



**Report to: Audit Sub-Committee**

**Subject: The Annual Internal Audit Report 2005/06**

**Date: 12 June 2006**

**Author: Head of Finance**

## **1. PURPOSE OF REPORT**

To report on the activity of Internal Audit during 2005.

This report will also provide assurance on internal control systems within the Authority to support the Statement on Internal Control to be given within the Statement of Accounts.

## **2. BACKGROUND**

- 2.1 Previously this report has detailed the activity of internal audit during the course of the previous year, explained any variation to the planned work for the year and highlighted any significant findings or anticipated problems. This will continue to be included within this report.
- 2.2 However, changes within the Accounts and Audit Regulations 2003 and the Code of Practice for Internal Audit in Local Government in the United Kingdom make detailed and specific requirements for the Annual Internal Audit report in supporting the Statement on Internal Control. Those requirements are:

“The Head of Internal Audit’s formal annual report to the organisation should:

- a) Include an opinion on the overall adequacy and effectiveness of the organisation’s internal control environment
- b) Disclose any qualifications to that opinion, together with the reasons for the qualification
- c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies

- d) Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the statement on internal control
- e) Compare the work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures and criteria
- f) Comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme.”

The audit plan for 2006/07 which previously formed part of this report was separately approved by the Head of Finance following the Audit Sub-Committee on 24 April 2006.

### **3. AUDIT OPINION**

#### **3.1 OVERALL**

The Code of Practice requires the Head of Internal Audit to report to the Authority an opinion on the overall adequacy and effectiveness of the Authority’s internal control environment, providing any details of weaknesses that qualify this opinion and bringing to the attention of the Authority any issues particularly relevant to the preparation of the Statement on Internal Control.

Due to a vacancy in the relevant post during the Final Accounts preparation period the opinion has been given jointly by the Deputy Chief Executive and Head of Finance. External Audit have been consulted over this arrangement and are satisfied with the revised process.

This opinion is given formally in **Appendix A**.

#### **3.2 AUDIT ISSUES FOR THE STATEMENT ON INTERNAL CONTROL**

The issues for the Statement on Internal Control are:

**Previous issues identified not fully satisfied:**

- The Authority’s Risk Management Strategy requires updating.
- Not all departments maintain Registers of Interest.
- Testing of the Business Continuity Plan has not yet taken place.
- Additional training to the Council’s Principal Officers on the operation of Standing Orders and Financial Regulations has not taken place.

### **Issues identified within 2005/06:**

- Implementation of Document Management Technology Has been the subject of delays and poor performance.
- The authority needs to review its disaster recovery procedures for IT following major legacy systems renewal.
- Capital investment in Satellite navigation systems has been made, however this has not yet been fully implemented as planned.

These issues are detailed within the Assurance Statement in Appendix A.

### **3.3 FINANCIAL SYSTEMS**

It is of audit opinion that the financial systems of the Authority are operating satisfactorily.

Further assurance on the financial systems of the Authority can be evidenced in:

- Audit Commission reports and Annual Letter
- Results from the Audit of Final Accounts and Grant claims
- Reports from the Planning Inspectorate

Within the 2004/05 statement the concerns from Internal and External Audit in relation to the Capital System was raised and recommendations were to be actioned.

The Property Management Group was specifically charged with addressing the issue of slippage, and changes to financial procedures were implemented in 2005/06. During the year the recommendations relating to slippage in the capital programme have been addressed.

During 2004/05 awareness of the need to comply with Financial Regulations has been highlighted and the induction programme now makes specific reference to this for all new employees of the authority. However, the training proposed for Principal Officers has not been undertaken this is now planned to be completed in 2006/07.

Within the assurance process for the 2005/06 Statement it has been again identified that a small number of departments fail to maintain a Register of Interests. Action will be taken to ensure that all qualifying interests will be appropriately recorded.

### 3.4 NON-FINANCIAL SYSTEMS

Audit work during the year on non-financial systems has found them to be operating satisfactorily.

Work in relation to Risk management and Corporate Governance has found other activities to also be operating satisfactorily. The Operational Risk Register was initiated within September 2004 through a series of facilitated meetings with departmental and section heads. Departments are reviewing risks on an ongoing basis and significant risks are now reported to the Audit Sub-Committee on a quarterly basis.

It has been recognised that the Risk Management Strategy for the Authority is out-of-date and whilst a draft revision to the strategy exists it has not been reviewed nor finalised. This will be undertaken within 2006.

#### **Assurance Statements**

Assurance Statements have been completed by the Chief Executive, Deputy Chief Executive, Chief Financial Officer, Monitoring Officer, all Heads of Service and by the Head of Unit. The process included an extended questionnaire drawn directly from the responsibilities within the Authority's Financial Regulations and Departmental Heads were encouraged to involve their section heads in this process especially where day-to-day responsibilities are delegated within departments.

Specific assurance statements were completed by the Chief Executive, Chief Financial Officer (s151) and Monitoring Officer for their more specific areas of responsibility.

An example of the departmental summary assurance statements is given in **Appendix B**.

Where any issues raised are considered significant and relevant to the production of the Statement on Internal Control these will be included in the Assurance Statement given in Appendix A.

Further assurances in relation to non-financial systems can be evidenced in:

- The review undertaken on Corporate Governance and Strategic Risk profiles.
- The results of the CPA
- The results of Inspectorate reviews

#### **4. AUDIT WORK AND PERFORMANCE DURING 2005/06**

##### **4.1 THE RESOURCE SERVICES SECTION**

4.1.1 The following are the established posts within Resource Services Section:

Manager (28 hours)  
Principal Internal Auditor (18.5 hours)  
Resource Management Officer (18.5 hours)  
Risk Management Administrator (37.0 Hours)  
Internal Auditors (2.5 FTE)

4.1.2 The work of the section covers Corporate Governance, Risk Management, Insurance and Internal Audit. The Auditor posts above specifically focus on the role of Internal Audit and how adequate and effective the systems of internal control operate within the Authority.

The remaining areas of work undertaken by the Manager and Resource Management officer provide assurance that controls in relation to Corporate Governance and Risk Management are in place and operating effectively.

With the transfer of the Highways Agency to the County specific tasks such as Highways Claims Administration and Business Continuity Planning are undertaken by the section. The post of Risk Management Administrator created in 2005/06 to assist with this additional work.

4.1.3 Over the past three years the section has had a partnership arrangement, with the County Council, for the provision of Internal Audit work to ensure that the annual plan is achieved. The cost of this partnership arrangement has been met from vacancy savings in relation to the part time Principal Internal Auditor and 0.5 FTE Internal Auditor posts.

4.1.4 The agreement for 2005/06 with the County was for 40 days of audit work to be undertaken. During the year time was lost due to the vacancy of an auditor and the Manager of Resource Services it therefore became necessary to outsource some audit activities. This was achieved by engaging Bentley Jennision to support the delivery of the Audit Plan.

4.1.5 The Authority has met its commitment to Internal Audit by continuing to train suitably qualified staff through an arrangement with East Midlands Region Local Government Association (EMRLGA). This arrangement means that the Authority benefits from the work of a Chartered Institute of Public Finance and Accountancy (CIPFA) trainee whose training costs are being met by the Office of the Deputy Prime Minister (ODPM). These arrangements come to an end in 2006/07.

4.1.6 The post of Manager of Resource services has now been recruited on a full time basis (previous post holder worked 29hrs/week), therefore further recruitment into the vacant Auditor posts and the mix of use external support

will be considered in 2006/07 to ensure that service provision can be provided at the desired level and within the available budget.

#### 4.2 COMPLIANCE WITH THE CODE OF PRACTICE FOR INTERNAL AUDIT

4.2.1 In 2003 CIPFA published a new Code of Practice for Internal Audit in Local Government in the United Kingdom. This publication updated the Code issued in 2000, based upon the then Auditing Practices Committee 1990 internal auditing guideline.

4.2.2 The new code took into account the significant changes in the nature, scope and practice of internal audit that has taken place since 1990. This includes the Turnbull Guidance for Listed Companies (1999) with the appropriate modifications for the public sector and the Accounts and Audit Regulations 2003.

4.2.3 The revised Code of Practice defines Internal Audit as follows:

“Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and efficient use of resources.”

4.2.5 The Code then consists of standards in two groupings. The first encompasses the organisational and structural aspects of internal audit; the second encompasses the activity and operation of internal audit.

| <b>Organisational Standards</b> |   | <b>Operational Standards</b> |                                 |
|---------------------------------|---|------------------------------|---------------------------------|
| 1.                              | Scope of Internal Audit   | 6.                           | Audit Strategy                  |
| 2.                              | Independence  | 7.                           | Management of audit assignments |
| 3.                              | Audit Committees or equivalent  | 8.                           | Due professional care           |
| 4.                              | Relationships with management, other auditors and other review bodies | 9.                           | Reporting                       |
| 5.                              | Staffing, training and development                                    | 10.                          | Quality Assurance               |

4.2.6 In addition to this the Code introduces a new section on ethics for Internal Auditors. This sets minimum standards for the performance and conduct of all Internal Auditors.

4.2.7 The Audit Commission undertakes an annual review of the Internal Audit function and the quality of its work. When undertaking the review they ensure compliance with the Code and where relevant make recommendations on how compliance can be improved or developed further.

4.2.8 A detailed review of Internal Audit work is also undertaken every 3-4 years. The Audit Commission intended to undertake a detailed review of the work of

Internal Audit in September 2005, however this work was delayed and will now take place during 2006/07.

#### 4.3 SUMMARY OF ACTIVITY DURING 2005/06

4.3.1 During the year 32 audits were undertaken. Of these 17 reports were produced during the year, 11 are in the process of being finalised in 2006/07 and 2 audits did not produce a report, but provided information for senior management to use. In addition to this 9 reports were finalised from the previous year.

4.3.2 There are 2 audits being carried forward to 2006/07. One audit on Payroll has been started but delayed due to implementation of the new system and year-end work.

4.3.3 There will be a requirement to carry forward 20 days to complete the carry forward audits. In addition to this there were 5 departmental audits not undertaken totalling 50 days.

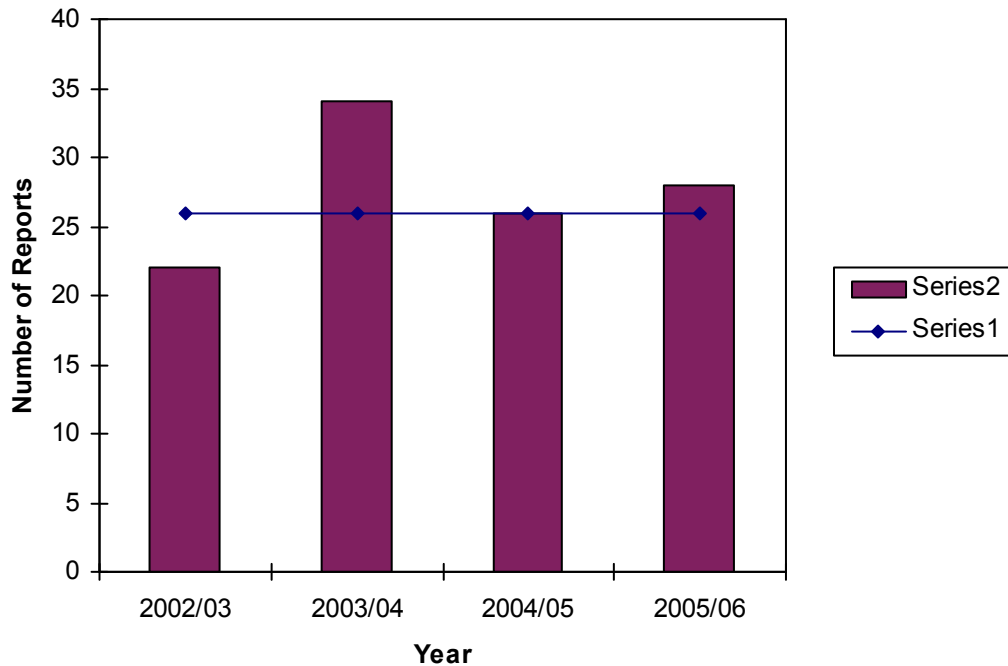
4.3.4 The above figures include the additional work undertaken in relation to 5 special investigations.

#### 4.4 REPORTS ISSUED

4.4.1 Within the Authority's Aims and Objectives the Internal Audit Section has a performance target of 26 audit reports to be published during the year. In 2005/06 the section produced 17 audit reports with a further 11 requiring finalising in 2006/07. This does not include the nine reports from 2004/05 that were finalised in 2005/06.

4.4.2 The graph below illustrates actual reports issued, including those in the process of being issued, in comparison with the 26 target reports for the last four years:

### Audit Report Activity



#### 4.5 AUDIT TIME (MAN DAYS)

4.5.1 The actual number of days worked was 498. This compares with 590 in the original annual plan for 2004/05. The difference of 92 days is represented by the 11 days for carried forward audits, 50 days of departmental audits not undertaken and 31 days required for finishing off final reports.

4.5.2 The variance arose due to vacancies within the section during the year.

4.5.3 **Appendix C** details the days spent against each audit category.

#### 4.6 AUDIT RECOMMENDATIONS

4.6.1 There has, in general, been a positive response by management to the issues raised by Internal Audit, and acceptance of the recommendations made.

All high-risk recommendations have been accepted for action.

4.6.2 Following the Audit Commissions report, issued during the year, which made reference to Internal Audit recommendations not being implemented 100%. An agreed action to monitor and report on all High and Medium risk recommendations on a quarterly basis to the Audit Sub-Committee was agreed and implemented in 2004/05, this process continues to ensure that audit recommendations are given appropriate consideration by recipients of Audit Reports.



4.6.3 This included reporting to Audit sub-committee on those recommendations not implemented after follow-up. The last report to Audit sub-committee was a nil report reflecting the impact of the new arrangements.

#### 4.7 AREA ACTIVITY DURING 2005/06

4.7.1 Audit work is split over the following four categories:

- Key Financial Systems
- Other Financial Systems
- Departmental Systems
- Specialist Audit Systems

4.7.2 Key Financial Systems Audit at Gedling meets the requirements of Managed Audit Status, for the Audit Commission. This means that the Audit Commission can rely on the work of the Internal Audit section when evaluating the Statement of Accounts.

4.7.3 **Appendix D** analyses the work undertaken for each of the four categories.

#### 4.8 Key Financial Systems

4.8.1 Key financial system audits follow the system processes from departments through to the core financial systems and records, ensuring accuracy and efficiency.

4.8.2 Overall the systems of internal control for the Key Financial systems operate efficiently and effectively. However, there are outstanding issues in relation to:

- Training on Standing Orders and financial Regulations
- Maintenance of Departmental Register of Interests

Of the Key financial systems audits planned, two are to be carried forward and completed in 2006/07. This includes Payroll audit that has commenced but delayed due to system changes and year-end, and Insurance and Inventory, which the Audit Commission does not classify as a key financial system.

#### 4.9 Other Financial Systems

4.9.1 This area of audit activity covers smaller financial systems that are either required to have a probity audit check, such as cash-ups, or required audit verification but not on an annual basis (e.g. Mortgages).

4.9.2 All planned audit activity in relation to other financial systems was completed during the year. And systems were found to be operating satisfactorily.

#### 4.10 Departmental Systems

4.10.1 This area of audit work provides assurance on the effectiveness of systems not covered within key financial systems or specialist audit areas. Some parts of these systems may have a financial implication, but audit assurance also extends to the departmental systems with little or no financial aspect.

4.10.2 Departmental audit time is also used to benefit the departmental managers that are requested to suggest suitable areas for audit to review and advise on.

4.10.3 Where there has been or intended to be a Best Value review internal audit time can be utilised in advising on how to prepare or how to create departmental action plans to address the issues raised within a Best Value review report.

4.10.4 This area of audit activity provides the Corporate Governance assurance required in support of the Authority's Framework document.

4.10.5 Linked closely with this area of audit is the sections role in relation to Risk Management and Risk Profiling.

4.10.6 During the year some departmental audits were not undertaken. This has been taken into account when undertaking the annual audit risk assessment for 2006/07.

#### 4.11 Specialist Audit Systems

4.11.1 This area of audit activity includes:

- Contract Audit
- Computer Audit
- Contingency/Special Investigation Audit
- New financial system -testing
- Other specialist audits (e.g. Data Protection)

##### 4.11.2 **Contract Audit**

Over the past 2-3 years audit time in relation to contracts has moved from being predominately focussed on the area of final contract audit, with the exception of a few special investigations, to having more systems based work undertaken.

Final account verification is not an audit activity and reliance should be on the departmental systems of verification and during contract controls rather than audit verification at the end stage.

Contract Audit still remains to be an area of relatively high audit risk and as such will continue to require a relatively large amount of audit time in order to provide adequate assurance.

#### **4.11.3 Computer Audit**

During the year there has been no technical computer audit. This area of the plan has been achieved during the systems audit, where data inputs and outputs to systems have been verified and compared to anticipated results, to ensure the correct information and interpretation is being made.

In 2004/05 CIPFA published a completely new guide for auditing computer systems by way of the development of control matrices. It is intended that these control matrices be used as the basis of computer audit in the Authority.

As a test to this audit a preliminary audit on access control was under taken and proved a useful work in respect of computer audit and the section.

#### **4.11.4 Contingency/Special Investigation Audit**

The Audit Plan allocates a specific amount of audit time for contingency and special investigation work.

During 2005/06 there were six contingency/special investigation audits undertaken. They were:

- Housing decorative vouchers
- Leisure contracts
- Decision making systems
- Leisure special – DNA
- Leisure Special -Cash
- Housing Special –Warden scheme

The findings from these investigations resulted in one report with recommendations, information was used by management in two of the above areas and one was inconclusive in its findings and therefore no report issued.

## **5 RECOMMENDATIONS**

Members are asked note the contents of this report and the Assurance Statement at Appendix A.

**Assurance Statement from**

**The Deputy Chief Executive/Chief Financial Officer**  
**2005/2006 Accounts**

This formal assurance statement on the Authority's system of Internal Control is based upon the systems audited by Internal Audit, both financial and non-financial during the year 2005/2006.

In addition to this the assurance statements provided by the Chief Executive, Deputy Chief Executive, Chief Financial Officer (s151), Monitoring Officer, Heads of Service and Head of Unit support the conclusions being made within this statement.

In our opinion and to the best of our knowledge the Authority's system of Internal Control in the main operates satisfactorily. This is further evidenced by external evaluators such as CPA inspection who classified the Authority as a "Good" Authority, the Audit Commission, in their annual audit letter and other inspectorate reports such as the Planning Inspectorate.

However, during 2005/2006 certain issues arose which we believe relevant to the preparation of the Statement on Internal Control, within the Statement of Accounts.

Those issues being:

**Outstanding issues from the 2004/05 Statement on Internal Control**

- The Authority's Risk Management Strategy requires updating.
- Not all departments maintain a Register of Interests as required within the Authority's Financial Regulations.
- Testing of the Authority's Business Continuity Plan has not yet been undertaken.
- The training for principal officers in respect of Standing Orders and Financial Regulations has yet to take place.

**New issues identified during 2005/06**

- Implementation of Document Management Technology Has been the subject of delays and poor performance, the Council will need to review its strategy for corporate roll out of this system.
- The authority needs to review it disaster recovery procedures for IT following major legacy systems renewal.

- Capital investment in Satellite navigation systems has been made, however this has not yet been fully implemented as planned, Implementation will require completion in 2006/07.

It should however, be noted that action plans to address the weaknesses have been implemented and when fully incorporated will ensure that the control in relation to these issues operate efficiently and effectively.

Internal Audit will monitor the progress of the action plans and evaluate the effectiveness of the actions in addressing the issues identified.

The Authority's system of Internal Control can only provide reasonable (not absolute) assurance that assets are safeguarded and that errors or irregularities are prevented or detected within a reasonable period.

This statement is given to the best of our knowledge.

Mr P Kanuritch  
Deputy Chief Executive  
Gedling Borough Council  
June 2006

Mr M Kimberley  
Chief Financial Officer  
Gedling Borough Council  
June 2006

**STATEMENT ON INTERNAL CONTROL 2004/2005**

**1. Fulfilment Of Corporate Responsibilities**

This statement is given in respect of the Council’s 2004/2005 final accounts.

I acknowledge my responsibility in maintaining and operating in accordance with the Councils procedures and practices that uphold the internal control and assurance framework.

The information provided in this section of the document is given to the best of my knowledge in connection with the service areas for which I have responsibility. Where I am unable to confirm all, some or any of the following, I have provided details in the column “Exceptions”.

| Reference | Area of Responsibility   | Confirmed (Yes/No) | Exceptions |
|-----------|--|--------------------|------------|
| 1.1       | <p>I can confirm that:</p> <ul style="list-style-type: none"> <li>• The key controls over systems and arrangements are in place to ensure Council assets are safeguarded from error or irregularity</li> <li>• I keep the key controls under review and that I take action to address internal control weaknesses identified.</li> </ul> |                    |            |
| 1.2       | <p>I can confirm that:</p> <ul style="list-style-type: none"> <li>• All resources at my disposal are deployed in achievement of Council business objectives</li> <li>• That I keep the use of resources under review and take action to address any instances of ineffective, inefficient and uneconomical use.</li> </ul>               |                    |            |
| 1.3       | <p>My service plan contributes to the Councils wider business priorities and is reflective of existing policies and strategies. This can be</p>  |                    |            |

| Reference | Area of Responsibility   | Confirmed<br>(Yes/No) | Exceptions |
|-----------|--|-----------------------|------------|
|           | <p><b>demonstrated through:</b></p> <ul style="list-style-type: none"> <li>• <b>Key performance targets and indicators</b></li> <li>• <b>Budget setting and allocation of resources</b></li> <li>• <b>Identifiable improvements in service, including achievement of explicit outputs and /or milestones</b></li> <li>• <b>Action plans prepared to assist with achievement of objectives, further improvements in service delivery and performance, or, to overcome service delivery and performance failures.</b></li> </ul> |                       |            |
| 1.4       | <p><b>With regard to business risk management:</b></p> <ul style="list-style-type: none"> <li>• <b>I seek to identify, assess and keep under review business risks</b></li> <li>• <b>I take action to manage business risks</b></li> <li>• <b>I have a record of business risks to assist with above in connection with the services and activities that I am responsible for.</b></li> </ul>  |                       |            |
| 1.5       | <p><b>I ensure that both myself and staff have access to, are familiar with and work in accordance with the following and that I take action where non-compliance is identified:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Regulations</b></li> <li>• <b>Employee Code of Conduct</b></li> <li>• <b>Contract Standing Orders</b></li> <li>• <b>The Authority's Approved Scheme of Delegation</b></li> </ul>  |                       |            |
| 1.6       | <p><b>I ensure that the decisions I take and the activities that my service is involved in are done so with due regard for:</b></p> <ul style="list-style-type: none"> <li>• <b>The Authority's aims and objectives</b></li> <li>• <b>Best Value and Service Improvement</b></li> <li>• <b>Legality</b></li> </ul>   |                       |            |

| Reference | Area of Responsibility   | Confirmed<br>(Yes/No) | Exceptions |
|-----------|--|-----------------------|------------|
|           | <ul style="list-style-type: none"> <li>• <b>Financial implications</b></li> <li>• <b>Staffing implications</b></li> <li>• <b>Sustainable development implications</b></li> <li>• <b>Equal Opportunities implications</b></li> <li>• <b>Community Safety implications</b></li> <li>• <b>Health improvement implications</b></li> <li>• <b>Property implications</b></li> <li>• <b>Risk Management implications</b></li> </ul> |                       |            |



**2. Statement of Accounts – Financial and Legal Implications**

This statement is given in respect of the Authority’s 2004/2005 final accounts.

The information provided in this section is given to the best of my knowledge in connection with the service areas for which I have responsibility. I have made appropriate enquiries with other officials of the Council and of information systems and records maintained and can confirm the following statements as detailed in the column “Accounts – Financial and Legal Implications”. However, where I am aware of such circumstances, I am able to provide further relevant information in the column headed “Details”.

| Reference | Accounts- Financial and Legal Implications  | Confirmed (Yes/No) | Details |
|-----------|---|--------------------|---------|
| 2.1       | <p><b>There are no contingent liabilities that are likely to have a significant effect on the finance or operations of the Authority.</b></p> <p><b>Please refer to the definition of Contingent liabilities provided in the note at the end.</b></p> |                    |         |
| 2.2       | <p><b>There are no instances of non-compliance with laws or regulations that are likely to have a significant effect on the finance or operations of the Authority.</b></p>   |                    |         |
| 2.3       | <p><b>There are no post-balance sheet events that have occurred that are likely to have a significant effect on the finance or operations of the Authority.</b></p>   |                    |         |
| 2.4       | <p><b>There are no pending claims, proceedings or litigation that are likely to have a significant effect on the finance or operations of the Authority.</b></p>  |                    |         |
| 2.5       | <p><b>There are no other significant transactions with related parties other</b></p>  |                    |         |

| Reference  | Accounts- Financial and Legal Implications  | Confirmed (Yes/No) | Details |
|------------|---|--------------------|---------|
|            | <b>than those already disclosed.</b>  |                    |         |
| <b>2.6</b> | <b>No instances of known error, irregularity, including fraud, which are likely to have a significant effect on the finance or operations of the Authority.</b> |                    |         |

|               |
|---------------|
| Certified by: |
| Title:        |
| Date:         |

Note: Contingent Liabilities **can be defined as either:**

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Authority's control; or
- b) A present obligation that arises from past events but is not recognised in the accounts because:
  - it is not probable that the transfer of economic benefits will be required to settle the obligation; or
  - the amount of obligation cannot be measured with sufficient reliability

In this context Contingent Liabilities are any significant financial commitments that the Council may incur in the future, for example, items currently under dispute or negotiation (as at 31<sup>st</sup> March), for which no adequate provision has been made in the final accounts.

Contingent Assets can be defined as a possible asset that may arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Authority's control. An example is a claim that an authority is pursuing through legal processes, where the outcome is uncertain.

**DETAILED AUDIT ACTIVITY****2005/06**

|     |  | <b>Planned<br/>Days</b> | <b>Actual<br/>Days</b> |
|-----|--|-------------------------|------------------------|
|     | <b>KEY FINANCIAL SYSTEMS</b>             |                         |                        |
| 1   | Capital                                  | 15                      | 15                     |
| 2.  | Cash Receipting                          | 10                      | 10                     |
| 3.  | Creditors                                | 10                      | 10                     |
| 4.  | Debtors                                  | 10                      | 10                     |
| 5.  | Insurance and Inventory                  | 10                      | 10                     |
| 6.  | Officers Disbursements                   | 10                      | 10                     |
| 7.  | Payroll                                  | 10                      | 12                     |
| 8.  | Leisure Income                           | 15                      | 15                     |
| 9.  | Housing Rents                            | 15                      | 15                     |
| 10. | Housing Repairs                          | 15                      | 15                     |
| 11. | Bank Accounts                            | 5                       | 5                      |
| 12. | Lending and Borrowing                    | 5                       | 5                      |
| 13. | Council Tax                              | 15                      | 15                     |
| 14. | FMS                                      | 10                      | 10                     |
| 15. | Housing Benefits                         | 30                      | 30                     |
| 16. | NNDR                                     | 15                      | 15                     |
| 17. | C/f from 2004/05 Insurance & Inventory   | 11                      | 11                     |
| 18  | Finishing from 2004/05 various           | 20                      | 20                     |
|     | <b>TOTAL KEY FINANCIAL SYSTEMS</b>       | <b>231</b>              | <b>233</b>             |
|     | <b>OTHER FINANCIAL SYSTEMS</b>           |                         |                        |
| 19  | Housing Benefits – Performance Standards | 20                      | 15                     |
| 20  | Supporting People                        | 12                      | 12                     |
| 21  | VAT                                      | 5                       | 5                      |
| 22  | Leasing                                  | 5                       | 5                      |
| 22  | Cash-up Leisure                          | 3                       | 3                      |
| 23. | Cash-up Finance                          | 2                       | 2                      |
|     | <b>TOTAL OTHER FINANCIAL SYSTEMS</b>     | <b>47</b>               | <b>42</b>              |
|     | <b>DEPARTMENTAL AUDITS- specials</b>     |                         |                        |
| 24  | Personnel, IT & Service Development      | 30                      | 5                      |
| 25  | Housing                                  | 15                      | 20                     |
| 26  | Leisure                                  | 15                      | 25                     |
| 27  | Direct Services                          | 15                      |                        |
| 28  | Planning & Environment                   | 10                      | 5                      |
| 29  | Legal & Democratic Services              | 10                      | 15                     |
| 30  | Finance                                  | 10                      | 5                      |
| 31  | Cabinet Office                           | 5                       |                        |
|     | <b>TOTAL DEPARTMENTAL AUDITS</b>         | <b>110</b>              | <b>75</b>              |

|  |  |            |            |
|--|--|------------|------------|
|  | <b>SPECIALIST AUDITS</b>                   |            |            |
|  | Computer Audit                             | 30         | 5          |
|  | Contract Systems                           | 15         | 15         |
|  | Performance Indicators                     | 10         | 10         |
|  | Contingency                                | 30         | 30         |
|  | Contract Final Account                     | 15         | 25         |
|  | Data protection                            | 5          | 5          |
|  | Risk Management / Corporate Governance     | 5          | 5          |
|  | Performance Indicators additional resource | 10         | 15         |
|  | New Financial systems - testing            | 20         | 35         |
|  | Contract – Departmental work               | 8          |            |
|  | <b>TOTAL SPECIALIST AUDITS</b>             | <b>148</b> | <b>145</b> |
|  |  |            |            |
|  | <b>GRAND TOTAL</b>                         | <b>536</b> | <b>495</b> |

INTERNAL AUDIT

ACTIVITY IN 2005/06

|                                | <u>PLANNED DAYS</u> | <u>ACTUAL DAYS</u> |
|--------------------------------|---------------------|--------------------|
| <b>DAYS AVAILABLE</b>          | 799                 | 789                |
| LESS:                          |                     |                    |
| Bank Holidays and Annual Leave | 108                 | 111                |
| Sickness                       | 10                  | 10                 |
| Training                       | 59                  | 32                 |
| Vacancies                      | 0                   | 55                 |
| Meetings/Admin                 | 54                  | 54                 |
| Management                     | 32                  | 32                 |
|                                | <u>(263)</u>        | <u>(294)</u>       |
| <b>AUDIT DAYS AVAILABLE</b>    | <b><u>536</u></b>   | <b><u>495</u></b>  |
| <b>PLANNED ACTIVITY</b>        |                     |                    |
| Key Financial Systems          | 231                 | 233                |
| Other Financial Systems        | 47                  | 42                 |
| Departmental Audits            | 110                 | 75                 |
| Specialist Audits              | 148                 | 145                |
| <b>Total Planned Activity</b>  | <b><u>536</u></b>   | <b><u>495</u></b>  |