

Committee: **AUDIT AND REVIEW**

Date: **3 August 2007**

Report: **INTERNAL AUDIT: 2007/08 AUDIT PLAN**

### **Purpose of report**

1. To present the 2007/08 Internal Audit Plan to members.

### **Strategic Planning Framework**

2. The information contained in this report is consistent with the Authority's approved and adopted strategic planning framework:
  - ***Best Value Performance Plan***  
" Provide financial management (services) ...for all departments of the Authority"
  - ***Existing policies and strategies***  
"Each NPA is required to maintain an adequate and effective internal audit (Financial Regulations, paragraph 17.1 (iv))..."  
"The Internal Auditor shall determine the scope of any internal enquiries or investigations" (Financial Regulations, paragraph 17.6)

### **2007/08 AUDIT PLAN**

3. A copy of the 2007/08 plan, to be delivered by the NYCC Internal Audit Service under contract, is attached.
4. The Plan covers the key systems of internal control (including financial control), following risk assessment of the Authority's processes by NYCC Internal Audit, and includes comparative information on time spent on audit areas in the preceding year. Ian Smithson, of the NYCC Internal Audit Service, will be available at the meeting to answer any questions that members may have concerning this plan.

### **RECOMMENDATION**

5. Members are asked to approve the plan.

**Richard Burnett**  
**Head of Finance & Resources**

15 July 2007

Background documents: none

**YORKSHIRE DALES NATIONAL PARK AUTHORITY**

**NYCC INTERNAL AUDIT SERVICE**

**ANNUAL AUDIT PLAN 2007/08**

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# **YORKSHIRE DALES NATIONAL PARK AUTHORITY**

## **NYCC INTERNAL AUDIT SERVICE**

### **ANNUAL AUDIT PLAN 2007/08**

#### **1.0 INTRODUCTION**

- 1.1 This document outlines the systems and areas which the Internal Audit Service will review in 2007/08. The number of days allocated to each audit and the approximate timing of the work are also given.
- 1.2 The Plan is primarily designed to ensure that the Treasurer can satisfy his statutory responsibilities. However, an effective internal audit also helps the National Park Authority ensure that there is an adequate and secure control environment in operation.

#### **2.0 BACKGROUND**

- 2.1 This Annual Audit Plan is based on a Strategic Audit Plan. The Strategic Plan was prepared using a Formal Risk Assessment Model, and is updated at the end of each calendar year to take into account the results of audit work performed and changes in financial procedures and systems. However, as noted in Appendix II, a significant amount of the Plan is now taken up with the review of Material Systems to enable the Audit Commission to form a view on the accounts of the Authority. This has limited the amount of time that is available for the review of other systems.
- 2.2 The comments of the Chief Executive on the draft Audit Plan have been incorporated into this document.

#### **3.0 VARIATIONS TO THE PLAN**

- 3.1 The Annual Audit Plan will only be reviewed in the following circumstances:-
  - if serious system weaknesses are identified during the course of our work;
  - if management fail to implement recommended changes to rectify weaknesses in key internal controls;
  - on written request from the Treasurer; or
  - if significant changes occur to key financial and management information systems.

Any variation to the Plan will be agreed by the Treasurer and confirmed in writing to the Chief Executive.

#### 4.0 **ADDITIONAL AUDIT SERVICES**

4.1 The Chief Executive can request that the Internal Audit Service undertake specific VFM and consultancy assignments which are not included in the Plan. If such work is requested then the terms of reference, anticipated cost, and reporting procedures will be agreed in advance.

4.2 Financial advice can also be given in respect of various situations, including:-

- interpretation of Financial Regulations and Standing Orders;
- security arrangements;
- financial and accounting procedures; and
- best financial practice.

#### 5.0 **AUDIT APPROACH**

5.1 All the work carried out by the Internal Audit Service is performed in accordance with standards and guidelines issued by the Audit Practices Board. In addition, our approach to the review of systems is designed to ensure that the key risks are identified and that key controls are operating correctly. Our systems based reviews are based on the 'Systems Based Audit' methodology and documentation developed by CIPFA.

#### 6.0 **FURTHER INFORMATION**

6.1 If you require any further information on the Audit Plan or the other services which we can provide, please contact:-

Ian Smithson  
Principal Auditor  
Central Finance Business Unit  
County Hall  
Northallerton  
North Yorkshire  
DL7 8AL

Telephone: 01609 532739

Appendix I – Audit Plan Summary and Timetable

Customer/Project	PLANNED DAYS 2007/08					TOTAL	PLAN
	Q1	Q2	Q3	Q4	2008/09		2006/07
<b><u>YORKSHIRE DALES NATIONAL PARK AUTHORITY</u></b>							
MAIN ACCOUNTING & BUDGETARY CONTROL					4	4	3
PURCHASING, CREDITORS & CONTRACTING ARRANGEMENTS					4	4	5
HUMAN RESOURCES					3	3	4
INCOME						0	3
TREASURY MANAGEMENT						0	
ASSET REGISTERS						0	
GRANTS			7			7	
CAPITAL ACCOUNTING					1	1	1
INFORMATION CENTRES & STOCK CONTROL						0	8
PHYSICAL ASSET TESTING						0	2
STAFF TRAVEL & SUBSISTENCE				3		3	
COMPUTER AUDIT			5			5	
PLANNING AND ADVICE	1		1	1		3	4
<b>Total</b>	<b>1</b>	<b>0</b>	<b>13</b>	<b>4</b>	<b>12</b>	<b>30</b>	<b>30</b>

**YORKSHIRE DALES NATIONAL PARK AUTHORITY**

**Project**

**MATERIAL SYSTEMS**

The External Auditor requires certain material systems to be tested on an annual basis in accordance with guidance issued by the Audit Commission. Other material systems are tested on a rolling programme over three years. This year the systems to be tested will be:

**6820 Main Accounting and Budgetary Control**

An examination of the arrangements for processing journals and virements and reconciling control accounts together with a review of the arrangements for setting and monitoring budgets. The audit will also examine how budget reports are prepared and submitted to management and the Authority.

**6870 Purchasing, Creditor Payments and Contracting Arrangements**

A review of the arrangements for ordering goods and services, obtaining Best Value, and making payments to suppliers.

**6830 Human Resources**

A review of the arrangements for appointing staff and processing payroll transactions.

**6825 Treasury Management**

A review of the arrangements operated by the Authority for managing its cash flow.

**OTHER REVIEWS**

**6880 Grant Processing**

A review of the systems for awarding and paying grants, including those processed on behalf of the Authority by the Yorkshire Dales Millennium Trust.

**6810 Staff Travel & Subsistence**

A review of the system for paying expenses to officers.

**6845 IT Security**

A review of IT Security arrangements, together with a review of the application of the Internet, email and private use policies of the Authority.

**6900 PLANNING AND ADVICE**

An allocation of time to liaise with the external auditors, prepare the Annual Audit Plan, attend meetings of the Audit and Review Committee and provide advice on audit matters.