

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE 28 MARCH 2000

INTERNAL AUDIT PLAN 2000/2001

Report by the Chief Auditor

1. PURPOSE OF REPORT

1.1 To submit to members details of the 2000/2001 Internal Audit Plan.

2. BACKGROUND

2.1 A detailed audit plan is prepared for each financial year covering the full range of audit activities and council services.

2.2 Internal Audit reporting procedures require annual audit plans to be presented to the Policy and Resources Committee at the beginning of each financial year.

2.3 The 2000/2001 Audit Plan has been agreed with the Chief Executive and was prepared following full consultation with service directors.

2.4 An annual report, providing details of the audit work carried out in financial year 1999/2000, will be submitted to the Policy and Resources Committee.

3. AUDIT PLAN 2000/2001

3.1 ALLOCATION OF AUDIT TIME

3.1.1 There are 1200 audit days available to allocate across the range of audit activities and council services. The number of days allocated to specific audit assignments has been agreed with service directors.

3.1.2 The plan takes account of work carried out in previous years and follow up work on audit recommendations.

3.1.3 Every effort has been made to ensure that the plan contains realistic targets and that planned activities will be completed within the audit year.

3.1.4 Audit objectives include assisting the Council secure economy, efficiency and effectiveness and best value in the use of resources.

3.1.5 A copy of the Audit Plan 2000/2001 will be given to the Council's External Auditors with whom there has been consultation to ensure complementary areas of activity.

3.2 ACTIVITY ANALYSIS

- 3.2.1 In meeting its declared objectives Internal Audit provide a range of services to clients designed to add value to the areas examined. These include systems reviews, computer audits, location audits and defalcation investigations
- 3.2.2 Internal Audit aim to provide a professional, quality service which will offer sound practical advice to clients in a positive and constructive manner. This will be done exercising due care and by applying professionally recognised auditing standards.
- 3.2.3 Internal Audit work is both proactive and reactive, for example contingencies have been built into the audit plan to investigate any financial irregularities and deal with requests for audit advice.
- 3.2.4 A systems based approach is employed which is designed to ensure the security of key financial systems.
- 3.2.5 The 2000/2001 Audit Plan activity analysis is detailed below:

ACTIVITY ANALYSIS	PLAN DAYS 200012001
Systems Review:	475
Review of the internal financial and managerial controls exercised within particular systems areas	
Computer Audit:	140
Review of existing and proposed computer facilities in order to ensure that adequate controls exist with regard to procedures and security of systems	
Contract Audit:	50
Review of specific contracts taking into account control exercised throughout contracts and compliance with the Council's Standing Orders regarding contracts	
udit Advisory Services:	120
Advice given to Departments as a result of specific enquiries	
Audit Probes:	20
In-depth specialised enquiries designed to reveal any anomalies or irregularities	
Location Audits:	25
Visits to establishments and review of particular areas of work preplanned on a cyclical basis	
Stocks & Inventories:	20
Stores visits and year end stocktaking I inventory checks.	
Defalcations:	190
Special investigations and irregularities	
Performance Indicators:	60
Review of statutory and non statutory performance indicators.	
Value for Money:	100
The study of particular areas of work with a view to reporting on the cost benefit of those areas	
Total Available Days	<u>1200</u>

3.2.6 The following are illustrations of the audit assignments planned for 2000/2001:

- | | |
|-----------------------|---------------------------------|
| (a) Council Tax | (e) Building & Works Stores |
| (b) Benefits | (f) Information Technology |
| (c) Creditor Payments | (g) Performance Indicators |
| (d) Cash Handling | (h) Financial Management System |

3.3 SERVICE ANALYSIS

3.3.1 The plan has been constructed on the basis of existing Council departmental structures but will naturally take full cognisance of future restructuring as this takes effect within the Council.

3.3.2 A service level agreement will be issued to each audit client setting out details of service provision and standards.

3.3.3 In 2000/2001 Internal Audit will continue to devote resources to potentially high risk areas including Business Units, cash handling and core financial systems.

3.3.4 The 2000/2001 Audit Plan service analysis is detailed below:

Finance	360
Community Services	80
Development Services	100
Education	150
Social Work	100
Homes & Technical Services	<u>160</u>
value For Money	100
Total Available Days	1200

4. POLICY/LEGAL/FINANCIAL IMPLICATIONS

4.1 None from this report.

5. RECOMMENDATIONS

5.1 Members are asked to note the contents of the Annual Audit Plan 2000/2001.

Cohn Houston Chief Auditor

LIST OF BACKGROUND PAPERS

None

AGENDA