

Agenda Item: 10

Meeting: Audit Committee

Date: 6th April 2009

Subject: 2009-10 Audit Plan – Approach for First Six Months

Report of: Director of Corporate Resources

Summary: This report outlines the approach to be adopted for creating an audit plan for Central Bedfordshire with specific reference to the audit work to be undertaken during the first six months.

Contact Officer: Kathleen Riches, Head of Audit

Public/Exempt: Public

Wards Affected: All

Function of: Audit

RECOMMENDATIONS:

1. That the Audit Committee

(a) Approves the approach to be adopted for the creation of an audit plan, and the workload priorities identified for the first six months.

Background

1. In order to produce a risk based audit plan it will be necessary to undertake a comprehensive audit needs assessment. This will be undertaken during the first six months of 2009/10.
2. As outlined in the report to the Committee covering the Internal Audit Charter, a contingent audit plan has been established, identifying the key areas that will need close attention during the first six months.

Work Undertaken to Date

3. Internal Audit has created an audit universe based on the information provided by the legacy authorities. Discussions have been held with audit staff from the three authorities to consider risks already identified.

4. As a result of Internal Audit's review, several areas of focus have been identified and are set out below.

Areas of Focus for First Six Months

Area of Audit	Comments	No. of Audit Days
Documentation of key financial systems, including the identification of key controls and walkthrough testing to confirm the systems.	There will be particular focus on the income systems, payroll/establishment controls, and SAP security issues.	160
Planned assessment of schools against the Financial Management Standard in Schools (FMSiS) for both Central Bedfordshire schools and Bedford Borough schools, as outlined in the SLA.	Performance of the FMSiS was referred to in the BCC Annual Governance Statement	160
National Fraud Initiative Data Matching exercise (NFI)	Preliminary work on this has already been started by the legacy authorities.	20
Follow up reviews will also be undertaken on relevant audit recommendations made by the legacy authorities.	These reviews will inform a more detailed Audit Needs Assessment	40
Identification and investigation of Fraud	Contingent	20
Contingency	To address any ad-hoc requirements during this time	140
Unproductive Time		150
Total		750

5. Whilst normally the proposed audit plan would include an allocation of days for each planned review, some flexibility is necessary in the early months of the new organisation and, therefore, the budgeted days are only indicative at this stage.

Further Work to be Undertaken

11. In order to ensure that a robust audit needs assessment is undertaken, further consideration will be given to the following areas:
- (a) The Annual Governance Statements for the legacy authorities
 - (b) The Unitary Transition logs

- (c) Audit reports issued by the legacy authorities
- (d) Relevant risk registers
- (e) Any emerging risks identified through changes in legislation etc.

12. In addition, there will be consultation with Directors and Senior officers of all the service areas.

13. Discussions will be held with the Audit Commission, as outlined in the Internal Audit Charter. These discussions will consider any key risks identified by the Audit Commission and will include agreeing a “managed audit” protocol to establish the audit arrangements between Central Bedfordshire’s Internal Audit Service and the Audit Commission.

CORPORATE IMPLICATIONS

<p>Council Priorities:</p>

<p>The Internal Audit Plan will support all of the Council Priorities.</p>
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<p>Financial:</p>

<p>Although there are no financial risks from the issues identified in the report, the outcome of implementing the audit plan is for the Council to better manage its risk thereby increasing protection from adverse events.</p>

<p>Legal:</p>

<p>None</p>

<p>Risk Management:</p>

<p>None specifically. The audit plan will be developed using a risk based approach.</p>

<p>Staffing (including Trades Unions):</p>

<p>None</p>

<p>Equalities/Human Rights:</p>
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<p>None</p>

<p>Community Development/Safety:</p>

<p>None</p>

<p>Sustainability:</p>

<p>None</p>
