

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

12 October 2010

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 REVIEW OF AUDIT PLAN 2010/11

Summary

Due to the resignation of the Audit Manager there is a requirement to review the Audit Plan and to consider partnership opportunities.

1.1 Introduction

1.1.1 The Audit Manager has resigned to take up a new position at the Home Office from 1 September 2010. In the current economic climate it was decided not to fill this post and to review the Audit Plan to evaluate the effect this resource loss would have. In addition this was seen as an opportunity for a partnership arrangement with Gravesham Borough Council.

1.2 Resource Impact

1.2.1 The Audit Manager had responsibility for the day to day running of the office. This involved managing the Audit Plan, preparing client briefs and reviewing completed audits to ensure consistency and completeness. In addition specific projects were allocated to the post-holder. The post had evolved to include a number of management functions as part of a personal development plan.

1.2.2 The timing of the resignation coincided with a review of audit approach. Current trends in auditing are aimed at providing a review of high risk areas with the objective of providing a value added service as well as an audit opinion. Historically, this authority has had a minimal number of frauds to investigate other than benefit fraud which has a dedicated team. This has enabled resources to be available for a number of low risk audits to be undertaken.

1.2.3 With one of the Senior Auditors being given minimal overtime it was identified that a majority of the current year's plan could be completed with the Chief Internal Auditor and two Senior Auditors absorbing the work undertaken by the Audit Manager. The amount of the plan that can be completed will be sufficient to provide assurance on all high risk areas and to be able to allow the Audit Commission to place reliance on the work of Internal Audit.

- 1.2.4 There will be a minimal reduction in the areas of work that can be covered from the audit plan. Rather than making arbitrary cuts from the plan of low risk areas it is intended to seek the view of Chief Officers as to the value of carrying out these audits. In order to identify those audits which are not required a number of factors will be assessed by the responsible officers such as risk level, changes in procedures, changes in staff as well as potential benefits from carrying out the audit. Any areas where there is cash handling will still be audited.

1.3 Partnership Opportunity

- 1.3.1 The vacancy has given the Council the opportunity to consider a partnership opportunity with Gravesham. The two Internal Audit Sections had already established a closer working relationship following an earlier peer review and commitment to best practice.
- 1.3.2 Most of the Internal Audit provision in Kent is provided by partnerships and although in the short-term the required level of audit provision can be maintained there is a need to consider partnerships as a cost cutting exercise and a means of providing resilience in what are small specialised sections.
- 1.3.3 Discussions are currently taking place to find an appropriate working model. As I write, we are considering a model whereby the two audit teams are merged although they remain based at their respective authorities and the audit office manager at Gravesham is shared between us on a 50:50 basis. It would be our intention to move towards an integrated work programme for the teams, but this would be done over a period of time. I shall update Members as and when we finalise the details of this partnership.

1.4 Legal Implications

- 1.4.1 It is considered that the section can continue to meet its legal obligation to provide an effective internal audit service.

1.5 Financial and Value for Money Considerations

- 1.5.1 The measures outlined above will make a financial saving on the post of Audit Manager and a partnership agreement would still result in a saving of audit costs.

1.6 Risk Assessment

- 1.6.1 As the high risk areas of activity will be still be audited and managers will be asked to consider the benefits of audits for lower risk areas then it is considered that there is little risk in these options.

Background papers:

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Audit Files

David Buckley

Chief Internal Auditor