

YORKSHIRE DALES NATIONAL PARK AUTHORITY
AUDIT AND REVIEW COMMITTEE

16th June 2006

INTERNAL AUDIT: 2006/07 AUDIT PLAN

Purpose of report

To present the 2006/07 Internal Audit Plan to Members.

Strategic Planning Framework

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 (iii))...”
“The Internal Auditor shall determine the scope of any internal enquiries or investigations” (Financial Regulations, paragraph 17.6)

2006/07 AUDIT PLAN

A copy of the 2006/07 plan, to be delivered by the NYCC Internal Audit Service under contract, is attached.

The Plan covers the key systems of internal control (including financial control), following risk assessment of the Authority's processes by NYCC Internal Audit. Members will note that, as they had requested, the plan now includes comparative information on time spent on audit areas in the preceding year.

RECOMMENDATION

Members are asked to approve the plan.

RICHARD BURNETT
HEAD OF FINANCE & RESOURCES

5th June 2006

YORKSHIRE DALES NATIONAL PARK AUTHORITY

NYCC INTERNAL AUDIT SERVICE

ANNUAL AUDIT PLAN 2006/07

CONTENTS

Introduction	1
Background	2
Variations to the Plan	3
Additional Audit Services	4
Audit Approach	5
Further Information	6
Appendix I - Audit Plan Summary and Timetable	
Appendix II - Detailed Audit Plan	

YORKSHIRE DALES NATIONAL PARK AUTHORITY

NYCC INTERNAL AUDIT SERVICE

ANNUAL AUDIT PLAN 2006/07

1.0 INTRODUCTION

- 1.1 This document outlines the systems and areas which the Internal Audit Service will review in 2006/07. 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 Authority's officers 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:-

Mark Stenson
Chief Internal Auditor
Central Finance Business Unit
County Hall
Northallerton
North Yorkshire
DL7 8AL

Telephone: 01609 532143

Appendix II - Detailed Audit Plan for 2006/07

YORKSHIRE DALES NATIONAL PARK AUTHORITY

Project

MATERIAL SYSTEMS

From 2005/06, the Internal Audit approach for material systems has been agreed as follows with the Audit Commission, who are the external auditors to the National Park Authority:-

- The system will be documented to agreed standards.
- Testing of transactions will cover the whole year and reflect the guidance issued by the Audit Commission on sample sizes. The larger the system in monetary terms, then the more testing needs to be done as per the guidance.

The work for 2006/07 is expected to be less than that for 2005/06, in that the systems documentation will only need to be amended for changes. Testing of transactions will be time consuming in 2006/07, as it will be necessary to fill in the gaps from 2005/06.

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.

6890 **Income**

A review of the arrangements for processing income from visitor centres, car parks and planning fees. In addition the arrangements for raising and processing Sundry Debtors accounts will be reviewed.

6825 **Treasury Management**

A review of the arrangements operated by the Authority for managing its

cash flow.

Asset Registers

A review of the Authority's Asset Register and Inventory.

6805 **Capital Accounting**

A review of the Authority's arrangements for accounting for capital expenditure.

OTHER REVIEWS

6840 **Information Centres**

A review of the systems operated in a number of Information Centres for the ordering of goods and the processing and banking of income.

Physical Asset Testing

A probity review of the physical existence of assets purchased for the use of the National Park.

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.

APPENDIX I - AUDIT PLAN SUMMARY AND TIMETABLE

Project	Customer/Project	PLANNED DAYS 2006/07					TOTAL	PLAN 2005/06
		Q1	Q2	Q3	Q4	2007/08		
	<u>YORKSHIRE DALES NATIONAL PARK AUTHORITY</u>							
6820	MAIN ACCOUNTING & BUDGETARY CONTROL					3	3	10
6870	PURCHASING, CREDITORS & CONTRACTING ARRANGEMENTS					5	5	6
6830	HUMAN RESOURCES					4	4	
6890	INCOME					5	5	2
6825	TREASURY MANAGEMENT					1	1	1
	ASSET REGISTERS					1	1	
6805	CAPITAL ACCOUNTING					1	1	
6840	INFORMATION CENTRES		5				5	
	PHYSICAL ASSET TESTING			2			2	
6910/01	NORTHERN HEADQUARTERS CONTRACT MANAGEMENT							3
6910/02	COMPUTER AUDIT							5
6900	PLANNING AND ADVICE	1	1	1			3	3
	Total	1	6	3	0	20	30	30