

## ITEM NO: 8

|                          |   |                                   |      |               |
|--------------------------|---|-----------------------------------|------|---------------|
| <b>DECISION-MAKER:</b>   | AUDIT COMMITTEE   |                                   |      |               |
| <b>SUBJECT:</b>          | INTERNAL AUDIT: REVIEW OF THE ANNUAL OPERATIONAL PLAN 2007/08 |                                   |      |               |
| <b>DATE OF DECISION:</b> | 24 <sup>th</sup> JANUARY 2008                                 |                                   |      |               |
| <b>REPORT OF:</b>        | CHIEF INTERNAL AUDITOR  |                                   |      |               |
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### STATEMENT OF CONFIDENTIALITY

Not applicable .

### SUMMARY

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business, activities, systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- Risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The *Annual operational plan*, as approved by the Audit Committee (28<sup>th</sup> March 2007), provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

The plan should be subject to ongoing review and adjustment to ensure it remains aligned with significant business risks and is responsive to the priorities and concerns of the management team. The plan also requires adjustment to ensure it makes most appropriate use of available internal audit resources.

The revised Annual operational plan for 2007/08 is attached as an appendix to this report.

### RECOMMENDATIONS:

- (i) The Audit Committee is invited to comment on and approve the revised Annual Operational Internal Audit Plan for 2007/08.

### REASONS FOR REPORT RECOMMENDATIONS

1. In accordance with proper internal audit practices and the Internal Audit Strategy, the Audit Committee is required to approve, but not direct, the Annual Operational Internal Audit Plan.

### CONSULTATION

2. Amendments to the plan have been identified through internal audit's ongoing contact and liaison with the Chief Officers Management Team, Heads of Service, the Audit Committee and the Risk and Assurance Manager.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. None

### **DETAIL**

4. The revised Annual Operational Internal Audit Plan for 2007/08 is attached in the appendix for consideration.
5. The ongoing shortfall in internal audit resources has been reported to the Audit Committee and Chief Officers Management Team throughout the year via the Chief Internal Auditor's regular "Status of Work" reports. The internal audit team continues to carry a 23% shortfall (3 fte) in planned resource needs. Supplementary resources have been bought in from PricewaterhouseCoopers LLP (working in partnership with South Coast Audit) to ensure delivery of all high risk and financial management reviews identified within the original 2007/08 audit plan.
6. Despite the resource shortfall, the revised Plan remains appropriately balanced to ensure sufficient assurance work will be carried out to enable a reasonable conclusion to be formed on the adequacy and effectiveness of the Council's risk management, control and governance processes.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

7. None.

### **Revenue**

8. None.

### **Property**

9. None.

### **Other**

10. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

11. The Accounts and Audit (Amendment) (England) Regulations 2006 require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

### **Other Legal Implications:**

12. None.

## **POLICY FRAMEWORK IMPLICATIONS**

13. None.

## SUPPORTING DOCUMENTATION

### Appendices

|    |   |
|----|---|
| 1. | Internal Audit: Revised Annual Operational Plan 2007/08 |
|----|---|

### Documents In Members' Rooms

|    |       |
|----|-------|
| 1. | None. |
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### Background Documents

Title of Background Paper(s)

Relevant Paragraph of the  
Access to Information  
Procedure Rules / Schedule  
12A allowing document to be  
Exempt/Confidential (if  
applicable)

|    |       |  |
|----|-------|--|
| 1. | None. |  |
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**Background documents available for inspection at:** N/A

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**FORWARD PLAN No:**

N/A

**KEY DECISION?** N/A

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**WARDS/COMMUNITIES AFFECTED:** N/A

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