

**REPORT TO: SCRUTINY COMMITTEE - 15 JUNE 2011**

**REPORT ON: 2011/12 INTERNAL AUDIT PLAN**

**REPORT BY: CHIEF INTERNAL AUDITOR**

**REPORT NO: 322-2011**

## **1.0 PURPOSE OF REPORT**

To submit to Members of the Scrutiny Committee the Internal Audit Plan for the 2011/12 financial year as detailed at Appendix A.

## **2.0 RECOMMENDATIONS**

Members of the Committee are asked to note the information contained within this report.

## **3.0 FINANCIAL IMPLICATIONS**

None

## **4.0 MAIN TEXT**

- 4.1.** The professional standards which internal audit in local government should comply with are contained in the Chartered Institute of Public Finance and Accountancy Code of Practice. Standard 7 of the Code covers audit strategy and planning and details best practice in these areas. In broad terms the strategy communicates the contribution that the internal audit service makes to the organisation and the plan should outline the work to be undertaken.
- 4.2.** One of the key components of the audit planning process is a clear understanding of the Council's functions and the range and breadth of potential audit areas. Identification of potential projects for inclusion within the 2011/12 Internal Audit Plan has been a challenging exercise because Dundee City Council is entering a period of significant change due to the planned organisational restructure, remodelling of service delivery, relocation of staff, introduction of new working practices and the prevailing economic climate.
- 4.3.** In compiling the 2011/12 Internal Audit Plan cognisance was taken of the Council Plan, Departmental Service Plans, reports from external inspection bodies, committee reports and prior audit knowledge. In addition it was viewed that to capture potential areas of risk and uncertainty more fully it would be beneficial to undertake a more extensive consultation with key stakeholders than had been carried out in recent years. This consultation was initiated at the Management Team (Operational Issues) in late January 2011 where an overview of internal audit services and the audit planning process was provided to Heads of Service. Thereafter meetings were held with various management teams and other key stakeholders such as Audit Scotland. Of the order of sixty stakeholders were consulted during this exercise.
- 4.4.** Summarised at Appendix A is the 2011/12 Internal Audit Plan that was subsequently compiled. This shows the planned audit coverage and incorporates the perceived risk exposure from an internal audit perspective assigned to each of the reviews. It should be noted that all aspects within a specific area are not necessarily examined within each audit assignment. The scope and objectives are determined at the commencement of each review on the basis of prevailing information and in consultation with senior management.

- 4.5.** For the 2011/12 financial year, it is estimated that productive days available for audit work totals 970 days. Approximately 80% will be used to carry out the reviews listed at Appendix A. The balance of productive days available will be utilised to provide advice on system controls and specific investigations, undertake follow-up and progress reviews and finalise the 2010/11 Internal Audit Plan. Whilst the majority of the planned areas of activity will be delivered by in-house resources, these will be complemented by the use of external service providers particularly in the delivery of specialist computer audit reviews.
- 4.6.** The 2011/12 Internal Audit Plan, including the estimated resources, has been prepared on the best information currently available but it may be subject to amendment to reflect the changing risks and priorities of the organisation arising during the financial year. Any material amendments to the planned work will be reported back to the Scrutiny Committee.

## **5.0 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

## **6.0 CONSULTATIONS**

The Chief Executive, Depute Chief Executive and Director of Finance have been consulted on the content of this report.



## **7.0 BACKGROUND PAPERS**

None

Sallie Dailly, Chief Internal Auditor

DATE: 31 May 2011

2011/12 INTERNAL AUDIT ANNUAL PLAN		Risk Factor
<b>Corporate Reviews</b>		
Aids and Adaptations for Independent Living		Medium
Amendment of Creditors' Standing Data		High
Arrangements for the Management of Asbestos		Medium
Arrangements for the Management of Fixed Term Employees		Medium
Certification of Grant Claims		Low
Compilation of Performance Information		Medium
Corporate Governance Arrangements		Medium
Debit and Credit Card Refunds		Medium
Debtors and Debt Management		Medium
Handling and Disposal of Confidential Waste		Medium
Payroll and Employee Expenses		Low
Pension Fund Payments		Medium
Periodicals, Publications and Subscriptions		Low
Risk Management Arrangements		Medium
School Community Support Services		Medium
Tayside Procurement Consortium		Medium
Year End Stocks and Stores		Low
<b>Departmental Reviews</b>		
City Development	Residents' Parking Permits	Medium
City Development	Winter Maintenance Arrangements	Medium
Environment	Assessment of Sub-Contractors	Medium
Environment	Fuel Management	Medium
Environment	Procurement and Management of Materials	Medium
Education	Control Self Assessment for Educational Establishments	Medium
Housing	Letting System and Voids Management	Medium
Housing	Licensing of Houses in Multiple Occupation	Medium
Information Technology	Digital Signatures	Medium
Information Technology	Encryption of Laptops	High
Information Technology	Patch Management	Medium
Information Technology	Storage of Data	Medium
Leisure and Culture	Governance Arrangements (SCIO)	Medium
Social Work	Arrangements for Joint Working/Partnerships	Medium
Social Work	Control Self Assessment for Social Work Establishments	Medium
Social Work	Dundee Joint Equipment Store	Medium

<b>Key for Risk Factor</b>	High	
	Medium	
	Low	