
REPORT TO:	Finance and Management Committee	AGENDA ITEM:	15
DATE OF MEETING:	21st February 2006	CATEGORY:	DELEGATED
REPORT FROM:	Director of Corporate Services	OPEN	
MEMBERS' CONTACT POINT:	Tony Stamper (Extn 5706)	DOC:	
SUBJECT:	Revised Annual Internal Audit Plan 2005/06	REF:	
WARD(S) AFFECTED:	All	TERMS OF REFERENCE:	FM 09

1.0 Recommendations

- 1.1 Members are asked:-
- 1.2 To approve the revised audit plan for 2005/06
- 1.3 To note the assurance statement for the 2004/05 account year

2.0 Purpose of Report

- 2.1 The purpose of this report is to seek approval for revisions to the Internal Audit work plan necessitated by the Audit Commission's request to complete the managed audit process earlier than planned.
- 2.2 There is a new requirement for the Statement of Internal Control to be evidenced by supporting documents and reported independently. Assurance statements are key documents for this purpose, one of which is produced by the Audit Manager. The Statement of Internal Control and the supporting statements for the 2005/06 accounts will be reported separately in June 2006. As an interim arrangement a copy of the assurance statement for the account year 2004/05 is provided for Members' information.

3.0 Detail

- 3.1 The Council's Internal Audit Team carries out a range of audits in accordance with the Council's Strategic Audit Plan.
- 3.2 The team works closely with the Council's external auditors, who place a considerable degree of reliance on the work undertaken by the internal audit team.
- 3.3 Our external auditors, the Audit Commission, works in partnership with Internal Audit and this process is known as the managed audit concept.

- 3.4 This arrangement is formalised by annual Joint Working Arrangements which details those material systems that fundamentally support the final accounts process.
- 3.5 The annual accounts audit, undertaken by the Audit Commission, relies specifically on internal control assurances for those systems including the main accounting system itself, which in turn provides the basis for the Council's Annual Statement of Accounts.
- 3.6 Internal Audit undertakes most of this assurance work as part of its managed audit programme. The material systems fall into two groups, those fundamental financial systems that feed into the main accounting system (MAS) and the core process systems, which comprise the MAS itself and Budgetary Control.
- 3.7 The Audit Commission used to require this work to be undertaken after the year-end, but more recently the commission has said that the fundamental systems can be undertaken during the latter part of the accounting year.
- 3.8 This work has been progressively brought forward with some undertaken in the year of account and some in the year of audit (subsequent year).
- 3.9 In addition the accounts closure date has also advanced and for the 2005/06 account year is the end of June 2006. All this work was planned to be completed by June 2006 to coincide with this.
- 3.10 The Audit Commission has requested that all the systems are completed by the end of April 2006 with the exception of the Main Accounting and Budgetary control systems which will be as planned in the new year.
- 3.11 This has required a marginal revision to the 2005/06 Audit plan (see Appendix 1) affecting the last quarter. Certain routine and some special audits will now be included in the 2006/07 Annual Audit Plan. A copy of the original 2005/06 Audit plan is appended (Appendix 2).
- 3.12 A copy of the 2004/05 Assurance Statement (see Appendix 3) is included for Members' information. This is a supporting document for the Statement of Internal Control.

5.0 Financial Implications

- 5.1 None

6.0 Conclusions

- 6.1 The revisions will assist us in meeting the Audit Commission's request.

7.0 Background Papers

- 7.1 None