

AGENDA ITEM

Audit Committee

DATE: 25th JULY 2007

INTERNAL AUDIT PLAN 2007/08

Paul Slocombe - Director Of Resources

PURPOSE OF REPORT

1. To present to Members an Audit Strategy for the Council and to set out a plan of work to be completed by Internal Audit in the 2007/2008 financial year.

BACKGROUND

Internal Audit Strategy

2. The function of Internal Audit is to provide to the Council an independent and objective opinion on the control environment, by evaluating its effectiveness in achieving the Council's objectives by working closely with the Audit Committee, Director of Resources and Chief Executive.
3. The control environment is comprised of financial, risk and performance management systems as well as governance and compliance with established policies procedures, laws and regulations. Internal Audit arrives at its opinion having undertaken sufficient, evidenced work to form a conclusion about the activity examined. The opinion is expressed annually and is an important element of the Corporate Governance arrangements of the Council.
4. In compliance with the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 ('the Code') an Audit Strategy (Appendix A) has been prepared setting out at a high level how the Internal Audit Service will be delivered and developed in accordance with the Council's objectives and priorities. The Audit Strategy will be implemented through the risk based audit plan.

Annual Audit Plan 2007/2008

5. The plan is based upon Internal Audit's risk assessment of the Council's audit need. It is designed to provide the Audit Committee with assurance that the Council's framework of internal control is effective and support the Committee's review of the corporate governance arrangements of the Council.
6. The annual audit plan sets out how Internal Audit resources will be deployed between assurance and any consultancy work and fraud related work. It lists the audit work areas to be covered in achieving the requirements of the audit code of practice and will enable the audit Manager to provide an overall opinion on the Authority's internal control arrangements at the year end.
7. The audit resources are focused on areas that represent the greatest risk to the Authority. The allocation of Internal Audit resources has been determined by:
 - the content of Corporate and Service risk registers
 - listing of key critical services (and associated IT system) defined to assist Business Continuity Management Planning
 - the outcome of discussions with Heads of Service
 - the outcome of discussions with the external auditors
 - Internal Audit Section's own views on areas of material risk not identified by other means
8. For each area included in the plan, a level of risk has been identified. The vulnerability of each auditable area has been assessed using a technique, which considers and scores identified threats. The scores take into account the Council's risk management process as well as result of previous audits and changes introduced by services to enhance internal controls.
9. To ensure the work of Internal Audit remains focused on the risks facing the Council, the allocations to work areas will be re-assessed throughout the year to determine their continued appropriateness in the light of any emerging threats and vulnerabilities.
10. The content of the plan has been discussed with Heads of Service and amended where appropriate to take their views into account. The Audit Plan for 2007/2008 is attached at Appendix B.
11. Members of the Audit committee will receive regular reports on the progress against the Internal Audit Plan.
12. Completion of the Audit Plan is subject to adequate and appropriate resources being available throughout the year.

FINANCIAL CONSIDERATIONS

13. None.

RECOMMENDATIONS

14. The members of the audit committee are asked to consider and comment on:
- a) the Audit Strategy;
 - b) the Annual Audit Plan for financial year 2007/2008.

REASONS

15. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 recommends that the Audit Committee considers, but not direct, the Audit Strategy and Audit Plan.
16. The report is a key component of the corporate assurance framework. Its purpose is to inform Members of the work of the Internal Audit Section for financial year 2007/2008

BACKGROUND PAPERS

- Code of Practice for Internal Audit in Local Government in the United Kingdom 2006
- Annual Strategic Plan 2005/2006 – 2007/2008
- CIPFA Guide to Audit Committees in Local Government
- Corporate and Directorate Risk Registers

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INTERNAL AUDIT STRATEGY

INTRODUCTION

1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements that together make up the control environment.

AUDIT OBJECTIVES AND OUTCOMES

2. The function of Internal Audit is to provide to the Council an independent and objective opinion on the control environment, by evaluating its effectiveness by working closely with the Audit Committee, Director of Resources and Chief Executive.
3. In providing its opinion, the Internal Audit Service will comply with 'proper practices' as set out in the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the 'Code'). To comply with the 'Code' Internal Audit must have done sufficient evidenced work to form a supportable conclusion about the activity that it has examined.
4. The main outcomes from the work of Internal Audit are:
 - Audit reports produced at the conclusion of each audit, for the relevant service manager, Head of Service and Director
 - Regular update reports for the Audit Committee on progress against the plan
 - Audit Managers overall opinion on the Authority's internal control arrangements at the year end;
 - An annual assurance report for the Audit Committee

HOW THE SERVICE WILL BE PROVIDED

5. An in-house team delivering an agreed programme of audits provides the Internal Audit Service. The team is managed by the Audit Manager who reports to the Deputy Director of Finance/Director of Resources.
6. Individual auditors are required to comply with the Cipfa Code, all relevant ethical and technical standards issued by their professional bodies and with all relevant codes of conduct issued by the Authority.
7. Internal auditors are expected to:
 - Exercise due professional care based upon appropriate experience, training, ability, integrity and objectivity;

- Maintain and keep up to date their professional knowledge and skills and to participate in any continuing professional development scheme (CPD) operated by their professional body;
- Comply with the Authority's rules about declaring interests;
- Obtain and record sufficient audit evidence to support their findings and recommendations;

8. The internal audit service must be independent of the activities that it audits.

RESOURCES AND SKILLS

9. The establishment of the Internal Audit Service equates to 14 full time equivalent posts, however 5.5 posts are currently vacant. Current staffing levels are supplemented by the use of staff supplied by a recruitment agency. Although the Internal Audit Section has a high number of vacant posts the available resources are not significantly below those of Internal Audit Sections at other Unitary Authorities. The benchmark figure is an establishment of 9/10 auditors
10. The level of skills and experience within the Internal Audit Service is high with 5 auditors having over 10 years audit experience. Four auditors hold a professional accounting qualification with four other auditors possessing the Accounting Technicians qualification. Two holders of the Accounting Technician qualification are studying to obtain a professional accounting qualification whilst a trainee is studying to obtain the Accounting Technician qualification.
11. To ensure that Internal Audit retains the skills to conduct fraud investigations an officer is undertaking training leading to the CIPFA Investigative Practices Qualification. The results of the training will be cascaded to other Auditors increasing the level of specialist skills available to the Council.

THE AUDIT PROCESS

11. The approach to internal audit work for the Council is based upon the 'Code' of Practice for Internal Audit In Local Government in the United Kingdom 2006. It follows the principles of best practice and is subject to continuous review.
12. An Annual Plan covering the key auditable risks facing the Council is to be produced. The plan will be developed in consultation with Heads of Service and take into account of the Authority's risk management process.

13. The Plan may be updated during the year to reflect changes to systems or processes or in the risks facing the Authority. All managers are expected to notify Internal audit of such changes immediately they become aware of them.
14. The amount of audit resource allocated to particular areas is identified by an assessment of risk. The level of risk also determines the frequency with which auditable areas will be subject to review. This ensures that key risks are reviewed on a more regular basis. The aim of this approach is to ensure the maximum level of assurance is provided with the minimum level of audit coverage.
15. The Audit Manager will use his/her judgement in assessing the number of days required for each planned audit. The level of resource applied is a product of:
 - Relative risk of the auditable area
 - Complexity of the system in place
 - Management concerns
 - Assurance brought forward from previous year's audit
 - Type of audit undertaken
16. There will be a brief produced for most audits, which is to be agreed with the relevant line managers before work is started. Reasonable notice will be given before the start to minimise any service disruption
17. Internal Audit have the right for unannounced visits where the Audit Manager considers it necessary.
18. There will be a timely audit report with clear audit opinion, recommendations and agreed management response produced at the end of each audit.
19. All information obtained during an audit will be safeguarded. Information obtained will not be used for personal gain or disclosed unless there is a legal or professional requirement to do so (for example under the Freedom of Information Act).

QUALITY ASSURANCE

20. The quality of work is assured through the supervision of staff, and the subsequent review of draft reports and files of working papers by the Audit Manager, Deputy Audit Manager or Principal Auditor. All staff will use the Audit Manual that stipulates the quality control mechanisms that will operate on each audit assignment.

21. The Authority's external auditors will review the quality and scope of Internal Audit work on a regular basis.

TYPES OF AUDIT UNDERTAKEN

Key financial systems audit

22. Key financial systems are high-risk areas due to the value and volume of transactions involved and are reviewed annually to provide assurance that controls are in place and are complied with. A 'systems' based audit is to be carried out on these systems (creditor payments, debtors, council tax, NNDR, housing & council tax benefits, payroll, pensions etc.) at central, service and establishment level.

Departmental systems

23. The risks attached to the range of systems operated within services will be reviewed during the draft planning process and will be included in the annual plan as appropriate. These systems are generally of medium risk to the Council as a whole and will be audited every two to three years.

Establishment audits

24. All Council establishments will be audited within a planned frequency range from two to three years depending on the risks associated with each type of establishment. A systems based approach will be applied to these audits.

Schools Audits

25. Internal audit work carried out at schools has been reviewed to take into account the requirements of the Financial Management Standards in Schools (FMSiS) implemented by the DfES during 2006/2007. The work of Internal audit will assist schools to demonstrate the high level of financial competence expected by the DfES.

Fraud and irregularity

26. One of the objectives of Internal Audit is to identify fraud as a consequence of its reviews and to deter crime. Trained Internal Auditors are able to identify the potential for fraud when carrying out their work. The Council has a good record of reporting suspected irregularities to Internal Audit in accordance with financial regulations. Records show that occurrences of fraud and irregularities are low.

27. Membership of the National Anti-fraud Network will ensure that Internal Audit are kept aware of the type and incidence of fraud and corruption in other local authorities and this information is used to plan the allocation of audit resources etc.

Systems Development

28. Managers are required to consult Internal Audit at about plans for major or complex changes to systems. Internal Audit is most efficient when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of system developments.

Information Technology Audits

29. System auditing skills will be applied to review the running of IT systems / procedures and to check :
- the accurate running of business processes on computers;
 - effective 'information security frameworks' are in place i.e. access and authorisation processes are robust;
 - the council's procurement processes for developing and acquiring new systems and facilities are followed;
 - The economy, efficiency and effectiveness in the use and exploitation of IT facilities.

Value for Money

30. When a Service is carrying out a review and is considering options that have a material impact on risks and key controls the Audit Manager must be informed at an early stage. Internal Audit can assist managers by supplying information and knowledge gained during audits where this is relevant.

Procurement / Contract Audits

31. The focus for procurement audits will be on the authority's corporate procurement strategy and associated management structures and processes, including contract procedure rules and procurement guidance. The traditionally based contract audit work will still be carried out but will only undertaken as part of a detailed examination of contracting procedures within a technical section managing a significant number of construction contracts.

Irregularity investigations

32. Internal Audit is responsible for conducting anti-fraud work throughout the Council and unplanned irregularity investigations will undertaken as the need arises. Contingency time allocations will be set within the Annual Plan.

RIGHT OF ACCESS

33. Internal auditors have unrestricted access to all the Authority's personnel, premises, documents, records, information and assets including those of partner organisations. Internal auditors have authority to access all computer data as part of their work, including that registered under the Data Protection Act.
34. Internal auditors are authorised to obtain the information and explanations they consider necessary from any employees, partners or agents of the Authority to fulfil their objectives and responsibilities. Managers must ensure that Internal Audit access is considered when preparing partnership agreements.

RELATIONSHIP WITH EXTERNAL AUDITOR

35. Regular liaison meetings will be held with the Council's external auditors in accordance with an agreed protocol which covers:
- Information sharing
 - Reliance on each others work
 - Joint planning to ensure that audit resources are maximised and to prevent duplication of work.

REPORTING STRATEGY

Reporting arrangements for Internal Audit are summarised below:

Service Managers / Heads of Service / Directors	Detailed audit report produced at the conclusion of each audit.
Audit Committee	Audit Strategy
	Annual Audit Plan
	Quarterly summary progress report
	Annual summary outturn report

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Fundamental Financial Systems			
Budgetary Control	Assurance that the total budget is broken down into a hierarchy reflecting responsibility of specific managers, communicated to the appropriate member of staff who has responsibility for control of those areas. Processes to monitor budgeted expenditure on an ongoing basis are effective. Includes work carried forward from 2006/2007	H	35
Capital Accounting	Assurance that there is compliance with accounting rules. To include a review of policies, amendments to the Fixed Asset Register (FAR), the accuracy of valuation, depreciation and capital charge calculations etc. This audit will also review sample entries made to the FAR and traced to the balance sheet. Includes work carried forward from 2006/2007	H	40
Cash Receipt & Banking	Assurance as to the receipt and accounting of income; also that the central location receiving income is secure. Arrangements for banking income are secure and timely. Assurance that the central petty cash managed by cashiers and other payments are accurate and are accounted for correctly.	H	25
Council Tax	Assurance that valuations of properties are kept up to date, liability is calculated correctly, bills are accurate and issued promptly, refunds are calculated accurately and there is a robust system of recovery and enforcement	H	25
Creditors	Assurance that only bona fide creditors are paid after the Council has received the goods and services ordered. Payments are accurate and on time	H	25
Debtors	All debts due to the Council are identified, raised and cleared at the appropriate time and that all receipts	H	25

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
	are accepted, recorded and banked promptly. Arrangements are in place to recover outstanding debt and manage unrecoverable debt.		
Housing & Council Tax Benefit	Assurance that benefit is assessed accurately, payments are made correctly and overpayments are identified and recovered. There is a robust system for the prevention and detection of fraud. There is a system for processing weekly incorrect benefits. Subsidy claims are completed accurately and timely and a performance measurement system is in place. Includes work carried forward from 2006/2007	H	72
Main Accounting System	Assurance that the Council's financial information requirements are met. It is accurate and complete. Data is held securely at all times. SAP feeder system interfaces are effective, appropriately managed and maintained. Includes work carried forward from 2006/2007	H	40
Non Domestic Rates	Assurance that liability is calculated correctly, bills are accurate and issued promptly, all tax due is collected and any overpayment is calculated accurately and refunded timely. A robust system of recovery and enforcement is operated. Includes work carried forward from 2006/2007	H	35
Payroll	Assurance that only bona fide employees are paid, they are paid correctly, at the appropriate time. All deductions are authorised and paid to the appropriate organisation. All payments are taken into account. Includes work carried forward from 2006/2007	H	52
Pensions Administration	Assurance that employers' and employees' contributions are collected at the correct rate and appropriate time. Pension entitlements are	H	44

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
	calculated correctly and pensioners are paid accurately. Transfer values are paid and received for the correct amount at the correct time. Pensions systems are legislatively compliant. Includes work carried forward from 2006/2007		
Pension Fund Investments	Assurance that all investments comply with the Council's investment strategy. They are held securely and returns are maximised. Confirmation is available that the fund is able to meet its commitments. Includes work carried forward from 2006/2007	H	40
Treasury Management	Assurance that the Council has a treasury management strategy and that all loans are authorised, paid and collected at the appropriate time. Interest on loans is calculated accurately and received at the appropriate time. Brokers and counter parties are authorised by senior managers	H	15
Other Corporate Financial Systems			
Gifts & Hospitality	Assurance that Services are recording offers of gifts and hospitality and that the Council's ethical guidance is being followed.	L	6
Travel & Subsistence	Assurance as to the accuracy, timeliness and appropriateness of claims. Compliance with statutory requirements (e.g. Taxation of home to office travel)	M	15
Car Allowances	Assurance as to the accuracy, timeliness and appropriateness of claims. Compliance with statutory requirements (e.g. Taxation of home to office travel)	M	11
Telephone Allowances	Assurance that mobile phones provided by the Council are accounted for, usage is monitored and cost of private calls is recovered.	M	5
Code of Practice Audits			
Anti-Fraud & Corruption	Review and update of existing Council policies	M	10

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Accounting Instructions	Review and update of existing Council policies to take account of the migration to SAP	M	15
Financial Regulations	Review and update of existing Council policies to take account of the migration to SAP	M	10
Contract Standing Orders	Review and update of existing Council policies	M	3
Codes of Conduct	Review and update of existing Council policies	M	5
Corporate Governance	To review arrangements within the Council to ensure that the highest standards of Governance are maintained and enforced. Guidance from CIPFA / SOLACE is followed,	M	15
Money Laundering	Review and update of existing Council policies and delivery of training	M	10
National Fraud Initiative	Download of data and administration of input to NFI. Investigation of payroll matches and responding to requests for information from other authorities.	M	22
Statement of Internal Control	Input to preparation of SIC in accordance with the Accounts and audit Regulations	M	3
Children Families & Learning			
Youth & Community Centres	Preparation and audit of income and expenditure account and balance sheet	L	44
Stainsacre	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, scheme of delegation etc.	M	5
Lanehead	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, scheme of delegation etc.	M	5
Schools Primary Secondary	Review of key risks – budgetary control, income collection, control of assets, school governance etc. To	H/M	207

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Special	assist the school in meeting financial competencies set by the FMSiS		
Catering Free School Meals	To provide assurance that processes are effective and enable the free school meals budget to be managed.	M	7
Teaching & Learning Centre	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, scheme of delegation etc.	M	10
Catering Primary School Kitchens	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, scheme of delegation etc.	L	15
Catering Secondary School Kitchens	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, scheme of delegation etc.	L	10
Catering Special School Kitchens	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, scheme of delegation etc.	L	5
Repairs & Maintenance	Assurance as to the financial management of the repairs and maintenance budget. Scope of work to include tendering arrangements, allocation of work and contract administration arrangements i.e. ordering, invoicing, final account checking and contract monitoring	M	11
Home / Hospital Teaching	Review arrangements in place for: identifying pupils not in school, budget adjustments to offset tuition costs, payments etc.	M	13

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Pupil Referral Units	Review of key risks – compliance with legislation, budgetary control, control of assets	M	19
Home To School Transport	Review of contracts and assurance that expenditure is properly incurred, recorded and reviewed to provide forecasts of future need. Contractors employ appropriate individuals. Misallocations of free transport. Link to audit of fleet management	M	11
Family Support Section 17	Assurance as to financial management of the Family Support Service	M	21
Care Plan & Review	Assurance that there is compliance with legislation / standards. The system for monitoring assessments and referrals is effective.	M	11
Fostering Services	Assurance that payments are only made to foster carers for services provided. Also that the payments system is fit for purpose. Compliance with legislation / standards and placements are suitable	H	21
Adoption Service	Assurance of compliance with legislation, training / strategies are in place, appropriate people are recruited	M	11
Surestart	Further work following review performed in 2006/07	H	10
Direct Payments	Assurance that effective systems are in place to ensure payments are accurate and that expenditure is monitored. Compliance with legislation, use of bank accounts is appropriate and clients needs are met	H	11
Environment & Neighbourhood Services			
Laboratories	Assurance as to the financial management of Laboratories	M	11
Car Parking Solutions	Assurance that car-parking charges are received, banked and accurately recorded. An appropriate system of enforcement is in place to collect unpaid charges under the de-criminalisation of car parking legislation	M	15
Street Lighting	Payments to Contractor are made in accordance with the contract price.	M	15

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
	Budgets are controlled and monitored. A monitoring system is in place that effectively manages the contractors performance		
Bus Station	Assurance that fees and charges are received, banked and accurately recorded.	M	8
Bus Station Revenue Support	Assurance that payments to local bus operators are made in accordance with the 3 year revenue support contract. Budgets are controlled and monitored.	M	5
Fleet management	Assurance as to procurement, maintenance, repair, service continuity, insurance and VOSA requirement of Council vehicles. The purchase and issue of fuel is appropriately managed; charges are accurate.	H	15
Property Services	Assurance as to the adequacy of operational and financial controls	M	10
Waste Disposal	Payments to the waste disposal contractor are made in accordance with the contract price. To cover incinerator, landfill and civic amenity site	M	10
Area Care Grounds Maintenance	Assurance as to the financial and operational management of Grounds Maintenance	M	10
Newham Grange Farm	Follow up audit Assurance as to the financial and operational management of Newham Grange Leisure Farm	M	5
Metz Bridge Caravan Park	Assurance as to the adequacy of operational and financial controls	L	11
Environmental Protection Empty Properties	Contributions from property owners towards the cost of securing premises accurately reflect cost and are recovered in full	M	11
Food Health & Safety	To review the processes and procedures operating within the Health & Safety team to control the risks to individuals health and safety from work activities	L	11
Trading Standards	Assurance as to the financial and operational management of the Trading Standards Service.	M	6
Metrology &	Assurance as to the financial and	M	11

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Calibration	operational management of the Metrology and Calibration Service		
Other Licensing including Licensing Enforcement	Assurance that licenses are granted appropriately in compliance with legislation, arrangements for income collection are appropriate.	M	16
Acorn Centre	Assurance as to the financial and operational management	M	4
Clairville Stadium	Assurance as to the financial and operational management	H	5
Ormesby Sports Hall	Assurance as to the financial and operational management	L	4
Municipal Golf Course	Assurance as to the financial and operational management	H	5
Neptune Leisure Centre	Assurance as to the financial and operational management	M	5
Prissick Pitch & Putt	Assurance as to the financial and operational management	L	4
Rainbow Leisure Centre	Assurance as to the financial and operational management	M	6
Southlands Leisure Centre	Assurance as to the financial and operational management	M	5
Road Race 10K	Assurance as to the financial and operational management	L	5
Regeneration			
Museums	Assurance as to the financial and operational management of MIMA	M	11
Arts Development	Assurance as to the financial and operational management	L	3
Town Hall	Assurance as to the financial and operational management	M	6
Middlesbrough Theatre	Assurance as to the financial and operational management	M	6
Entertainment & Events	Assurance as to the financial and operational management	M	6
Building Control	Assurance as to the financial and operational management	H	11
Development Control	Assurance as to the financial and operational management	H	11
Homelessness	Assurance as to the financial and operational management. Legislation is adhered to and accommodation is obtained promptly / cost effectively.	M	6
Bed & Breakfast	Assurance as to the financial and	M	5

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
	operational management		
Teesside Heritage Initiative	Assurance as to the financial and operational management	L	5
Improvement Grants	Assurance that grants are awarded in accordance with legislation / Council procedure. Records are up to date / accurate	H	20
European Funding	Assurance of compliance with rules and guidance review of specific projects	H	20
Community Councils	Preparation and audit of Income and Expenditure Account and Balance Sheet	L	30
Community Centres	Preparation and audit of Income and Expenditure Account and Balance Sheet	L	20
Tees Valley Urban Regeneration Company	The company operates within its own financial control environment (using the Council's payroll system but separate systems for all other financial functions) and requires a separate External Audit of its financial statements. Internal Audit will undertake work on the key systems	M	15
Stronger together in East Middlesbrough	Review of contracts and assurance that expenditure is properly incurred and recorded.	H	10
West Middlesbrough Neighbourhood Trust	Assurance as to the Council's role as Accountable Body for grant funding	H	10
BOHO / Digital City	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring,	H	12
Properties Enterprise Centres	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring,	M	12
Area Based Initiatives	Follow on from work undertaken in 2006/2007	H	5

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Social Care			
Commissioning	Assurance as to the adequacy and implementation of the Commissioning Strategy – planning, commissioning, procurement of services and monitoring contracts.	H	20
Care assessments	That service users' care needs are assessed against identified eligibility criteria, that the resultant care plans are implemented, monitored and budgets are controlled and monitored.	H	21
Financial Assessments	Assurance that arrangements in place for ensuring that appropriate assessments are undertaken on a timely basis and that they are properly reviewed and authorised	H	21
Court of Protection Appointeeship	Assurance that there is a clear individual financial record for each client, which records charges levied and income collected with regular monitoring of balances	M	11
Direct Payments	Assurance that effective systems in place to ensure payments are accurate and that expenditure is monitored. Compliance with legislation, use of bank accounts is appropriate and clients needs are met	H	20
Residential Care Placements	Assurance that payments are appropriate, legitimate and accurate; also an appropriate system of monitoring is in place.	M	19
Asylum Seekers	Assurance of compliance with legislation, client needs are met / monitored. Adherence to the contract standard is reviewed / monitored. Payments made are appropriate and in line with policy	M	10
Adult Protection	Review systems and procedures in place	H	10
Tees Community Equipment	Assurance as to compliance with the Council's Standing Orders with respect to Contracts for the purchase of equipment. All equipment issued is properly recorded and contributions are collected from partner Authorities.	M	11

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Ayresome Industries	Assurance as to the financial and operational management	M	10
Transport	Use of vehicles SLA with Fleet Management	M	16
Caring About Carers	Assurance that timely assessments are undertaken, payments are appropriate, legitimate and accurate and a monitoring system is in place	M	11
Supporting People	Assurance of compliance with legislation, client needs are met / monitored. Adherence to the contract standard is reviewed / monitored. Payments made are appropriate an in line with policy	H	20
Legal Services			
Electoral / Registration / Elections	Assurance of compliance with legislation, entries on the register are appropriate. Payments/expenditure/charges are correct.	L	11
Members Allowances	Assurance as to the accuracy, timeliness and appropriateness of allowances and expenses	M	10
Performance & Policy			
Best Value Performance Plan / BVPIs	Assurance as to the robustness, accuracy and monitoring of performance information Targets are achieved	M	16
CPA PIs	Assurance as to the robustness, accuracy and monitoring of performance information Targets are achieved	M	16
Local Public Service Agreements 2	Assurance as to the robustness, accuracy and monitoring of performance information Targets are achieved. Communication between parties is effective	M	18
Local Area Agreements	Assurance that systems are effective in monitoring targets, communication between parties is effective. Governance framework is in place. To produce the year end statement required as part of the scheme and to undertake the detailed work in order to produce this	H	30

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
Corporate Governance	Assurance as to the standards by which the Council directs and controls its functions compliance with CIPFA / SOLACE guide	H	20
Installation Review	Assurance that appropriate controls are in place covering the processing and security of the Council's data	H	11
Internet Usage, Security & Control	Assurance that arrangements for ensuring proper and secure use of the internet, monitoring of useage and compliance with policies	M	10
Application Access & Security	Review of the management practices and procedures around SAP application security	H	15
Payment Card Data Security Standards	Payment card Industry Compliance to achieve data security standards for card holder protection and secure merchant transaction processing	H	10
Strategic Resources			
Properties	Review of the management of commercial properties. Assurance of compliance with legislation, income is maximised through effective management of void periods. Leases are not misappropriated.	M	11
Advice Exemptions to Contract Standing Orders	Advice given to the Director of Resources relating to requests for exemptions from contract standing orders	M	12
Contract Audit			
Contract Registers	Assurance that Services are maintaining appropriate records of quotations and tenders	M	15
Opening of Quotations / Tenders	Assurance that tenders and quotations received by the Council are dealt with appropriately	M	10
Receipt & Custody of Tenders / Quotations	Assurance that tenders and quotations received by the Council are dealt with appropriately and held securely until opened	M	10
Receipt & Payment of Contractors Claims	Assurance that Contractors invoices are checked, and authorised prior to making payment	M	15

AUDIT PLAN 2007/2008

Service / Audit	Proposed Scope / Coverage	Priority H/M/L	Days
External Audits			
Middlesbrough Golf Club	Preparation and audit of Income and Expenditure Account and Balance Sheet	L	5
Partnerschaft	Preparation and audit of Income and Expenditure Account and Balance Sheet	L	3
Other Audit Work			
Audit Advice	Time has been reserved to provide advice on internal controls in general and financial controls in particular		59
Contingency	A reserve is required to call upon if any special investigations need to be undertaken. If not used it will be recycled into mainstream audit activity		121
Follow Up of previous audit recommendations	Previous audits have highlighted control weaknesses that managers have agreed to rectify.		34

