
**EXCERPT FROM THE MINUTES OF THE
CORPORATE RESOURCES OVERVIEW AND
SCRUTINY COMMITTEE
HELD ON 12 JUNE 2003**

CROS.71/03 INTERIM REVIEW OF THE AUDIT PLAN FOR 2003/04

The Audit Manager presented Financial Memo FS.16/03 providing an interim review of the agreed Audit Plan for 2003/04.

The Plan, approved by this Committee on 20 February 2003, called for 812 chargeable days out of a possible total of 1,267 (an estimated performance target of 64.1%). Details of subsequent staffing changes and their effect on the Plan were provided, which showed that the number of chargeable days available had now reduced to 760 (including 75 days assessed as being available from the new Auditor post).

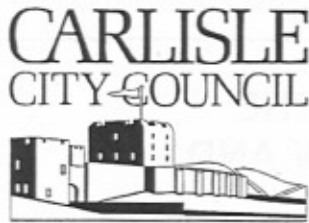
The Audit Manager reported that it had been hoped (subject to Staffing Forum ratification) that the half-time Audit Assistant post could be made permanent and increased to full-time, the extra funding to be supplied by Personnel under the Modern Apprenticeship Initiative. Regrettably, however, he had been advised recently that that would not be possible and the post would remain half-time. In addition, there was currently a shortage skilled staff. Consequently, he envisaged that it would be necessary to reduce the original planned work by around 160 days.

The Audit Manager then outlined the changes proposed to deal with the above situation, indicating that he would still require to identify others.

Members recognised that the situation was beyond the control of the Audit Manager and agreed that the matter be referred on to the Executive, together with their concerns as regards the number of days being deducted from the original planned work. They also asked that their best wishes be conveyed to the member of staff currently on maternity leave.

RESOLVED – (1) That the report be received and the proposed changes to the Audit Plan for 2003/04 be noted and agreed.

(2) That the matter be referred to the Executive, in particular, this Committee's concerns at the number of days being lost from the original planned work.



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Committee Report

Public

Date of Meeting: 12th June 2003

Title: Interim Review of the Audit Plan for 2003/04

Report of: The Head of Finance

Report reference: Financial Memo FS16/03

Summary:

This report appraises Members of proposed changes to the agreed Audit Plan for 2003/04.

Recommendations:

Members are requested to receive the report and to note and agree the proposed changes.

Contact Officer: Ian Beckett, Audit Manager

Ext: 7292

FINANCIAL SERVICES BUSINESS UNIT

INTERIM REVIEW OF THE AUDIT PLAN FOR 2003/04

MAY 2003

Background

The original Audit Plan for 2003/04 called for 812 chargeable days out of a possible total of 1,267.

This gave an estimated "performance target" of 64.1%.

The Plan was approved by Members at the meeting of the Corporate Resources Overview and Scrutiny Committee at their meeting on 20th February 2003.

Subsequent staffing changes

1. Unfortunately, since the original Plan was agreed by Members, further staffing shortfalls have occurred in terms of additional maternity leave and vacant posts over and above those originally planned for.
2. Efforts have been made to replace the vacant posts, however this has been unsuccessful due to the short term nature of the appointments and lack of suitably qualified and experienced replacements.
3. On the positive side, a new half-time Auditor post has been established, funded by the Head of Revenues and Benefits in order to increase the Internal Audit coverage in that area. As it is anticipated that this post will bring its own workload with it, at this stage this will make little or no contribution to the original planned workload, although this will be reviewed following discussions with the Head of revenues and Benefits. It is estimated that the new Auditor will start on or about 16th June 2003.
4. Also, it has been agreed – subject to Staffing Forum ratification – that the (half-time) Audit Assistant post would be made permanent. It has now been proposed, by Personnel, that the post should be increased to full-time, the extra funding to be supplied by Personnel under the Modern Apprenticeship initiative. Details are awaited from Personnel. It is estimated that this will come into effect on or about 4th August 2003.

Effect on the 2003/04 Audit Plan

A revised Audit resources statement has been drawn up which shows that the number of chargeable days available has now reduced to 760, based on information available at the time of writing this report.

It is also to be noted, however, that these 760 days include 75 days assessed as being available from the new Auditor post. Assuming that this is **all** taken by new work on Revenues and Benefits, the net available days for already agreed planned work will reduce to $(760-75) = 685$ days.

Thus, it is necessary to reduce the original planned work by $(812-685) = 127$ days.

Members were made aware, at the meeting on 20th February 2003, that the demands of the Risk-based Strategic Plan indicated that there was a shortfall of 1 FTE member of staff in order to complete the Plan. This has now increased, for the reasons outlined above, to 1.5 FTE for the current year. The position regarding the shortfall of 1 FTE member of staff will be reviewed at the end of the current financial year in the light of experience gained in the first year of the risk-based audit approach

Proposed changes to the Plan

In order to deal with the situation outlined above, the following changes are now proposed :-

1. *Community Centres* – remove all 25 days. Reason - will not undertake the originally planned work relating to Community Centres, as we are disbarred from this work by the provisions of the Charities Act.
2. *Computer Audit* – remove all 20 days. Reason - This is a specialist area and there is no-one currently in the Team capable of this sort of work. The need for to continue with this work is recognised, however, and as in the past we will "buy in" specialist resources where necessary, funded from the vacant post.
3. *Corporate/CPA/Best Value* – remove all 45 days. Reason – there is no requirement under the Accounts and Audit Regulations 2003, nor the CIPFA Audit Code of Practice, for Internal Audit to carry out Corporate Reviews – nor are we expected to do so by the Audit Commission ("District Audit" as was). We are, however, required to carry out systems-based reviews – and indeed face criticism, not least from the Audit Commission, if we do not do so. Under the conditions outlined in this report, we should not undertake Corporate work at the expense of our basic systems reviews, which have all been subjected to a detailed Risk Analysis.

4. *Sickness monitoring audit review* – remove all 10 days. Reason – this is now already being thoroughly reviewed and monitored by Personnel and Heads of Business Units.
5. *Information technology audit review* – remove all 15 days. Reason – as above – this calls for a level of expertise which we do not have available. Again, we will buy in any time needed in this area.
6. *External Funding/Grant Management audit review* – remove all 15 days. Reason – we now have an External Funding Officer in post, and there is a grant-monitoring system in place in Financial Services, so this area is well covered already.

In total, these proposed changes remove **130** days from the Plan.

This report shows all of the known and proposed changes as at week 8 – there are still 44 weeks to go and further changes will be inevitable.

Members will be informed of any further developments that have a significant impact on the Plan.

Recommendation

Members are requested to receive the report and to note and agree the proposed changes.

Ian Beckett
Audit Manager
29th May 2003