

Audit Committee – 11 December 2007**INTERNAL AUDIT – INTERIM REPORT ON PROGRESS AGAINST THE 2007/08 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 2007/08 to November 2007, by:

- Providing a summary of the main issues raised by completed individual audits; and
- Showing the progress made by the section against the 2007/08 annual audit plan, reviewed by members in April 2007 (Scrutiny) and June 2007 (Audit Committee).

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

RECOMMENDATION

That the Audit Committee RESOLVES to consider the progress made against the 2007/2008 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) which requires that:

"...every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs."

In the case of the District Council, the Strategic Director (Resources) is the Section 151 Officer. One of the ways this duty is exercised is through the work of Internal Audit.

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:

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. It also requires that the Internal Audit Terms of Reference and Audit Strategy are presented to the Audit Committee for review. These documents have been included in the Audit Committee's agenda for December 2007 and cover:

Terms of Reference

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

Audit Strategy 2007/08

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 – 2007/08

Audit Plan 2007/08

5. The 2007/08 audit plan (Appendix A) was presented and accepted by Scrutiny at their meeting of April 2007 and the Audit Committee of June 2007.

Local and National Risk Based Amendments to the Plan

6. 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.
7. The audit of **Partnership Management** planned for 2006/07 was not completed due to the unexpected absence of the IAM. As a consequence it was also not taken into the original 2007/08 audit plan, but as reported to the Audit Committee has been introduced into the revised 2007/08 plan on a risk basis at the expense of a lower priority audit(s).
8. The time required to carry out this extra audit, is estimated at 8 days, and requires a lower risk area from the original plan to be suspended:

Audit	Planned Days	Reason for Suspension
Customer Services	5	Cashiering function audited in 2006/07 and indirectly through revenue systems in 2007/08.
Petty Cash	4	Relatively small sums involved and some coverage of the individual use of petty cash in audits in 2007/08.
Total	9	

9. This suspended audit in the table above will be considered for the 2007/08 audit plan at an enhanced risk score due to the lack of coverage this year.
10. The additional 1 day has been added to the planned days for the revision of Contract Standing Orders and Financial Instructions.
11. At the September 2007 Audit Committee, members requested that Internal Audit **review the project management of the introduction of the new waste arrangements** so that lessons can be learned to ensure that the problems experienced are avoided in the future. This would also require a low risk audit to be suspended from the approved Audit Plan. However, the timing of this audit work was to be at the conclusion of the revision to the arrangements. We understand from a report to the October Environmental Health Policy Development Group that 'a timescale will be identified by the end of December and routes itemised for the preferred option in the New Year. This will enable a resource plan (men, vehicles and disposal or processing points), training provision and communications plan to be developed during late January and rolled out in February 2008. New rounds will be implemented from early March 2008'. It is therefore likely that any Internal Audit review will take place in the new financial year.
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:

Audit	Planned	Used	Reason for Overspend
Completion of 2006/07 audit.	0	50	April to July 2007, finishing of 2006/07 systems and computer audits (92 days 2006/07). Audit work for 2007/08 must include transactions for that financial year, so little new year audit work can be completed in April.
Total	0	50	Overspend – 50 days

Resources and Skills

14. Sickness, at 96 days to the end of October 2007, is already beyond the 40 days planned due mainly to the unexpected seriousness of the Internal Audit Manager's (IAM) illness, which members are aware of. The IAM has mostly worked one week in two, since the June 2007 Audit Committee, until November during the period of treatment. The amount of sickness from this period onwards is expected to reduce significantly (assuming no unforeseen circumstances).
15. The loss of the resource above has been slightly offset by the greater than expected number of audit days provided by the European Grants Officer. At the end of October 109 audit days set against the planned 115 days (*Appendix A*).
16. In addition the need to buy in further resources externally was agreed with the S.151 Officer and Deputy to cover the loss of time due to the ill-health of the Internal Audit Manager. This was due in part to the request by the new incoming external auditor for the internal audit team to complete the audits of as many of the main financial systems as possible by the end of December 2007.
17. Quotations were obtained from three agencies, CIPFA, and the former external auditors PricewaterhouseCoopers for 40 days of audit resource covering 2 systems, Payroll and Housing Benefits. The work has been awarded to PwC being the cheapest quotation, with Payroll undertaken in November 2007 and Benefits in January 2008 under the management of the IAM.
18. 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

- European Computer Driving Licence – Part 1 (late 2006/07);
- Seminar on new Corporate Governance arrangements and Annual Governance Statement (replaces the Statement on Internal Control)

Senior Auditor

- ECDL – Part 2;
- ECDL – E-Type (Speed Typing)
- Advanced ECDL to commence in November 2007

European Grants Officer

- ECDL – Part 2;
- Advanced ECDL to commence in November 2007.

Progress Against the Plan

19. The 2007/08 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.
20. The reporting of individual high priority recommendations is set out at **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.
21. 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.
22. 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

23. 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 2007/08.
24. One of the key quality indicators for internal audit performance is the reliance by the external auditor upon the work done by the section. In their 2006/07 Interim Audit – Progress Report (latest available), presented to Scrutiny in April 2007, the external auditor stated 'From our review of the work performed by Internal Audit we have not identified any significant control issues that would cause us to change our audit approach. We consider that the work has generally been performed to a good standard. We have subsequently been able to place reliance from their work'.

25. At this stage in the year, another key indicator 'Completion of 2007/08 Audit Plan' is as follows:

Indicator	Target %	Actual %	Comments
Audits completed from 2006/07 audit plan.	90	90	October 2006 position: 37% October 2005 position: 41%
Audits at the end of October at various stages of completion from 2007/08 audit plan.	90	42	Unclear if targeted 90% of plan will be completed due to illness of IAM. Covalent Target (October): 47%

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 – Audit Partnership/Shared Services

27. The originally proposed partnership between Teignbridge and Mid Devon DCs and ourselves, is no longer being considered.

28. However the links with Teignbridge remains alive as part of the shared service agenda.

29. With that in mind, we have continued to work more closely with Teignbridge's audit team, sharing key documents and any other ideas that benefit both teams. The former Chief Internal Auditor has become their Service Lead for Shared Services from 1 April 2007.

30. The Contract Standing Orders have been jointly reviewed to produce as near to a single set of Contract Procedure Rules (Constitution name) as possible, as has been done on the Financial Instructions. We are grateful to the shared Corporate Procurement Officer for her input to the document.

31. Other documents shared in recent months:

- Audit Manual (TDC);
- Code of Corporate Governance and the annual Review (SHDC);
- Audit Plan 2007/07 and audit planning approach (SHDC);
- Internal Audit self assessment (TDC);
- Audit Manual 2007 (SHDC) - updated again to reflect the 2006 Code of Practice;
- Terms of Reference and Audit Strategy 2007/08 (SHDC).

32. We understand that changes under Shared Services will only be considered based on an acceptable business case, but regardless of the result the audit managers of South Hams and Teignbridge District Councils will continue to bring the teams closer together to achieve the benefits identified by the original partnership proposals.

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 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 Statement on Internal Control.	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 Statement on Internal Control (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.
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 Statement on Internal Control.	The Council's Statement of Internal Control cannot be signed if Internal Audit fails to complete the work set out in the approved risk based audit plan due to unforeseen circumstances.	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.

Conclusion

33. No issues identified by Internal Audit in the work carried out so far in 2007/08 are of a significant nature. The appendices to this report provide a summary of the auditor's opinion and the results of all audits completed.
34. The appendices to this report also demonstrate that for 2007/08 to November 2007, 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.

35. With the procurement of a small amount of additional resource, Internal Audit also expect to have completed more than our target 90% of the plan in terms of days. This is important as it provides the basis of the Internal Audit Manager's
36. 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.
37. A report on the activities for the full audit year will be brought to the Audit Committee after the end of the 2007/08 financial year.

Allan Goodman
Internal Audit Manager

Audit Committee
11 December 2007

John Foxworthy
Head of Financial Services

Mark Seymour
Strategic Director (Resources)

Summary of Appendices

Appendix A: Audit Plan 2007/08 – Progress to October 2006

Appendix B: Planned Audit 2007/08 – Final Reports: Detailed Items

Exempt Appendix C: Planned Audit 2007/08 – Summary of Results

Exempt Appendix D: Unplanned Audit 2007/08 – 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.

SOUTH HAMS DISTRICT COUNCIL

INTERNAL AUDIT – ANNUAL PLAN 2007/08



South Hams
District Council

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisations goals. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and use of resources' - *CIPFA Code of Practice for Internal Audit in Local Government 2003. Updated In Terms of Reference.*

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	2007/08 Days
Main Accounting System and Budgetary Control	1	CP6	Accounts for the Council's activities and assists in meeting the budgets set by the Council. Linking systems and audits: <i>Accounts:</i> All financial systems; <i>Budgets:</i> Council Tax (Setting); <i>Computer audit:</i> Access to system. Audit work to also cover the small number of Trusts and Bequests and Corporate Recharging.		13
Payments	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. <i>Computer audit:</i> Access to system. Including the introduction of purchase cards (<i>to be reviewed with Procurement</i>).	Draft Report	12
Payroll	1	CP6	Ensures accurate calculation and timely payment of salaries and wages to employees. Linking systems and audits: Main Accounting; <i>Computer audit:</i> Access to system. To include West Devon payroll and redundancy payments.	PwC November 2007	11
Council Tax	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; <i>Computer audit:</i> Access to system. New system 2007/08. Audit to include Parish precepts.	Commenced	14

Continued Overleaf

FUNDAMENTAL SYSTEMS (Continued)

	Priority Rating	Council Objective		Progress	2007/08 Days
NDR	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; <i>Computer audit: Access to system.</i>	Draft Report	13
Benefits	1	CP6	Ensures accurate calculation and timely payment of Housing Benefits. Linking systems and audits: Main Accounting; Council Tax; Creditors; <i>Computer audit: Access to system.</i>	PwC January 2008	29
Debtors	1	CP6	Invoices, accounts for and assists in recovery of cash due to the Council. Linking systems and audits: Main Accounting; Cash Collection; <i>Computer audit: Access to the system</i>	November	12
Treasury Management	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; <i>Computer audit: Access controls re Financial Director software.</i>	Final Report	7
Sub-Total					111

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 by 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 and service 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.

Continued Overleaf

OTHER SYSTEMS AND AUDIT WORK (Continued)					Progress	2007/08 Days
	Priority Rating	Council Objective				
BUSINESS DEVELOPMENT						
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 key.			9
Recycling	3	CP4	Audit work relating to the income, expenditure and Performance Indicators relating to the Council's recycling scheme.	Final Report		7
Sub-Total						16
COMMUNITY REGENERATION						
Planning and Development Services						
Planning Policy including S.106 Agreements	3	CP3	Review of the processes relating to planning policy with particular emphasis on the management of S.106 Agreements.			7
Sherford New Community	3	CP3	Review of the expenditure relating to this significant project for the Council.			6
Sub-Total						13
CORPORATE SERVICES						
Central Services						
Electoral Registration	3	CP6	Review of the income, expenditure and processes for the preparation and maintenance of the register of electors.	Final Report		6
Land Charges	3+	CP6	Audit of the systems in place surrounding the maintaining of the local land register and requests for certificates of search. Audit to include street naming.	Draft Report		6
Sub-Total						12
CUSTOMER SERVICES						
Customer Services/Complaints	3	CP5	Cashiering function covered in 2006/07, including feed by the cashiers system to the ledger. This time put aside for other control issues and processes, in association with the Head of Service.	Suspended 5 days		0
Sub-Total						0

Continued Overleaf

OTHER SYSTEMS AND AUDIT WORK (Continued)				Progress	2007/08 Days
	Priority Rating	Council Objective			
ENVIRONMENTAL HEALTH					
<i>Environmental Services</i>					
Housing Standards	3+	CP1	Review of the expenditure used to ensure that private sector residents live in safe and sanitary accommodation.	Draft Report	5
<i>Housing Services</i>					
Private Sector Housing Renewal	2	CP1	Common area for fraud. Coverage will include system for providing grants & loans.	Final Report	6
Sub-Total					11
FINANCE					
<i>Holding Accounts</i>					
Insurance	3	CP6	Review of all aspects of the Council's insurance including cover, costs, claims and recharging.	Final Report	7
<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 Regulations/Contract Standing Orders.		7
Sub-Total					14
ICT					
<i>Holding Accounts</i>					
Drawing Office	3	CP6	Audit of the systems in place to control all aspects of the drawing office's business.		6
Sub-Total					6
IMPROVEMENT					
<i>Other</i>					
Best Value - including Performance Indicators	1	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	35
Sub-Total					35

Continued Overleaf

OTHER SYSTEMS AND AUDIT WORK (Continued)				Progress	2007/08 Days
	Priority Rating	Council Objective			
LANDSCAPE & LEISURE					
<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.		5
<i>Planning And Development</i>					
Environmental Initiatives	3	CP3	Audit of costs that are related to protecting or improving the natural environment.		6
Sub-Total					11
MARITIME					
<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.		10
Sub-Total					10
OPERATIONS					
<i>Environmental Services</i>					
Public Conveniences	3	CP4	Review of arrangements for running, cleaning and maintaining public toilets.		7
<i>Highways, Roads And Transport Services</i>					
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.	Draft Report	10
Transport and Heavy Plant	3	CP4 CP6	Consideration of all aspects of vehicle fleet management, including recharging of costs.		7
Sub-Total					24
PLANNING AND BUILDING CONTROL					
<i>Planning And Development</i>					
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.		7
Development Control - Enforcement	3+	CP3	Review of systems relating to the monitoring and enforcing of planning conditions.		6
Sub-Total					13

Continued Overleaf

OTHER SYSTEMS AND AUDIT WORK (Continued)				Progress	2007/08 Days
	Priority Rating	Council Objective			
PROPERTY SERVICES					
Environmental Services					
Flood Defence and Land Drainage	3	CP3	Review of the expenditure used for activities relating to drainage and the prevention of flooding such as flood defences, advice and information.		5
Planning And Development					
Employment Estates	3+	CP2	Links to employment estates, audit will consider controls over both expenditure and related income.	Final Report	6
Investment Properties	3+	CP2	Links to employment estates, audit will consider controls over both expenditure and related income.	Final Report	6
Sub-Total					17
OTHER					
Petty Cash, including postage	3	CP6	Audit of expenditure from petty cash.	Suspended 4 days	0
Telephones (Mobile/Network)	3	CP6	Audit testing of the provision and use of landline and mobile telephones		5
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 day used.	5
Contingency (unplanned)	1	Various	An allowance for the numerous unexpected audit tasks and control advice to managers, including investigation of any suspected irregularities.	28 days used.	60
<i>Overspends (Paragraph 13)</i>				50 days	-
<i>Additional time European Grants Officer (Paragraph 15)</i>				Nil	-
Sub-Total					70
COMPUTER AUDIT					
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	4
Computer Audit	2	CP6	Computer audit subject to a separate planning process (Appendix B####) including liaison with the external auditors' Computer Auditor.		22
Sub-Total					26

Continued Overleaf

OTHER SYSTEMS AND AUDIT WORK (Continued)			Progress	2007/08 Days	
	Priority Rating	Council Objective			
NON-FINANCIAL AUDITS					
CPA: Use of Resources/ Corporate Governance	1	CP6	Work relating to Use of Resources assessments. Audit of the Council's Local Code of Corporate Governance and subsequent report with the S.151 and Monitoring Officer to the Audit Committee.	10	
System of, and Statement, on Internal Control (SIC)	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 SIC. (SIC Control Environment: achievement of objectives, policy and decision making, complying with policies etc., risk management, financial management, best value and performance management) The SIC is to be approved at a meeting of the Council on the recommendation of the Audit Committee, who should seek to satisfy themselves that they have obtained sufficient, relevant and reliable evidence to support the disclosures made. Following approval the SIC is to be signed by the most senior officer and most senior member of the Council.	Audit C'ttee Sept 2007 Final Report	15
Risk Management/Business Continuity Including audit based on risk register: • Recruitment	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. For 2007/08 the selected area is the Council's recruitment process and will include expected new computer software.		20
Freedom of Information and Data Protection		CP5 CP6	To review the arrangements that the Council has made for the necessary processes to meet the requirements of the Freedom of Information Act. Continues to comply with the Data Protection Act.		5
Procurement including Leasing		Various	To consider the Council's policies and arrangements for procurement to include the review of any leasing agreements and the use of purchase cards.		5
<i>Partnership Management</i>	3	CP6	<i>Review of a sample of partnerships to ensure that they are being managed within the requirements of related Council policies.</i>	4	8
Sub-Total					63

Continued Overleaf

OTHER SYSTEMS AND AUDIT WORK (Continued)				Progress	2007/08 Days
	Priority Rating	Council Objective			
PARTNERSHIP WORKING					
External Partners					
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	5
External Audit	1	CP6	By agreement, audit work on financial systems and performance indicators.	-	-
Neighbouring Councils					
Teignbridge District Council	1	CP6	Exchange of audit resource where mutually beneficial, including computer audit advice.	-	-
Sub-Total					5
AUDIT MANAGEMENT				Days Used	Days
Audit Administration			-	17	20
Audit Management, including Audit Planning			-	11	15
Audit Monitoring Reports to Management and Audit Cttee			-	6.5	15
Training			-	1	10
Miscellaneous e.g. Shared Services			-	-	5
Financial Instructions				Completed	<i>Increased to 6</i>
Contract Standing Orders				Commenced	
Sub-Total					66
TOTAL RESOURCES REQUIRED 2007/08 From above					523
RESOURCES AVAILABLE					2007/08 Days
2 Whole Time Officers					522
European Grants Officer - Estimated					115
Sickness Basis of Estimate: CIPFA Guidance					-40
Bank Holidays					-20
Annual Leave					-54
TOTAL RESOURCES AVAILABLE					523
Allan Goodman					
Internal Audit Manager					
March 2007					



**South Hams
District Council**

SOUTH HAMS DISTRICT COUNCIL

INTERNAL AUDIT

ANNUAL COMPUTER AUDIT PLAN – 2007/08

AUDIT AREAS	Priority Rating	Council Objective	Progress	2007/08 Days
Installation & Healthcheck , including: <ul style="list-style-type: none"> • Database Management • Environment Controls • Input Data and Running Files • Access control • Back-up • Disaster Recovery 	1	CP6		8
Security & Strategy CIPFA Guidance - <ul style="list-style-type: none"> • IS/ICT Strategy. 	3	CP6		7
E Commerce CIPFA Guidance - <ul style="list-style-type: none"> • E Commerce. 	3	CP6		7
Other Reviews <ul style="list-style-type: none"> • Follow up of prior year reports; • E-Government; • Telecommunications Network; • CAATs; • Follow up of prior year reports; and • Other – through liaison with the external auditors and updating of the risk assessment. 	2	CP6		Included above or in main audit plan
TOTAL RESOURCES REQUIRED				22
RESOURCES AVAILABLE				2007/08 Days
Computer Audit in Main Audit Plan (Appendix A)				22
TOTAL RESOURCES AVAILABLE				22

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 (above).

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 2007

Planned Audit 2007/08 – Significant Issues

Detailed Report Items

No individual issues were considered significant enough to bring to the attention of the Audit Committee.