

**Audit Committee - 15<sup>th</sup> April 2010**

**Report of the Interim Director of Finance**

**Audit Plan for the period 2010/2011**

**Purpose of the Report**

1. To inform members of the work that the Audit Services Division plan to undertake during the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011.

**Background**

2. The Accounts and Audit Regulations 2006 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 Interim 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 plans 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. The Council’s risk management strategy is reasonably embedded across the Authority and the Head of Audit Services has reviewed the risk register to

6. The plan [[see Appendix A](#)] uses risk and judgemental 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, three or four years.
7. Audit Services has consulted with all Directors about the plan, to obtain their views and 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. We have reconsidered the Plan based upon these consultations and amended it accordingly, which has led to adjustments to the original plan for 2010/11 which are illustrated in [Appendix B](#). The adjustments reflect closed establishments, new ways of working, new Directorate structures, etc. Early in the new financial year Audit will review the strategic audit plan to establish the resources and planning implications for 2011/12 and beyond.
8. Audit Services has an establishment of 15 FTE. At present we have 13 FTE [plus one Auditor on a temporary contract] in post. I believe we can deliver the revised plan with 13 FTEs and my intention is to use that capacity extra to recruit two Auditors who can concentrate on VFM audits on a self-funding basis.

### **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 2006 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 2010/2011.



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**Bill Baker**  
**Interim Director of Finance**

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## Appendix A

### **Audit Plan : April 2010 to March 2011**

<b>DIRECTORATE</b>	<b>DAYS</b>
<b>ADULTS, COMMUNITY &amp; HOUSING SERVICES</b>	<b>282</b>
Consultancy	Application Reviews
Follow up	DACHS Budgetary Control
Directorate Procurement	Service Quality/Tenant Satisfaction
Psychiatric Hospitals Assessment (EMI Team)	Admin - LMHU
Mental Health Trust	Adult Protection
Transforming Social Care	Brett Young Day Centre
Brettell Lane Day Centre	Rowan Lodge Day Unit
Community Equipment Service	Russell Court Day Care
Procurement of Aids/Adaptations	Queens Cross Network
Pavillions Day Centre	Abacus (Managed audit)
Court of Protection	Personnel & Payroll Procedures
Stores/materials purchase	Partnership Contract Review
Noise Pollution	Cleaning Contract
Rechargeable Works	Rent Collection & setting
Library Materials Fund	North Dudley Locality
Library Service - central services	Stourbridge Locality
<b>CHILDRENS SERVICES</b>	<b>251</b>
Looked after Children	Primary Capital Programme
Maitland Road	Parkes Street
Tipton Road	Rydal
Adshead Road	External Residential Placements
Family Assessment Centre	Abberley Street PRU
Home / Hospital Teaching	Mere Education Centre
Youth Offending Team	Grants to voluntary bodies
Consultancy	Contactpoint
Follow up	Childrens Services ICT applications
Performance / Risk Management	Departmental Purchasing
North Area Youth	LSC Transfer
14-19	Lottery Funding
Common Assessment Framework	Partnerships
Dormston Kitchen	Earls High Kitchen

<b>DIRECTORATE</b>	<b>DAYS</b>
Crestwood Kitchen	Netherbrook Kitchen
Pensnett Kitchen	High Arcal Kitchen
Ellowes Hall Kitchen	Jessons Kitchen
School Cruise	Kitchens
Summerhill & Colley Lane PFI	
<b>CHIEF EXECUTIVE</b>	<b>270</b>
Administrative Support	Use of Resources
Directorate Procurement	Partnership Governance
Project Management	LAA
Follow Up	Equality & Diversity
External Funding	Annual Governance Statement
Corporate Governance	Value for money
Efficiency Processes	
<b>FINANCE &amp; ICT</b>	<b>313</b>
National Fraud Initiative	IT Disposal Management
IT Telecomms	IT Operations and Facilities Management
IT Incident and Problem Management	IT Windows
IT Unix	IT Internet Site
IT Performance and Capacity Management	Bank Reconciliation Review
Control accounts	Treasury
Financial Regulations/FPM	Capital accounting
Housing Benefits Review	Corporate Risk Management
Consultancy	Follow Up
Application Review	Creditors system
Debtors System Review	Teachers Pension Scheme
Central Establishment Charges	IT Procurement
Payroll system including car allowances and expenses	Procurement including trading account
Business rates	Council Tax Review
Revenues Exchequer Team	CAATS
<b>HONORARY AUDITS</b>	<b>31</b>
Jigsaw Youth Theatre	Stevens Trust
Earls High Trust	Astley Burf Trust
Dudley Council Voluntary Services	Dudley Arts Council
Windsor School Sports Coordinator Programme	Ellowes Hall School Sports Coordinator Programme
Coseley School Sports Coordinator Programme	Coseley Competitive Manager

<b>DIRECTORATE</b>	<b>DAYS</b>
<b>LAW &amp; PROPERTY</b>	<b>70</b>
RIPA	Licensing including vehicle inspections
Mayoral/Members Allowances	Central Training
Health & Safety	Post Contract (all contract areas)
Crown centre	Leases
<b>URBAN ENVIRONMENT</b>	<b>240</b>
Himley Hall	Development Control
Contaminated land strategy	Health and Safety Enforcement
Environmental Protection/Integrated Pollution Prevention Control	Consultancy
Follow Up	Application Review
Directorate Personnel & Payroll Procedures	Economic Regeneration
Highways Partnering Contracts Administration	Geo technical (all contract areas)
Lye Business Centre	Prince's Trust
Traffic Management (incl Strategy)	Car parks income & expenditure [including application review]
Gully/Cesspool emptying	Waste Disposal
Maintenance of vehicles	Driver permit scheme training & improvement
Pest Control	Trade Waste Collection & Charges
Business Support inc purchasing and central personnel functions	Directorate Performance/Risk Management
Directorate H&S	
<b>SCHOOLS [INCL FMS]</b>	<b>387</b>
External Assessment - Primary Phase 1	Annual Assessment - Primary Phase 2
Recruitment	Northfield Road
Bromley Hills	Netherton CE
St James' C of E	Wrens Nest
Alder Coppice Foundation School	Peter's Hill
Priory	Wollescote
Brockmoor	Glynne
Hob Green	Hurst Green
Jessons	Cotwall End
Dudley Wood	Howley Grange
Newfield Park	Roberts

<b>DIRECTORATE</b>	<b>DAYS</b>
Russells Hall	Ashwood Park
Withymoor	Huntingtree
Queen Victoria	Sledmere
Netherbrook	Kates Hill
Blowers Green	Greenfield
Highgate	Olive Hill
Christchurch	Milking Bank
Redhall	Ham Dingle
The Brier Special School	Old Park Special School
Pens Meadow Special School	Sutton Special School
Thorns Secondary	
<b>TOTAL</b>	<b>1844</b>

## Appendix B

### **Audit Coverage 2005 to 2011 : By Directorate**

<b>Audit</b>	<b>05/06 Actual</b>	<b>06/07 Actual</b>	<b>07/08 Actual</b>	<b>08/09 Actual</b>	<b>09/10 Plan</b>	<b>09/10 Actual</b>	<b>10/11 Plan Original</b>	<b>10/11 Plan Amend</b>
<b>Adult, Community &amp; Housing</b>	<b>335</b>	<b>286</b>	<b>198</b>	<b>388</b>	<b>350</b>	<b>310</b>	<b>302</b>	<b>282</b>
<b>Chief Executive</b>	<b>32</b>	<b>84</b>	<b>132</b>	<b>125</b>	<b>305</b>	<b>346</b>	<b>323</b>	<b>270</b>
<b>Children's Services</b>	<b>287</b>	<b>225</b>	<b>174</b>	<b>203</b>	<b>280</b>	<b>284</b>	<b>304</b>	<b>251</b>
<b>External Contract - Connexions</b>	<b>45</b>	<b>35</b>	<b>36</b>	<b>41</b>	<b>34</b>	<b>0</b>	<b>34</b>	<b>0</b>
<b>Finance, ICT &amp; Procurement</b>	<b>218</b>	<b>292</b>	<b>212</b>	<b>290</b>	<b>355</b>	<b>282</b>	<b>347</b>	<b>313</b>
<b>Honorary</b>	<b>42</b>	<b>41</b>	<b>29</b>	<b>26</b>	<b>31</b>	<b>25</b>	<b>40</b>	<b>31</b>
<b>Law &amp; Property</b>	<b>149</b>	<b>89</b>	<b>63</b>	<b>96</b>	<b>113</b>	<b>99</b>	<b>98</b>	<b>70</b>
<b>Schools</b>	<b>318</b>	<b>412</b>	<b>596</b>	<b>460</b>	<b>356</b>	<b>365</b>	<b>425</b>	<b>381</b>
<b>Urban Environment</b>	<b>199</b>	<b>202</b>	<b>245</b>	<b>150</b>	<b>198</b>	<b>199</b>	<b>225</b>	<b>240</b>
<b>Total [Note 1]</b>	<b>1625</b>	<b>1666</b>	<b>1685</b>	<b>1779</b>	<b>2022</b>	<b>1913</b>	<b>2098</b>	<b>1844</b>
<b>Additional VFM input</b>								<b><u>190</u> 2034</b>
<b>Number of Audits</b>	<b>181</b>	<b>193</b>	<b>229</b>	<b>205</b>	<b>197</b>	<b>196</b>	<b>222</b>	<b>196</b>

**Note 1 : The totals are affected by factors such as the number of vacancies, level of maternity leave, sick leave, etc.**