

ANGUS COUNCIL

AUDIT SUB-COMMITTEE – 6 May 2004

ANNUAL AUDIT PLAN 2004-05

REPORT BY DIRECTOR OF FINANCE

ABSTRACT

This report submits an annual audit plan for 2004-05, together with the update of the audit universe and a comparison of the audit needs to the resources available to take forward the 2004-05 plan.

1. RECOMMENDATIONS

It is recommended that the audit sub-committee:-

- a) Note the update of the audit needs v resources assessment
- b) Ratifies the 2004-05 internal audit plan

2. INTRODUCTION

Report 514/03 to the Audit Sub-Committee of 15 April 2003 submitted an "audit universe" for the Council which was compared to the audit resource and from which the strategic and annual audit plan for 2003-04 was set.

This report presents the outcomes of the annual update and submits an annual audit plan for 2004-05 for ratification.

3. AUDIT NEEDS/RISK ASSESSMENT

Appendix I & II presents the updated assessed audit needs of the Council risk-ranked in accordance with the agreed model. This update has taken into account the results of the audit work in 2003-04 where it effects the risk ranking and reflects any additions, deletions and consolidations to auditable areas.

The more material changes are highlighted below:-

- a) The audit needs have been split into general audit (appendix I) and computer audit (appendix II)
- b) A number of other significant areas have also been added including the Prudential Code and annual Performance Indicators audit
- c) Areas within the general audit universe have been cross referenced to corporate priorities and themes and linked, where possible, to the corporate risk register.
- d) Amendments have been made to the frequency of computer audits to allow critical systems to be reviewed every three years and high risk systems every four years.

The net effect of the above movements is an overall reduction in the total time allocated over the audit universe. However, the results of the updated risk profiling are neutral, when the universe is converted into annualised audit days required for the critical and high risk areas.

4. NEEDS v RESOURCES AND THE AUDIT ESTABLISHMENT

Appendix III provides a comparison of the critical and high risk audit needs identified in 3 above, to the actual audit resource available. The audit resources take account of the proposed revision to the audit structure in report 589/04 to this sub-committee and represents a welcome overall increase in resource, both in terms of staffing numbers and seniority. This should put the section in a strong position to take forward the increasing demands of corporate governance and annual audit of the Local Code. An element of slippage has been build into the available time calculations to take account of proposed recruitment exercise to employ a new Senior Auditor.

The increase resource will allow the section to take forward Medium risk areas in addition to all the Critical and High risk areas identified, an improvement on previous years. The resource also allows for increased priority to be given to further developing the computer audit needs of the Council.

5. THE STRATEGIC AUDIT PLAN

Report 565/01 outlined the concept of a high level strategic plan which would form an indicative framework for the annual plans which would, in turn, be formed from the detail of the audit universe. A strategic plan based on a number of audit days to take forward the of the critical and high risk audit areas and a number of the medium risk areas is shown below.

Areas	Audit Days	Audit Days
	2004-05	2003-04
Critical Risk Areas	330	335
High Risk Areas	610	605
Medium Risk Areas	75	0
	1015	940
Follow Up Audits	55	50
	1070	990
Contingency	125	95
Benefits Fraud Management	45	40
Tayside Joint Police Board	20	25
New systems support	20	0
Misc grant certifications	20	0
Non Chargeable Items (including training)	180	157
Staff slippage	45	0
Total Audit Days per Annum	1525	1307

6. THE ANNUAL AUDIT PLAN

Appendix IV presents an annual audit plan for 2004/05. This deals with critical, high risk and a portion of medium risk areas and has been developed from the strategic plan and the detail of the audit needs assessment discussed in section 3.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising from this report.

9. CONSULTATION

The Chief Executive and Director of Law and Administration have been consulted in the preparation of this report.

David S Sawers
Director of Finance

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

JW 15/4/04