

**Audit Committee – 7th April 2009****PROGRESS AGAINST THE 2008/09 INTERNAL AUDIT PLAN****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 inform members of the principal activities and findings of the Internal Audit section of Financial Services for 2008/09 to 28 February 2009, by:

- Providing a summary of the main issues raised by completed individual audits; and
- Showing the progress made by the section against the 2008/09 annual audit plan, reviewed by this Committee in April 2008.

Links to **Priorities** - CP6: Improve core service performance in a cost-effective way.

**Recommendations**

**That the Audit Committee RESOLVES to consider the progress made against the 2008/2009 Internal Audit Plan and comment on the summary of issues arising.**

**Background**

1. The need for an Internal Audit Service is implied by the Local Government Act, 1972 (Section 151).
2. Specifically, the Accounts and Audit Regulations, 2003 (Regulation 6) state that:

*"A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices."*

For the purposes of the Regulations, proper practice is that contained in the CIPFA 'Code of Practice for Internal Audit in Local Government' (2006).

3. The CIPFA. 'Code of Practice for Internal Audit in Local Government' (2006) defines Internal Audit, and requires that Internal Audit draft a Terms of

Reference and an Audit Strategy to be presented to the Audit Committee for review and kept up to date.

4. These Terms of Reference were presented the Audit Committee in December 2007 and cover:

*Terms of Reference*

Purpose, Authority and Responsibility  
Independence  
Audit Management  
Scope of Internal Audit's Work  
Audit Reporting  
Audit Committee

The Terms of Reference were reviewed and considered not to require update so far in 2008/09.

5. The Audit Strategy was updated for 2008/09 to reflect the new Governance Framework and the impact of Internal Audit on the Annual Governance Statement. It was approved by the Audit Committee in April 2008 and covers:

Objectives and Outcomes  
Opinion on Internal Control  
Local and National Risk Issues  
Provision of Internal Audit  
Resources and Skills

## **Provision of Internal Audit and Progress – 2008/09**

### Audit Plan 2008/09

6. The 2008/09 audit plan (**Appendix A**) was presented and accepted by the Audit committee at their meeting of April 2008.

### Local and National Risk Based Amendments to the Plan

The audit plan is continuously reviewed and updated to reflect emerging risks, and these are incorporated into the audit plan either through the contingency days or by change to the plan, depending on the significance.

Risk based amendments made so far in 2008/09, agreed with the S.151 Officer are set out in Tables 1, 2 and 3 and updated in the plan at Appendix A.

*Table 1: Risk Based Changes to the 2008/09 Audit Plan (1)*

<b>Audit</b>	<b>Planned Days</b>	<b>Reason for Change</b>
(A) Beach and Water Safety	From 0 to 3	More transactions than anticipated, and separately managed from Beach Cleaning (B). To link with Beach Cleaning in consideration of the role of the Beach Management Group.
(B) Beach Cleaning	From 7 to 4	Time budget included allowance for Beach and Water Safety (A)
(C) Customer Services/ Complaints	From 5 to 2	Customer Services covered in other audits including Contingency for advice/meetings re new Residents Parking Scheme. Remaining 2 days for review of complaints procedures.
(D) Housing Advice	From 7 to 2	Nomination list procedures audited with the Investigation charged to Contingency. Remaining 2 days to follow up recommendations made in related report.
(E) Contingency	From 55 to 63	Increase funded by reductions at (C) and (D)

7. Change (1) was reported to the Committee in December 2008 and was to ease the pressure on the contingency budget due to several investigations, and also to reflect the fact that Beach and Water Safety contains more transactions than anticipated in 2008/09 and is separately managed from Beach Cleaning. The Beach Management Group forms a common link.

*Table 2: Risk Based Changes to the 2008/09 Audit Plan (2)*

<b>Audit</b>	<b>Planned Days</b>	<b>Reason for Change</b>
Rural Communities – Local Action Groups, Grant	10	New audit requirement identified.
Elections	-6	Suspended. Selected as well managed section; little Election activity 2008/09.
Health and Safety	-4	Suspended. Selected as activities of Health and Safety Officer generally known; same officer acts as Risk Management Coordinator. RM will remain in the plan.

8. Change (2): The Council has agreed to act as the 'Accountable Body' for two project groups under the Rural Development Programme for England jointly funded by the EU and national government. The project groups 'Greater Dartmoor' and 'South Devon Coastal' Local Action Groups will approve community projects for financial support over a wide range of activities from environmental stewardship to community-led development etc.
9. The process will be managed on a day to day basis on behalf of the Accountable Body by Devon Renaissance (DR), a not for profit partnership of the private sector, local authorities and community based organisations.
10. DR will produce the claims from their established systems for this Council to send to the Rural Payments Agency. The Council will pay the individual projects' audited claims. Auditing of the quarterly claims is therefore necessary and expected by the RDA.

Table 3: Risk Based Changes to the 2008/09 Audit Plan (3)

Audit	Planned Days	Reason for Change
Shared Services (Audit of)	-6	Limited shared service activity in 2008/09 as the results of Local Government Review are awaited.
Use of Resources	6	2008/09 assessment work required before the end of the financial year

11. The Audit Commission requires the Use of Resources self-assessment for 2008/09 by mid-March 2009. The budgeted time in the audit plan was only intended to cover the completion of the 2007/08 Key Lines of Enquiry (KLOE) document with provision of the supporting evidence.
12. Overspends on the estimated time for individual audits occur as the time in the audit plan is an estimate based on risk and generally not the amount of time needed to do the work required. All efforts are made to 'cut our cloth according to our means', but in some circumstances where control issues are identified, a risk based assessment of whether additional time is spent is carried out and additional work charged to either contingency or by change to the plan, depending on the significance.
13. The following table sets out the significant overspends on time budgets (3.5 days or more) on individual audits as totalled in Appendix A, and the reasons for the overrun:

Table 2: Overspends Against Planned Number of Days

Audit	Planned	Used	Reason for Overspend
Dartmouth Lower Ferry	7	16	Additional time required to extract data from software to individual cash and voucher level by operator, transfer to spreadsheets, and examine to establish reasons for balancing variances. Also replicated a typical shift's transactions in a controlled environment to establish reason for variances.
Economic Development	5	9.5	Additional time required for review of new procedures for Farmers Markets and extra testing of debtor invoices from existing Farmers Market process.
Council Tax	14	18	Additional work required as a direct result of some of the issues found.
Household Waste Collection	7	11	Includes obtaining and reviewing papers relating to the management of change of the waste review and subsequent overspend against budgets. Additional; testing need due to the lack of stock controls form waste liners. Testing also linked directly to parts of the Trade Waste, Beach Cleaning and Grounds Maintenance audits completed in 2008/09.
Net – all other finalised audits	0	14	
<b>Total</b>	<b>33</b>	<b>68.5</b>	<b>Overspend – 35.5 days</b>

14. Audit work for 2008/09 must include transactions from 2008/09. As a consequence April of each year is used to complete the audit work of the previous year, to ensure that when the 2008/09 audits begin there is sufficient data to be tested for a 2008/09 audit opinion to be given. The chosen method, which has run for a number of years and seen by two different external audit providers to the Audit Commission without challenge, is for the plan to run from May to May and the variation reported. It is accepted that an alternative approach is for the annual Audit Plan to be set up to reflect this position.

*Table 3: Audit Days 2008/09 Used to Complete 2007/08 Plan*

<b>Audit</b>	<b>Planned</b>	<b>Used</b>	
Completion of 2007/08 audit in 2008/09.	0	55	April to July 2008, finishing of 2007/08 systems and computer audits (50 days 2007/08).
<b>Total</b>	<b>0</b>	<b>55</b>	<b>Unchanged from Dec. Committee</b>

### Resources and Skills

15. Sickness, at 21 days to the end of February 2009, is compares well with last year for reasons known to the Committee (2007/08 29 February 2008 107 days).

16. The number of audit days provided by the European Grants Officer at the end of February was 197, set against the planned 167 days (*Appendix A*).

17. No audit specific external training has been provided so far this year to the audit team. Other related training has and is being undertaken as follows:

#### *IAM*

- Use of Resources seminar by CIPFA;
- Competency Training for Managers (Internal);
- Enforcement Skills including "PACE" 1984 – TDC Shared Training;
- Information Governance (Workshop by PricewaterhouseCoopers, Exeter (no charge)).

#### *Senior Auditor*

- Advanced ECDL commenced – Word passed;
- Enforcement Skills including "PACE" 1984 – TDC Shared Training;
- Appraisal Competency Framework training.

#### *European Grants Officer*

- Advanced ECDL commenced – Powerpoint, Excel and Word passed;
- Enforcement Skills including "PACE" 1984 – TDC Shared Training.

### Progress against the Plan

18. The 2008/09 Internal Audit Plan is attached at **Appendix A**. This has been extended to show the final position for each audit, and replicates a part of the monitoring report presented to the Strategic Director (Resources) and Deputy S.151 Officer on a monthly basis.
19. The reporting of individual high priority recommendations is set out at Exempt **Appendix B**. This is an ongoing part of the report to advise the Audit Committee in detail of significant findings since the last report and confirm that the agreed action has been implemented or what progress has been made.
20. Exempt **Appendix C** provides a summary of the main issues raised for all of the audits where a final audit report has been issued. This too forms part of the report to the Strategic Director (Resources and Deputy S.151 Officer). In addition, the Appendix shows the results of our follow up of previous audit work and tasks that have not produced an audit report.
21. Exempt **Appendix D** provides a summary of unplanned work carried out by the team. This work is by definition unexpected work, which ranges from advice to managers on control issues, to the investigation of potential irregularities. Tasks are budgeted from the 'Contingency' line of the audit plan.

### Performance Indicators

22. Internal Audit's performance indicators will be reported to the Audit Committee in full in the year-end report. The full list of those recorded is set out in the Audit Strategy 2008/09.
23. One of the key quality indicators for internal audit performance is the reliance by the external auditor upon the work done by the section.
24. A report by the Audit Commission, 'Review of Internal Audit', says:  
'Our review found that South Hams' Internal Audit complies with the CIPFA Code of Practice for Internal Audit in all significant respects.

We have concluded, as part of our control environment assessment, that Internal Audit is effective as a management control, and that we can place reliance on specific pieces of work, where that work covers areas relevant to our own Code of Audit Practice'.

The full report was presented to the Audit Committee (September 2008), and the recommendations have been addressed.

25. At this stage in the year, another key indicator 'Completion of 2008/09 Audit Plan' is as follows:

Table 4: Completion of 2008/09 Audit Plan

Indicator	Target %	Actual %	Comments
Audits completed from 2007/08 audit plan.	90	95	As reported to the Audit Committee.
Audits at the end of February 2009 at various stages of completion from 2008/09 audit plan.	81	83	(85% at February 2008). Expecting to exceed the annual 90% target.

26. The indicator for the issue of audit reports within 14 days of the completion of the work or 14 days after the draft reports are discussed is expected to be 100% successful. This is because writing the reports immediately after finishing the audit work, or the discussion meeting, is routine for the section.

### Future Audit Developments – Shared Services

27. Changes to the Internal Audit service under Shared Services were considered by the Shared Service Joint Steering Group based on a business case produced by the 3 Councils.

28. The result is that the audit managers of South Hams and Teignbridge District Councils will continue to bring the teams closer together to achieve the benefits identified in a separate update report to this Committee (September 2008). An oral update of the progress since September will be provided to members and a further progress report in June 2009.

### Risk Assessment

Opportunity	Issues / Obstacles	Benefits/Mitigated by
A risk based audit plan directs scarce audit resources away towards areas of high risk to the Council.	The directing of scarce audit resources away from areas of high risk may undermine the opinion provided to the Council by the Internal Audit Manager on the System of Internal Control..	Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year.
Audit work completed in line with the audit plan and to the required quality standards will ensure that the external auditor places reliance upon the work of internal audit, resulting in 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 placing 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, including for the Annual Governance Statement.	Regular liaison with the external auditor. Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year. Regular monitoring of progress by the S.151 Officer and the Audit Committee.

## Risk Assessment (Continued)

Opportunity	Issues / Obstacles	Benefits/Mitigated by
<p>Audit work completed in line with the audit plan and to the required quality standards will ensure that the external auditor placing places reliance upon the work of internal audit, resulting in no additional charges to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts, including for the Annual Governance Statement.</p>	<p>The external auditor placing 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, including for the Annual Governance Statement.</p>	<p>Regular liaison with the external auditor. Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year. Regular monitoring of progress by the S.151 Officer and the Audit Committee.</p>
<p>Audit work completed in line with the audit plan and to the required quality standards will ensure that the external auditor placing places reliance upon the work of internal audit, resulting in no additional charges to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts, including for the Annual Governance Statement.</p>	<p>The Council's Annual Governance Statement cannot be signed if Internal Audit fails to complete the work set out in the approved risk based audit plan due to unforeseen circumstances.</p>	<p>Regular monitoring of performance by the S.151 Officer and the Audit Committee. Audit approach adheres to the appropriate professional standards. Closer links with our neighbouring Council's audit team will provide reasonable assurance that higher risk audits are covered each year.</p>

## Conclusion

29. Appendix A shows the Internal Audit Plan for 2008/09 marked with the progress on individual audits and our opinion result where work is complete and reported.
30. One issue of a significant nature has been identified by Internal Audit in the work carried out so far in 2008/09: Appendix B. Urgent action is being taken by the relevant managers to address it.
31. Appendices C and D to this report provide a summary of the auditor's opinion and the results of all audits completed.
32. The appendices to this report also demonstrate that for 2008/09 to 28 February 2009, the Council's Internal Audit section is making reasonable

progress on the work set out in the plan for the year in spite of the staffing issues known to members.

33. The section continues to reach the standards set out in CIPFA's Code of Practice for Internal Audit in Local Government enabling the external auditor to place reliance on the work of the section.

34. A report on the activities for the full audit year will be brought to the Audit Committee after the end of the 2008/09 financial year, and 2 more quarterly progress reports will be provided before that.

Allan Goodman  
Internal Audit Manager

Audit Committee  
7th April 2009

John Foxworthy  
Head of Financial Services

Mark Seymour  
Strategic Director (Resources)

#### Summary of Appendices

Appendix A: Audit Plan 2008/09 – Progress to 28 February 2009

Exempt Appendix B: Planned Audit 2008/09 – Final Reports: Detailed Items

Exempt Appendix C: Planned Audit 2008/09 – Summary of Results

Exempt Appendix D: Unplanned Audit 2008/09 – Summary of Results

#### **Background Documents**

CIPFA Code of Practice for Internal Audit in Local Government 2006.

SHDC 3-year Audit Plan 2006/07 to 2008/09.

Reference(T:\.....\.....\..... .doc)

## SOUTH HAMS DISTRICT COUNCIL

### INTERNAL AUDIT – ANNUAL PLAN 2008/09



**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.

#### FUNDAMENTAL SYSTEMS

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		Progress or Planned Qtr	2008/09 Days/Result
<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 also covered the small number of Trusts and Bequests, but not Corporate Recharging.</b>	Draft Report	12
<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>	Final Report	<b>Good</b>
<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 included redundancy payments but not an overview of Single Status.</b>	Final Report	<b>Good</b>

Continued Overleaf

**FUNDAMENTAL SYSTEMS (Continued)**

	Priority Rating	Council Objective		Progress or Planned Qtr	2008/09 Days/Result
<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.	Final Report	<b>Fair</b>
<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.	Draft Report	12
<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 the controls over document scanning.</b>	Commenced	29
<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	Commenced	12
<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.	Final Report	<b>Good</b>
<b>Sub-Total</b>					<b>107</b>

**OTHER SYSTEMS AND AUDIT WORK**

The planned audit work is presented mainly 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 SYSTEMS AND AUDIT WORK (Continued)				Progress or Planned Qtr	2008/09 Days/Result
	Priority Rating	Council Objective			
<b>COMMUNITY REGENERATION</b>					
<i>Planning And Development</i>					
Community Grants and Loans Fund	3	Various	Audit to provide assurance that the controls ensure that Community Grants and Loans are made in accordance with the Council's policy.	Final Report	<b>Good</b>
Economic Development	3	CP2	To review the controls over income and expenditure to ensure that the budget provides best value in achieving the objectives for Economic Development.	Final Report	<b>Good</b>
<b>Sub-Total</b>					<b>10</b>
<b>CORPORATE SERVICES</b>					
<i>Central Services</i>					
Member Allowances	3	CP6	Audit to cover latest approved members' allowances scheme and expense claims to confirm that payments are made correctly and promptly.	Final Report	<b>Good</b>
<i>Holding Accounts</i>					
Elections	3	CP6	To review the controls over the costs of running elections on behalf of the Returning Officer and the Council.	Suspended	6
<b>Sub-Total</b>					<b>10</b>
<b>CUSTOMER SERVICES</b>					
<i>Housing Services</i>					
Homelessness	3	CP1	To provide assurance that controls ensure that the procedures provide assistance to the homeless in line with the legislation, including the related rent system.	4	7
Housing Strategy and Advice	3	CP1	Audit will include a review of the housing registration and allocation system, and expenditure relating to the Council's Affordable Housing objective.	4	2
<b>Sub-Total</b>					<b>9</b>
<b>ENVIRONMENT SERVICES</b>					
<i>Environmental Services</i>					
Beach Cleaning	3	CP4 CP5	Review of how the Council carries out its responsibilities in relation to the cleaning of beaches, to include external arrangements for Beach Safety.	Final Report	<b>Fair</b>
Household Waste Collection	3	CP4	Waste collection is one of Council's key projects. Routine audit to consider the arrangements for collecting household waste	Final Report	<b>Good</b>
Trade Waste	3	CP4	Trade waste audit will seek to confirm that controls ensure businesses using service are charged the correct amount promptly.	Final Report	<b>Fair</b>

<b>OTHER SYSTEMS AND AUDIT WORK (Continued)</b>				
	Priority Rating	Council Objective	Progress or Planned Qtr	2008/09 Days/Result
<b>ENVIRONMENT SERVICES (Continued)</b>				
<i>Highways, Roads And Transport Services</i>				
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.	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.	Final Report <b>Fair</b>
Street Scene	3	CP2 CP3	Review to extend the car parks audit to controls over other Street Scene activities that relate to fixed penalty notices and include the work of dog wardens.	4 5
<i>Planning And Development</i>				
Pannier Markets	3	CP2	Audit of the controls over the provision of pannier markets including income and safety/security issues.	C/Fwd 4
<b>Sub-Total</b>				<b>42</b>
<b>ENVIRONMENTAL HEALTH</b>				
<i>Environmental Services</i>				
Health and Safety at Work	3	CP6	Review of the Council's arrangements to ensure health and safety requirements are met.	Suspended 4
Licensing	3	CP2	Audit to consider processes relating to legislative requirements on the Council in respect of various licence types.	C/Fwd 5
Pest Control	3	CP4	Overview of the external arrangement.	Final Report <b>Fair</b>
Pollution Reduction	3	CP4	Review of income and expenditure in relation to the Council's responsibilities.	Final Report <b>Good</b>
Public Health	3	CP4	Review of income and expenditure in relation to the Council's responsibilities, including water sampling and smoke free laws	Final Report <b>Good</b>
<i>Housing Services</i>				
Private Sector Housing Renewal	2	CP1	Common area for external fraud. Coverage will include system for providing grants & loans.	Final Report <b>Good</b>
<b>Sub-Total</b>				<b>24</b>
<b>FINANCE</b>				
<i>Other</i>				
Capital Expenditure	2	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. Audit to consider use of electronic tendering.	Final Report <b>Good</b>
<b>Sub-Total</b>				<b>7</b>

<b>OTHER SYSTEMS AND AUDIT WORK (Continued)</b>					
	<b>Priority Rating</b>	<b>Council Objective</b>		<b>Progress or Planned Qtr</b>	<b>2008/09 Days/Result</b>
<b>IMPROVEMENT</b>					
<i>Other</i>					
Best Value - including Performance Indicators	1	CP6 Various	The Council's Performance Indicators selected by the Audit Commission are subject to audit by the Council's external auditor. Our work on the key indicators reduces the work that the external auditors need to do.	Final Report	<b>Fair</b>
<b>Sub-Total</b>					<b>35</b>
<b>LANDSCAPE &amp; LEISURE</b>					
<i>Culture And Related Services</i>					
Countryside Recreation And Management	3	CP3 CP5	Consideration of controls over related income and expenditure. Links in part with the AONB audit.	Draft Report	5
Community Parks And Open Spaces	3	CP3 CP4	Consideration of controls over related income and expenditure. Links in part with the Grounds Maintenance audit.	Final Report	<b>Fair</b>
Culture And Heritage Including Events & Leaflets Sales	3	CP3 CP5	Consideration of controls over related income and expenditure. Links in part with the AONB audit.	Draft Report	5
Outdoor Sports And Recreation	3	CP3 CP4	Consideration of controls over related income and expenditure. Links in part with the Grounds Maintenance audit.	Final Report	<b>Good</b>
<i>Environmental Services</i>					
Grounds Maintenance	3	CP3	Review of the controls relating to grounds maintenance arrangements following change of responsibility.	Final Report	<b>Fair</b>
<i>Planning And Development</i>					
AONB Programme	3	CP3	Audit of the income, expenditure and governance relating to AONB. Links in part with Schemes With Other Organisations audit.	Final Report	<b>Good</b>
Schemes with Other Organisations	3	CP3 CP5	A review of the transactions and governance of a sample of the schemes in place. Links in part with the AONB audit.	Draft Report	6
<b>Sub-Total</b>					<b>34</b>
<b>MARITIME</b>					
<i>Environmental Services</i>					
Beach and Water Safety	3	CP5	External arrangement to be considered with the audit of Beach Cleaning.	Final Report	<b>Good</b>
<i>Highways, Roads And Transport Services</i>					
Salcombe Harbour	2	CP3	Audit work normally based on a sub-plan to ensure coverage of all harbour activities over a period of years.	Final Report	<b>Fair</b>
<b>Sub-Total</b>					<b>13</b>

<b>OTHER SYSTEMS AND AUDIT WORK (Continued)</b>				<b>Progress or Planned Qtr</b>	<b>2008/09 Days/Result</b>
	<b>Priority Rating</b>	<b>Council Objective</b>			
<b>PLANNING AND BUILDING CONTROL</b>					
<i>Planning And Development</i>					
<i>Building Regulations including Other Building Control Work</i>	3	CP3	<i>Review of the controls in relation to income and expenditure for Building Control. Links to audit of Shared Services.</i>	C/Fwd	6
Development Control – Planning Applications and Advice	3+	CP3	Audit of the system for processing planning applications and the related financial transactions. To include Performance Indicators and Listed Buildings and document scanning	2	7
Development Control - Enforcement	3+	CP3	Review of systems relating to the monitoring and enforcing of planning conditions.	2	6
<b>Sub-Total</b>					<b>19</b>
<b>PROPERTY SERVICES</b>					
<i>Environmental Services</i>					
Coast Protection	3	CP3 CP5	Review of the expenditure used for activities relating to Coast Protection and the Council's legislative responsibilities.	Final Report	<b>Fair</b>
<i>Holding Accounts</i>					
Building Maintenance	3	CP5 CP6	Review of the procedures for identifying and carrying out repairs to the Council's assets.	C/Fwd	6
<b>Sub-Total</b>					<b>11</b>
<b>OTHER</b>					
<i>Central Services</i>					
Non Distributed Costs	3	CP6	Review of the non distributed costs codes which includes corporate expenditure such as bank charges, external audit fees etc.	Final Report	<b>Excellent</b>
Petty Cash	3	CP6	Review of the control and security of the small number (and value) of petty cash floats held and to ensure used in line with Financial Instructions.	Final Report	<b>Good</b>
Travel and Subsistence (Officers)	3	CP6	Audit to establish whether the controls ensure that the correct amounts are paid to the relevant officers on a timely basis in line with the Council's scheme.	Final Report	<b>Fair</b>
<i>Holding Accounts</i>					
Capital Receipts	3	CP6	Audit of income of a capital nature to ensure in line with the Financial Regulations. Links with Asset Management audit.	Final Report	<b>Good</b>
Stores	3	CP6	<i>Audit ensures that stocks are securely held and appropriately accounted for, from receipt to issue.</i>	C/Fwd	5

OTHER SYSTEMS AND AUDIT WORK (Continued)				Progress or Planned Qtr	2008/09 Days/Result
	Priority Rating	Council Objective			
<b>OTHER (Continued)</b>					
<b>Holding Accounts</b>					
VAT	3	CP6	A review of the processes governing the collection and payment of VAT due to HM Revenue and Customs, to ensure that their requirements are met.	Draft Report	7
<b>Other</b>					
Follow Up Of Previous Year's Audits	1	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	Completed
Contingency (unplanned)	1	Various	<i>An allowance for the numerous unexpected audit tasks and control advice to managers, including investigation of any suspected irregularities.</i>	86 days used	63
Overspend Against Planned Days				+35	
Additional Days – European Grants Officer				+30	
Rural Communities – Local Action Groups, Grant	New		<i>Audit the quarterly and annual grant claims, provided by Devon Renaissance, on behalf of the Accountable Body (SHDC) and submitting same to the grant paying body, the Rural Payments Agency for DEFRA.</i>	Commenced	10
<b>Sub-Total</b>					<b>99</b>
<b>COMPUTER AUDIT</b>					
Internet Monitoring	2	CP6	Regular review of the use of the Internet with the aid of dedicated software, to ensure Council's policy for Internet use is adhered to.	Final Report	<b>Good</b>
Computer Audit	2	CP6	Computer audit subject to a separate planning process (Appendix B).	4	26
<b>Sub-Total</b>					<b>30</b>
<b>NON-FINANCIAL AUDITS</b>					
<b>Environmental Services</b>					
CPA: Use of Resources	1	CP6	To assist the Head of Financial Services in the co-ordination of the response and evidence to the external auditor using the Audit Commission's Key Lines of Enquiry (KLOE) checklist for Use of Resources for 2008 assessment. <i>Increased days – similar work to be done for the 2009 assessment required from the Council by 13<sup>th</sup> March 2009.</i>	Completed & reviewed by Audit Commission	15
Corporate Governance	1	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.	Commenced	10

OTHER SYSTEMS AND AUDIT WORK (Continued)					
	Priority Rating	Council Objective		Progress or Planned Qtr	2008/09 Days/Result
<b>NON-FINANCIAL AUDITS (Continued)</b>					
System of Internal Control (SIC) and Annual Governance Statement (AGS)	1	CP6	Internal Audit in its annual report to the Council must include an opinion of the overall adequacy and effectiveness of 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.	Complete, to: Audit C'ttee Standards	June 2008 July 2008
Risk Management/Business Continuity Including audit based on risk register: <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Complaints system</li> </ul>	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.	Commenced	8
Procurement including Leasing	3+	CP6	To consider the Council's policies and arrangements for procurement to include the review of any leasing agreements and the use of purchase cards.	Final Report	<b>Good</b>
<i>Complaints</i>	3	CP5 CP6	<i>Cashiering function covered in 2006/07, including feed by the cashiers system to the ledger. This time put aside for complaints and other control issues and processes, in association with the Head of Service.</i>	1	2
Asset Management	3	CP5 CP6	Audit to establish the progress being made by the Council in the management of its assets. Links with the Building Maintenance audit and to consider responsibilities re Climate Change, Carbon Footprint and Totnes Southern Area.	Commenced	8
<i>Shared Services</i>	1	CP6	<i>Review of the process for identifying and creating a shared service, to include governance issues.</i>	<i>Suspended</i>	6
<b>Sub-Total</b>					<b>63</b>

<b>PARTNERSHIP WORKING</b>					
<b>External Partners</b>					
Dartmouth Town Council	2	CP6	Systems based and final accounts audit carried out to the standards set by the Town Council's external auditor.	Final Report	N/A
External Audit	1	CP6	By agreement, audit work on financial systems and performance indicators.	-	-
<b>Neighbouring Councils</b>					
Teignbridge District Council	1	CP6	Exchange of audit resource where mutually beneficial, as highlighted in the covering report to members.	-	-
<b>Sub-Total</b>					<b>5</b>

<b>AUDIT MANAGEMENT</b>			<b>Days Used</b>	<b>Days</b>
Audit Administration	-		18.5	20
Audit Management, including Audit Planning	-		17	20
Audit Monitoring Reports to Management and Audit Committee	-		18	15
Training	-		4	10
Miscellaneous e.g. Money Laundering	-		Policy approved	Completed
<b>Sub-Total</b>				<b>70</b>

<b>TOTAL RESOURCES REQUIRED 2008/09</b>	<b>From above</b>	<b>588</b>
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<b>RESOURCES AVAILABLE</b>		<b>2008/09 Days</b>
2 Whole Time Officers		520
European Grants Officer - Estimated		167
Sickness	Basis of Estimate: CIPFA Guidance	-20
Bank Holidays		-16
Annual Leave		-63
<b>TOTAL RESOURCES AVAILABLE</b>		<b>588</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.



## SOUTH HAMS DISTRICT COUNCIL

## INTERNAL AUDIT

**South Hams  
District Council**

## ANNUAL COMPUTER AUDIT PLAN – 2008/09

AUDIT AREAS	Priority Rating	Council Objective	Proposed Quarter	2008/09 Days
Computer & Network Management & Security Using CIPFA Guidance - <ul style="list-style-type: none"> <li>• PC Controls;</li> <li>• Network Controls.</li> </ul>	3	CP6	4	10
Installation & Healthcheck, including: Using CIPFA Guidance – <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	8
Change Control Using CIPFA Guidance - <ul style="list-style-type: none"> <li>• Program changes;</li> <li>• Development and Maintenance.</li> </ul>	3	CP6	4	8
<b>TOTAL RESOURCES REQUIRED</b>				<b>26</b>
<b>RESOURCES AVAILABLE</b>				<b>2008/09 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.

**Allan Goodman**  
Internal Audit Manager  
March 2008