

ANGUS COUNCIL

AUDIT SUB-COMMITTEE – 17 March 2005

ANNUAL AUDIT PLAN 2005-06

REPORT BY DIRECTOR OF FINANCE

ABSTRACT

This report submits an annual audit plan for 2005-06, together with the update of the audit universe and a comparison of the audit needs to the resources available to take forward the 2005-06 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 2005-06 internal audit plan

2. INTRODUCTION

Report 591/04 to the Audit Sub-Committee of 6 May 2004 submitted an “audit universe” for the Council which was compared to the audit resource and from which the strategic and annual audit plan for 2004-05 was set.

This report presents the outcomes of the annual update and submits an annual audit plan for 2005-06 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 2004-05 where it effects the risk ranking and reflects any additions, deletions and consolidations to auditable areas.

The more material changes are highlighted below:-

- a) A number of significant areas have been added including Performance Management Arrangements and new computer systems
- b) Areas within the general audit universe have been cross referenced to corporate priorities and themes.
- c) Certain areas of audit have been classified as “rolling audits” which, on a regularity basis, require consideration annually, and relate to core internal financial controls.
- 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 increase in the total time allocated over the audit universe.

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 assume full staffing throughout the year. The net result of the amendments to the universe leave the resources and needs broadly in balance for the critical and high risk areas although the final audit plan reflects a broader base which includes medium risk areas within the rolling programme.

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 critical and high risk audit areas and a number of the medium risk areas is shown below.

Areas	Audit Days 2005-06	Audit Days 2004-05
Critical Risk Areas	350	330
High Risk Areas	584	610
Medium Risk Areas	123	75
	1057	1015
Follow Up Audits	50	55
	1107	1070
Contingency	145	125
Benefits Fraud Management	45	45
Tayside Joint Police Board	20	20
New systems support	20	20
Misc grant certifications	20	20
Non Chargeable Items (including training)	179	180
Staff slippage	0	45
Total Audit Days per Annum	1536	1525

6. THE ANNUAL AUDIT PLAN

[Appendix IV](#) presents an annual audit plan for 2005/06. 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