

Audit Committee - 13th April 2006

Report of the Director of Finance

Audit Plan For The 2006/2007 Financial Year

Purpose of the Report

1. To inform members of the work that the Audit Services Division plan to undertake during the financial year from 1st April 2006 to 31st March 2007.

Background

2. The Accounts and Audit Regulations 2003 require that the Council maintains “an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.” The work of the Audit Services Division enables the Council to comply with this requirement of the Accounts and Audit Regulations. In addition, it provides the Council's section 151 officer (the officer with the legal duty to ensure the proper administration of the Council's financial affairs – in Dudley this is the Director of Finance) with assurance that the financial affairs of the Council are conducted in a proper manner.
3. As part of its work, the Audit Services Division liaise closely with the Audit Commission (the Council's external auditors) and plan to undertake a level of work on all main financial systems such that the Audit Commission can rely on the work carried out by Audit Services and do not have to undertake their own tests on the systems. The Audit Services Division have consistently completed their planned work in such a manner that the external auditors have been able to rely on that work.
4. The Accounts and Audit Regulations also require that internal audit operates in accordance with proper audit practices and the Chartered Institute of Public Finance and Accountancy (CIPFA) has produced a Code of Practice that the Audit Services Division follows. The scope of internal audit work includes, but is not limited to, financial control arrangements and the Code of Practice requires that the Head of Audit Services considers the results of the Council's risk management process when determining what should be audited. Such an approach is, however, dependant upon the Head of Audit Services being satisfied with the quality of the outputs from the risk management process.

5. Although significant progress has been made towards implementing the Council's risk management strategy the work is not yet complete. The Head of Audit Services and the Director of Finance agreed that outputs from the risk management process should not be used for audit planning purposes at present so, in accordance with the Code, the Head of Audit Services used an alternative risk assessment methodology. This is consistent with the assessments used by Audit Services for the previous 5 years (and accepted as a reasonable approach by the Council's external auditors). This assessment of the comparative risk has been used to develop a strategic audit plan, which commenced on 1st April 2004 and has a four-year life.
6. The plan uses the risk assessment to determine the frequency with which the various systems should be audited and the Head of Audit Services balances the need for audit coverage against the available resources. The audit plan does not, therefore, include some of the low risk aspects of the Council's operations. The systems that are assessed as high risk are audited each year whilst others are examined every two years. The majority, however, are audited once during the four year life of the strategic plan.
7. Audit Services consulted with all Directors before the strategic plan was produced in 2004 and also consult annually, around January, to identify new activities that should be considered for audit and any activities that are no longer taking place and can be removed from the audit plan. Audit Services then amend the strategic plan as necessary, based upon the results of these consultations, and the annual plan is those items in the strategic plan that are scheduled for audit in the relevant financial year.
8. Appendix A identifies those elements of the strategic plan that are scheduled for review during 2006/07.

Finance

9. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Finance Directorate.

Law

10. The Account and Audit Regulations 2003 require the Council to have an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.

Equality Impact

11. This report does not raise any equal opportunities issues.

12. The work included in the audit plan will help to protect the interests of children and young people, albeit they were not consulted on, or involved, with the development of the plan.

Recommendation

13. That members note the content of this report and approve the audit plan for 2006/2007, as set out in Appendix A.



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DIRECTOR OF FINANCE

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Appendix A - 2006/2007 Planned Audit Work

<u>Audit</u>	<u>Person Days</u>	<u>Percentage [%]</u>
Adult, Community & Housing Services	326	17
Chief Executives	112	6
Children's Services	768	39
External Contracts	32	2
Finance, ICT & Procurement	304	15
Honorary	36	2
Law & Property	120	6
Urban Environment	252	13
Total	1950	100

ADULT, COMMUNITY AND HOUSING SERVICES

Building Services

20 days

Repairs

Id/evaluation of new repairs materials/processes

Subcontracting

Subcontract control / post contract control

Business Services

66 days

Finance Office

Financial Assessments

Legacies

Purchasing

Human Resources

Training

Race & Equality

Personnel

Other

Policy & Review

Community Education

20 days

Neighbourhood Learning Centre

Pensnett & Brockmoor

Youth & Community

Community

Directorate

34 days

Risk Management

Performance Management

Housing Management

70 days

ICT Application Reviews

I-World

Lettings

Private Sector Housing

Other properties (garages, shops etc)

Rechargeable Works

Rent Collection

Rent Collection & setting

Strategy

Service Quality/Tenant Satisfaction

Learning Disabilities and Mental Health

29 days

Assessment & Care Management

Community Team Learning Disabilities

Elderly

Adult Placement Scheme

Learning Disability

Lower Gornal SEC

Appendix A - 2006/2007 Planned Audit Work

Mentally & Physically Impaired

Libraries

Adult Education

Information Team

Main libraries

Older People / Physical Disability

Assessment & Care Management

Elderly

Other

Purchasing

Woodside Day Centre

24 days

Library Book Fund

Information Team

Stourbridge

63 days

Brierley Hill District Office

Roseville Day Centre

Homecare - Dudley

Tiled House

Wallbrook

Transport - External

Purchasing - Brierley Hill

CHILDREN'S SERVICES

Access & Inclusion

Home and Hospital Tuition Service

Individual Pupil Support

Learning Support Service

Pupil Support Unit

Children & Families

Administration Services

Assessment & Care Management

Commissioning & Social Work

External Fostering Services

Fieldwork Services

Internal Fostering Services

Internal Residential Care

Other Children Looked After
Service

Transport

Community Education

Administration

Central Support

Youth & Community

Youth and Community Team

Directorate

Resources & Planning

Buildings and Estates Team

35 days

Home / Hospital Teaching

Bromley - Pensnett Assessment Centre

Learning Support

Mere Education Centre

89 days

Dudley South Assessment/Care Management B.Hill

Emergency Duty Team

Youth Offending Team

C.A.M.H.I.S.S.

External Family Placements

Assessment South Team 2

Care Management South Team 2

Fostering

Maitland Road

Education Support Service

Transport

44 days

Youth & Community Grants to Voluntary Bodies

Health Promoting Team

Detached Youth Work Team

Brierley Hill Area Youth

Stourbridge Area Youth

26 days

Risk Management

Performance Management

63 days

Buildings & Estates Team

School Contract (non-DPC) Audits

Appendix A - 2006/2007 Planned Audit Work

Catering and Caretaking Dep't	Kitchens
	Client Cleaning & Catering
Education Personnel Team	Training & Development
School Effectiveness	18 days
Education Development	Regional Staff College
Special Needs Service	Assessment
Schools Division	
Financial Management Standard	140 days
	Gap Analysis
	Pre-Assessment Review
	Training & Assistance
Primary Schools	45 days
	Colley Lane
	Peter's Hill
	Priory
	Queen Victoria
	Roberts
Secondary Schools	308 days
	Bishop Milner R.C. School
	The Wordsley School
	Castle High School
	Coseley School and Sports College
	Cradley School
	Crestwood School
	Dormston School
	Earls School
	Pedmore Technology College and Community School
	Hillcrest School
	Leasowes School
	Pensnett School of Technology
	Redhill School
	Ridgewood School
	Summerhill School
	Thorns School & Community College
	Ellowes Hall Foundation School
	High Arcal Foundation School
	Holly Hall Foundation School
	Kingswinford Foundation School
	Oldswinford Hospital School
	Windsor Foundation School
<u>HONORARY AUDITS</u>	36 days

Appendix A - 2006/2007 Planned Audit Work

Jigsaw Youth Theatre
Astley Burf Trust
Dudley Council Voluntary Services
Dudley Arts Council
Stevens Trust
Earls High Trust
Windsor School Sports Coordinator Programme
Coseley School Sports Coordinator Programme
Ellowes Hall School Sports Coordinator Programme

CHIEF EXECUTIVE

Business Support

26 days

C E Risk Management
Tender Opening
Dudley Council Plus

Corporate Management

32 days

Marketing & Communications Unit
Corporate Risk Management
Corporate Governance
Statutory performance indicators [Including LPSA]

Application Reviews

10 days

PICKWICK (Electoral Register)
Human Resources

Members

4 days

Mayoral / Member Allowances

Personnel

40 days

Central Safety
CONDAM Regulations
Central Training
Personnel Operations

EXTERNAL CONTRACTS

Internal Audit Work

32 days

Black Country Connexions

FINANCE

Accountancy

40 days

Control accounts
Treasury
Bank Reconciliation Review
FMR [Including Financial Regulations review]

General

42 days

CFS/provision of financial information
Capital Accounting Review
Income tax
Appointment of Consultants

Appendix A - 2006/2007 Planned Audit Work

Risk Management	Grant income/claims 16 days
Benefits	Finance Risk Management 15 days
Exchequer	Housing Benefits Review 20 days
IT Services	Creditors system Debtors System Review 104 days
Application Reviews	Geographical Information System Electronic Transactions [BACS]
Corporate Systems	Debtors CFS [Ledger Accounting] CFS Implementation Purchasing/Creditors
IT Infrastructure	Internal Network Infrastructure Windows Unix Mobile Computing
Management Arrangements	Change Management Internet Site Procurement
Payroll	20 days Payroll system [Incl car allowances and expenses]
Purchasing	15 days Procurement including trading account
Revenues	32 days Business rates Cash receipting system Council Tax Review
<u>LAW & PROPERTY</u>	
Administrative Support	16 days Law & Property Risk Management
Corporate Estates Services	45 days Asset Management Plan GVA Grimley system Property & land acquisitions & disposals Lease renewal/new lets Corporation estate, Industrial estates etc
Legal & Democratic Services	8 days Common Law Completion of contracts
Property Consultancy	51 days Electrical/mechanical - Pre-Contract Property Condition Surveys
Electrical & Mechanical	
Surveyors	

Appendix A - 2006/2007 Planned Audit Work

Prioritisation of Building Repairs
Maintenance solution - Contract control

URBAN ENVIRONMENT

Culture & Community

Himley Hall

Sport & Recreation

20 days

Himley Hall

Coseley Pool

Development & Environmental Protection

Development Services

36 days

Planning Policy

Development Control

Public Protection

Env Protection/Int Pollution Prevention Control

Contaminated land strategy

Economic Regeneration

Design & Projects

85 days

Standing Lists

Urban Design

Engineering

Geotechl/Env Works - Pre-Contract/Contract Control

Highways Major schemes - Contract control

Highways Partnering Contracts Administration

Structures (Incl bridge inspection) - Pre-Contract

Resources & Partnerships

Regeneration Coordination

Traffic & Road Safety

Traffic Management (incl Strategy)

Highway properties

Economic Well Being

Economic Well Being

Environmental Management

Street Care

85 days

Car parks inc & exp [including application review]

Contract Control - Highways Maintenance

Street lighting/Pelican Crossings/Traffic signals -
- Inventory maintenance/control & energy

Gully emptying

Cesspool emptying

Waste Care

Pest Control

Trade Waste Collection & Charges

Waste Management

Waste Disposal

Directorate

26 days

Technical Procedures Manual

D U E Risk Management