>Sub-Total</b>					<b>34</b>

## ENVIRONMENT SERVICES

*Highways, Roads And Transport Services*

Car and Boat Parking	2	CP2 CP3	Audit covers all aspects of the car park services based on a rolling sub-plan, with pay and display, season tickets and standard charges as key areas. Audit to include On Street Parking.	4	9
Dartmouth Lower Ferry	2	CP2	Audit work normally based on a sub-plan to ensure coverage of all ferry activities over a period of years.	2	9
<b>Sub-Total</b>					<b>18</b>

## ENVIRONMENTAL HEALTH

*Housing Services*

Private Sector Housing Renewal	2	CP1	Coverage will include system for providing disabled facilities grants & loans. <b>Shared Service: Joint audit work with TDC.</b>	3	8
<b>Sub-Total</b>					<b>8</b>

## IMPROVEMENT

*Other*

Performance Indicators and Data Quality	2	CP6 Various	The Council's Performance Indicators, National and Local, are subject to audit by the Council's external auditor. Our work on the key indicators is a requirement of the Council's Data Quality Strategy.	1	35
<b>Sub-Total</b>					<b>35</b>

<b>OTHER ESSENTIAL SYSTEMS AND AUDIT WORK (Continued)</b>					
	<b>Priority Rating</b>	<b>Council Objective</b>		<b>Proposed Quarter</b>	<b>2009/10 Days</b>
<b>MARITIME</b>					
<b>Highways, Roads And Transport Services</b>					
Salcombe Harbour	2	CP3	Audit work normally based on a sub-plan to ensure coverage of all harbour activities over a period of years.	3	10
<b>Sub-Total</b>					<b>10</b>
<b>OTHER</b>					
<b>Other</b>					
Audit of Government Grants – RDPE Rural Community LAGs	2	Various	First year of quarterly audit and submission of grant claims prepared by Devon Renaissance on behalf of the ‘Accountable Body’ (the Council).	1/2/3/4	30
Follow Up Of Previous Year’s Audits	2	Various	A revisit of the previous year’s recommendations to ensure that the agreed actions have been implemented and are working satisfactorily.	1/2/3/4	5
Contingency (unplanned)	2	Various	An allowance for the numerous unexpected audit tasks and control advice to managers, including investigation of any suspected irregularities.	1/2/3/4	60
<b>Sub-Total</b>					<b>95</b>
<b>NON-FINANCIAL/CORPORATE</b>					
<b>Environmental Services</b>					
Corporate Governance	2	CP6	Audit of the Council’s Local Code of Corporate Governance and subsequent report with the S.151 and Monitoring Officer to Audit Committee and the Standards Committee. To include Gifts and Hospitality and Equality issues and links to the Annual Governance Statement.	4	10
Exemptions to Contract Standing Orders or Financial Instructions	2	All	To review applications from managers for exemption to Contract Standing Orders or Financial Instructions in certain circumstances, normally in respect of procurement of goods and services. Includes a summary report to Executive	1/2/3/4	5
System of Internal Control (SIC) and Annual Governance Statement (AGS)	2	CP6	Internal Audit in its annual report to the Council must include an opinion on the internal control environment and bring to the Council’s attention any issues that will impact on the preparation of the AGS. (Control Environment = achievement of objectives, policy and decision making, complying with policies etc., risk management, financial management, best value and performance management) The AGS is to be approved at a meeting of the Council on the recommendation of Audit Committee, who should seek to satisfy themselves that they have obtained sufficient, relevant and reliable evidence to support the disclosures made.	1	15

<b>OTHER ESSENTIAL SYSTEMS AND AUDIT WORK (Continued)</b>				<b>Proposed Quarter</b>	<b>2009/10 Days</b>
	<b>Priority Rating</b>	<b>Council Objective</b>			
<b>NON-FINANCIAL/CORPORATE</b>					
Risk Management/Business Continuity Also separately planned, audits based on risk register:	1	CP6	Audit of the Council's risk management process as required by the Council's Strategy, and business continuity. Budget also includes: Advice to the Risk Management Group and individual risk workshops. The selection of an area for audit that appears in the Council's risk register as a high risk to the Council.	3	8
<b>Sub-Total</b>					<b>38</b>
<b>PARTNERSHIP WORKING</b>					
<i>External Partners</i>					
Dartmouth Town Council	2	CP6	Systems based and final accounts audit carried out to the standards set by the Town Council's external auditor.	1	5
External Audit	-	CP6	By agreement, audit work on financial systems and performance indicators.	-	-
<i>Neighbouring Councils</i>					
Teignbridge District Council	-	CP6	Exchange of audit resource where mutually beneficial, as highlighted in this report to members.	-	-
<b>Sub-Total</b>					<b>5</b>
<b>TOTAL: OTHER ESSENTIAL</b>					<b>243</b>

## OTHER SYSTEMS AND AUDIT WORK

	Priority Rating	Council Objective		Proposed Quarter	2009/10 Days
<b>COMMUNITY REGENERATION</b>					
<i>Housing Services</i>					
Housing Strategy and RSLs	3	CP1	Review of the activities relating to the preparation of strategic plans and reviews of housing needs etc. and liaison with Registered Social Landlords.	1	8
<b>Sub-Total</b>					<b>8</b>
<b>CORPORATE SERVICES</b>					
<i>Central Services</i>					
Elections	3+	CP6	To review the controls over the costs of running elections on behalf of the Returning Officer and the Council. European and County Council expected.	4	7
<b>Sub-Total</b>					<b>7</b>
<b>CUSTOMER SERVICES</b>					
<i>Housing Services</i>					
Homelessness	3	CP1	To provide assurance that controls ensure that the procedures assist the homeless as required, including the Council's response to new legislation.	4	9
Council Tax Collection	3	CP6	Audit of the costs of collecting local taxes.	2	9
<b>Sub-Total</b>					<b>18</b>
<b>ENVIRONMENT SERVICES</b>					
<i>Environmental Services</i>					
Public Conveniences	3	CP4	Review of expenditure incurred for running, cleaning and maintaining public toilets.	4	8
Recycling	3	CP4	Audit work relating to the income, expenditure and Performance Indicators relating to the Council's recycling scheme.	1	11
Street Cleaning	3	CP3 CP4	Review of systems supporting the sweeping and removal of litter from land, fly-tipped rubbish, removal of dead animals etc.	4	9
Trade Waste	3	CP4	Trade waste audit will seek to confirm that controls ensure businesses using service are charged the correct amount promptly.	4	10
<b>Sub-Total</b>					<b>38</b>

<b>OTHER SYSTEMS AND AUDIT WORK (Continued)</b>					
	<b>Priority Rating</b>	<b>Council Objective</b>		<b>Proposed Quarter</b>	<b>2009/10 Days</b>
<b>ENVIRONMENTAL HEALTH</b>					
<i>Environmental Services</i>					
Licensing	3+	CP2	Audit to consider processes relating to legislative requirements on the Council in respect of various licence types.	1	8
<b>Sub-Total</b>					<b>8</b>
<b>LANDSCAPE &amp; LEISURE</b>					
<i>Culture And Related Services</i>					
Leisure Centres: Client	3	CP6	Review of the arrangements in place to monitor the leisure management contract, and the related financial transactions.	2	10
<b>Sub-Total</b>					<b>10</b>
<b>PLANNING AND BUILDING CONTROL</b>					
<i>Planning And Development</i>					
Building Control	3+	CP3	Review of the controls in relation to income and expenditure for Building Control. <b>Shared Service: Joint audit work with TDC.</b>	1	10
Planning Policy incl. S.106 Agreements	3	CP3	Review of the processes relating to planning policy with particular emphasis on the management of S.106 Agreements. <b>Shared Service: Joint audit work with TDC.</b>	2	8
<b>Sub-Total</b>					<b>18</b>
<b>PROPERTY SERVICES</b>					
Building Maintenance	3+	CP5 CP6	Review of the procedures for identifying and carrying out repairs to the Council's assets.	1	9
<b>Sub-Total</b>					<b>9</b>
<b>OTHER</b>					
<i>Central Services</i>					
Corporate Inventories	3	CP6	Audit of the equipment inventories for Follaton House. Inventories for other Council properties are audited cyclically under the respective heading.	4	5
<b>Sub-Total</b>					<b>5</b>

<b>OTHER SYSTEMS AND AUDIT WORK (Continued)</b>			<b>Proposed Quarter</b>	<b>2009/10 Days</b>
	<b>Priority Rating</b>	<b>Council Objective</b>		
<b>NON-FINANCIAL/CORPORATE</b>				
CAA: Use of Resources	3	CP6 To assist the Council's response and evidence to the external auditor, using the Audit Commission's Key Lines of Enquiry (KLOE) checklist for Use of Resources.	4	5
Sherford	3	CP3 Review of the expenditure relating to this significant project for the Council.	2	5
Single Status	3	CP6 Following completion, review of this significant project for the Council.	4	8
Sustainability	3	CP4 Audit in line with the recent programme produced by CIPFA. <b>Shared Service: Joint audit work with TDC.</b>	2	7
<b>Sub-Total</b>				<b>25</b>
<b>TOTAL: OTHER</b>				<b>146</b>
<b>AUDIT MANAGEMENT</b>				<b>Days</b>
Audit Administration	-			20
Audit Management, including Audit Planning	-			15
Audit Monitoring Reports to Management and Audit Committee	-			20
Training	-			10
Miscellaneous e.g. Money Laundering	-			5
<b>Sub-Total</b>				<b>70</b>
<b>TOTAL RESOURCES REQUIRED 2009/10 From above</b>				<b>581</b>
<b>RESOURCES AVAILABLE</b>				<b>2009/10 Days</b>
2 Whole Time Officers				520
European Grants Officer - Estimated				160
Sickness Basis of Estimate: CIPFA Guidance plus 10				-25
Bank Holidays				-16
Annual Leave				-58
<b>TOTAL RESOURCES AVAILABLE</b>				<b>581</b>

**THE COUNCIL'S PRIORITIES**

- CP1 Secure a supply of housing for local people at affordable levels.
- CP2 Create the conditions for the growth and maintenance of quality economic activity.
- CP3 Maintain the district's distinctive environment whilst enabling access and sensitive development.
- CP4 Maintain a clean environment.
- CP5 Work with others to improve access to key services.
- CP6 Improve core service performance in a cost-effective way.

**Allan Goodman**

**Internal Audit Manager**

**March 2009**



## SOUTH HAMS DISTRICT COUNCIL

## INTERNAL AUDIT

**South Hams  
District Council**

## ANNUAL COMPUTER AUDIT PLAN – 2009/10

AUDIT AREAS	Priority Rating	Council Objective	Proposed Quarter	2009/10 Days
<b>Installation &amp; Healthcheck, including: Using CIPFA Guidance –</b> <ul style="list-style-type: none"> <li>• Database Management</li> <li>• Environment Controls</li> <li>• Input Data and Running Files</li> <li>• Access control</li> <li>• Back-up</li> <li>• Disaster Recovery</li> </ul>	1	CP6	4	7
<b>Departmental IT/ Cost Effectiveness</b> CIPFA Guidance - <ul style="list-style-type: none"> <li>• Management Controls;</li> <li>• Procurement Of ICT Facilities; and</li> <li>• Financial Management of ICT.</li> </ul>	3	CP6	4	7
<b>Project Management &amp; Systems Development</b> CIPFA Guidance - <ul style="list-style-type: none"> <li>• Project Management Controls; and</li> <li>• Post Implementation Review.</li> </ul>	3	CP6	4	8
<b>Other Reviews</b> <ul style="list-style-type: none"> <li>• Follow up of prior year reports;</li> <li>• Internet Controls; and</li> <li>• Other – through liaison with the external auditors and updating of the risk assessment.</li> </ul>	2	CP6	4	4
<b>TOTAL RESOURCES REQUIRED</b>				<b>26</b>
<b>RESOURCES AVAILABLE</b>				<b>2009/10 Days</b>
Computer Audit in Main Audit Plan (Appendix A)				26
<b>TOTAL RESOURCES AVAILABLE</b>				<b>26</b>

The computer audit plan was also derived from an audit assessment of all of the systems within the Council requiring audit, 'the Computer Audit Universe'. Once these systems were identified an assessment of risk was applied, based on a statistical methodology in the same way as the main audit plan (see Appendix A). The 3-year computer audit plan is based on the CIPFA 'Computer Audit Guidelines'. Again the priority rating has been simplified. Work will be carried out either annually or once only in 3 years depending on the audit risk.

Our computer audit plan also upholds the Council's aims and priorities as with every audit we are seeking continuous improvement of services, making best use of available resources to fulfil priorities and deliver services with skill, competence and integrity.

<b>FUNDAMENTAL SYSTEMS</b>		<b>Risk Factor</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
MAIN ACCOUNTING SYSTEM, incl Trusts, Mortgages; BUDGETARY CONTROL		48	15	15	15
PAYMENTS		46	14	14	14
PAYROLL		35	11	11	11
COUNCIL TAX COLLECTION incl Parish Precepts		41	13	13	13
NNDR		39	12	12	12
BENEFITS (C.TAX + HOUSING)		56	17	17	17
DEBTORS		29	9	9	9
TREASURY MANAGEMENT		41	13	13	13
CAPITAL EXPENDITURE		31	10	10	10
<b>TOTAL: Separate Risk Assessment</b>		<b>366</b>	<b>114</b>	<b>114</b>	<b>114</b>
<b>OTHER SYSTEMS</b>		<b>Risk Factor</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>CULTURAL &amp; RELATED SERVICES</b>					
COUNTRYSIDE RECREATION AND MANAGEMENT		19			4
COMMUNITY PARKS AND OPEN SPACES		33		7	
CULTURE AND HERITAGE incl Events & Leaflets Sales		19			4
OUTDOOR SPORTS AND RECREATION		30		7	
LEISURE CENTRE CLIENT		46	10		
MARKETING AND TOURISM		27			6
<b>ENVIRONMENTAL SERVICES</b>					
COMMUNITY SAFETY		23			5
BEACH & WATER SAFETY		27			6
CEMETERIES & BURIALS		19			4
COAST PROTECTION		27			6
HEALTH AND SAFETY AT WORK		31		7	
HOUSEHOLD WASTE COLLECTION (New, previously split)		45	10		
FOOD SAFETY		29			6
LICENSING		38	8		
POLLUTION REDUCTION		30		7	
HOUSING STANDARDS		24			5
FLOOD DEFENCE AND LAND DRAINAGE		24			5
PUBLIC HEALTH, incl Water Sampling		25			6
PEST CONTROL		22			5
PUBLIC CONVENIENCES incl Disabled Toilet Keys		41	9		
BEACH CLEANING		26			6
TRADE WASTE		48	11		
RECYCLING		50	11		
STREET CLEANING		38		8	
GROUNDS MAINTENANCE		25			6

<b>OTHER SYSTEMS</b>		<b>Risk Factor</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>HIGHWAYS ROADS AND TRANSPORT SERVICES</b>					
DARTMOUTH LOWER FERRY		66	5	5	5
CAR AND BOAT PARKING/STREET SCENE incl Dog Wardens		80	6	6	6
ON STREET PARKING		46	3	3	3
TRANSPORT POLICY AND PUBLIC TRANSPORT		26			6
SALCOMBE HARBOUR		63	5	5	5
<b>HOUSING SERVICES</b>					
PRIVATE SECTOR HOUSING RENEWAL		53	4	4	4
HOUSING ADVICE		28			6
HOUSING STRATEGY & RSLs		36		8	
HOMELESSNESS		42	9		
<b>PLANNING &amp; DEVELOPMENT SERVICES</b>					
BUILDING REGULATIONS incl. Other Building Control Work		45	10		
DEVELOPMENT CONTROL - ENFORCEMENT		21			5
DEVELOPMENT CONTROL - PLANNING APPL/ADVICE, incl Listed Bldgs		48	11		
PLANNING POLICY incl S.106 Agreements		34		8	
ENVIRONMENTAL INITIATIVES		36		8	
AONB PROGRAMME		24			5
PANNIER MARKETS		31		7	
EMPLOYMENT ESTATES		34		8	
ECONOMIC DEVELOPMENT		27			6
COMMUNITY DEVELOPMENT incl GRANTS & LOANS FUND		31		7	
LAND AND INVESTMENT PROPERTIES		26			6
<b>CENTRAL SERVICES</b>					
ELECTORAL REGISTRATION		24			5
ELECTIONS		30		7	
EMERGENCY PLANNING		29			6
COUNCIL TAX BENEFITS incl SUBSIDY (New)		94	7	7	7
COUNCIL TAX COLLECTION		39	9		
LOCAL LAND CHARGES incl Street Naming		31		7	
DEMOCRATIC REP incl MEMBERS ALLOWANCES etc.		25			6
CORPORATE MANAGEMENT		34		8	
NON DISTRIBUTED COSTS		18			4
TRAVEL & SUBSISTENCE (OFFICERS)		35		8	
CAR LEASE / LOANS SCHEME		28			6
CST/CASH COLLECTION		35		8	

	Risk Factor	2009-10	2010-11	2011-12
<b>OTHER SYSTEMS (Continued)</b>				
<b>HOLDING ACCOUNTS</b>				
ALLOCATION OF HQ COSTS (New)	28			6
INSURANCE	33		7	
STORES	35		8	
TRANSPORT AND HEAVY PLANT	32		7	
PRINT ROOM	28			6
DRAWING OFFICE	24			5
<b>PROPERTY SERVICES</b>				
BUILDING MAINTENANCE	40	9		
<b>CONTROL A/CS-GRF</b>				
VAT	48	11		
SCHEMES WITH OTHER ORGANISATIONS	32		7	
PETTY CASH incl Postage	19			4
<b>CAPITAL GENERAL FUND</b>				
CAPITAL RECEIPTS	41	9		
<b>TOTAL: Separate Risk Assessment</b>	<b>2345</b>	<b>157</b>	<b>179</b>	<b>186</b>
<b>COMPUTER AUDIT</b>				
INTERNET MONITORING	Annual	4	4	4
E-MAIL MONITORING	Annual	4	4	4
COMPUTER AUDIT	Separate	26	26	26
<b>TOTAL</b>		<b>34</b>	<b>34</b>	<b>34</b>
<b>NON FINANCIAL/CORPORATE REQUIREMENT</b>				
PIs & DATA QUALITY	Annual	35	35	35
CORPORATE GOVERNANCE incl Gifts & Hospitality Register	Annual	10	10	10
SYSTEM OF INTERNAL CONTROL/AGS	Annual	15	15	15
RISK MANAGEMENT, including from Risk Register e.g. Recruitment; Procurement	Annual	20	20	20
ASSET MANAGEMENT				8
SINGLE STATUS incl Job Evaluation		8		
PARTNERSHIP MANAGEMENT			8	
FREEDOM OF INFORMATION / DATA PROTECTION incl RECORDS MAN.			8	
COMPLAINTS				5
CORPORATE INVENTORIES		5		
SHARED SERVICES			8	
CAA/USE OF RESOURCES		5		
SUSTAINABILITY		7		
SHERFORD		5		
EXEMPTIONS FROM FINANCIAL REGULATIONS	Annual	5	5	5
<b>TOTAL</b>		<b>115</b>	<b>108</b>	<b>98</b>

<b>OTHER ESSENTIAL ITEMS</b>	<b>Risk Factor</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
AUDIT OF GOVERNMENT GRANTS - RURAL COMMUNITY LAGS	Annual	20	20	20
FOLLOW UP OF PREVIOUS YEAR'S AUDITS	Annual	5	5	5
DARTMOUTH TOWN COUNCIL	Annual	5	5	5
CONTINGENCY (60 days)	Annual	60	60	60
<b>TOTAL</b>		<b>90</b>	<b>90</b>	<b>90</b>
<b>OVERHEADS</b>				
AUDIT ADMINISTRATION	Annual	20	20	20
AUDIT MANAGEMENT, INCLUDING PLANNING	Annual	15	15	15
AUDIT MONITORING and REPORTING	Annual	20	20	20
TRAINING	Annual	10	10	10
MISCELLANEOUS, Corporate Docs e.g. Fin Regs, STOs, F & C etc.	Annual	5	5	5
<b>TOTAL</b>		<b>70</b>	<b>70</b>	<b>70</b>
<b>TOTAL DAYS ALLOCATED</b>		<b>580</b>	<b>596</b>	<b>592</b>
<b>ESTIMATED RESOURCES AVAILABLE</b>				
2 Whole Time Officers (520 days)		520	520	520
European Grants Officer (160 days)		160	160	160
Sickness		-25	-15	-15
Bank Holidays (16 days)		-16	-16	-16
Annual Leave (58 days)		-58	-58	-58
<b>TOTAL</b>		<b>581</b>	<b>591</b>	<b>591</b>

<b>3-YEAR COMPUTER AUDIT PLAN</b>				
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	
<b>Computer &amp; Network Management &amp; Security</b>			9	
CIPFA Guidance - PC Controls; and Network controls.				
<b>Installation &amp; Healthcheck</b>	7	7	7	
CIPFA Guidance - File Controls; Environmental Controls; Business Continuity Planning; and Application Controls.				
<b>Security &amp; Strategy</b>		6		
CIPFA Guidance - IS/ICT Strategy.				
<b>Departmental IT/ Cost Effectiveness</b>	7			
CIPFA Guidance - Management Controls; Procurement Of ICT Facilities; and Financial Management of ICT.				
<b>Change Control</b>			7	
CIPFA Guidance - Change Control.				
<b>Project Management &amp; Systems Development</b>	8			
CIPFA Guidance - Project Management Controls; and Post Implementation Review.				
<b>E Commerce</b>		6		
CIPFA Guidance - E Commerce.				
<b>Other Reviews</b>				
Telecommunications Network; Internet Controls		7		
	4		3	
<b>TOTAL DAYS ALLOCATED</b>	<b>26</b>	<b>26</b>	<b>26</b>	
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	
<b>RESOURCES AVAILABLE</b>				
SHDC – Internal Audit Plan	26	26	26	
<b>TOTAL DAYS AVAILABLE</b>	<b>26</b>	<b>26</b>	<b>26</b>	