

**ANNEX 1**

**2011/12 Quarter 3 Internal Audit Plan**

Directorate	Qtr	Audit	Status
Cross Cutting	3 & 4	<p><b>Governance and Financial Management</b></p> <p>Further to the work undertaken in Q1 and Q2, Internal audit will be undertaking testing of the key control processes as defined in the Annual Governance Statement, across all the Directorates.</p> <p>The work will include a review of the adequacy and effectiveness of the Corporate Process Owners assurance framework, and will also include compliance testing. Follow up on the 2010/11 will also be undertaken.</p> <p>The service areas to be reviewed as part of this audit will be planned and agreed with the relevant senior management teams.</p>	To start qtr 3
Cross Cutting	3 & 4	<p><b>Key Financial Systems</b></p> <p>Internal Audit will start the annual review of all the key financial systems in Quarter 3, and will continue to work closely with the External Auditors to ensure they can rely on our testing for their audit of the Accounts.</p> <p>The key financial systems includes Pension Fund and Pension Administration</p>	To start qtr 3
Cross Cutting	3 & 4	<p><b>Contract Audit</b></p> <p>The Contract Audit needs assessment has been completed, and the audit activity, primarily in respect of Highways and Property Services commenced in Q2 further work in both these areas will be undertaken in Q3 and Q4.</p> <p>Contract Audit forms a major part of this audit plan, and resources allocated have been significantly increased in this area to enable a wide coverage reflecting the scale of contracts. The Audit activity will include reviewing the contract management arrangements for revenue contracts across all the Directorates; and, a sample of capital contracts.</p>	On Going

Directorate	Qtr	Audit	Status
EE - OCS	3	<p><b>Contract Audit – Procurement Strategy</b></p> <p>The Audit will look at the Procurement Strategy, governance and communication.</p>	
CEF / EE-OCS	4	<p><b>Schools Assurance Mapping</b></p> <p>Internal Audit is continuing to support schools with a cyclical audit on behalf of the Governing Body to look at compliance with the school's financial management framework. However, FMSiS has now ended and the replacement Schools Financial Value Standard (SFVS) does not start until 2012/13.</p> <p>To determine the future level of audit activity in respect of schools (in addition to the funded cyclical governance health check), Internal Audit will be undertaking an exercise to map the various sources of assurance that are available to the Director for CEF, and the S151 Officer over the effective governance and performance in schools.</p>	To start in Q4
EE - OCS	3 & 4	<p><b>IT Audits</b></p> <p>The delivery of the IT Audit Plan will continue across Q3 and Q4. This includes working with the IT Service on a timely basis for new developments and major projects.</p>	On going
Fraud	3 & 4	<p>We will continue to deliver the Counter-Fraud plan, with the main focus being on ensuring the NFI data matches are reviewed, and undertaken proactive testing in areas with inherent risk of fraud.</p>	On going
Other	3&4	<p>The Audit Managers continue to work closely with the Directorate Leadership Teams, to identify areas for audit assurance resulting from restructures and key projects. The Business Strategy is resulting in major structure changes across the Directorates, and so at this stage specific audits have not been determined, but this will develop in Q3 and Q4, therefore days have been identified but not yet allocated so we can respond when required.</p>	On going