

Agenda Item No: -

Report to: Audit Committee

Date of Meeting: 19 March 2012

Report Title: Proposed Internal Audit Plan - 2012/13

Report By: Tom Davies
Chief Auditor

Purpose of Report

To invite comment on the proposed Internal Audit Plan 2012/13 before it is approved.

Recommendation(s)

1. That the Audit Committee approves the plan.

Reasons for Recommendations

Audit Committee approval of the Internal Audit plan provides clear authority for Internal Audit to discharge the assignments listed therein and enable monitoring of the efficiency and effectiveness of Internal Audit.

Introduction

1. The audit programme for 2012-13 has been produced after communication with Heads of Service, External Audit and reference to the Council's agreed priorities. It includes both new and traditional areas of work. Traditional audits include review of the fundamental financial systems. New areas include carrying out the National Non-Domestic Rate (NNDR) Grant Claim that will further reduce the external audit fee.
2. The approach to the audit of the fundamental financial systems changed five years ago by the introduction of International Auditing Standards (IAS) adopted in Local Government in 2006. It remains a key requirement and the main aspect of this work is the need to identify, document and test fundamental financial systems in a particular way. Financial audit still remains the emphasis in the plan.
3. The Operational Risk Registers have been referred to and the work around resilience is part of that.
4. The plan is developed in relation to planning assumptions reviewed annually and made in accordance with available days.
5. The plan is spread across, financial, operational, computer and value for money (vfm) auditing.
6. The specific terms of reference for each audit will be agreed with the relevant Directors and Managers before commencement of each assignment.
7. There is likely to be change in the organisation and the plan will align itself to those changes as appropriate. Some specific contingency for this is shown in the plan.

	Fundamental and Financial Audits	Risk Reviews, Follow-up and Other	
April	Right-to-Buy Clawback (Amicus Housing)	National Non-Domestic Rate (NNDR) Grant Claim	
May	Creditors	Housing Benefit – Grant Subsidy Work	
June			
July	Information Systems Audit - Security		
August			
September	Council Tax		Follow-up audits of: Password Controls, HIC Finance Processes, Project Control
October			
November	Treasury Management	Ad-hoc management requests that can be decided nearer this time	
December			
January	International Auditing Standards Compliance work covering all fundamental controls	Risk Review or Value for Money topic (to be decided nearer the time according to emerging priorities).	
February		Business Continuity Plan testing	
March		Annual Reporting – Annual Governance Statement, Audit Committee Report to Council and Annual Audit Plan	

Assignment	Reason	Outline Scope
Right-To-Buy Clawback (Amicus Housing)	Finance departmental request: To ensure that the commission from R-t-B council house sales from Amicus Horizon to HBC is complete and accurate.	To audit the income received against the agreement.
National Non-Domestic Rate (NNDR) Grant Work	Cyclical Regulatory: This will directly reduce the external audit fee for grant work.	Comprehensive audit of the NNDR Grant Subsidy to be carried out according to PKF instructions.
Creditors	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.
Housing Benefit – Grant Subsidy Work	Cyclical regulatory: This will directly reduce the external audit fee for grant work.	Comprehensive audit of the HB Grant Subsidy to be carried out in accordance with the DWP audit instructions.
Information Systems Audit - Security	IT Audit coverage: IT request to look at security	Examination of controls over leavers such as return of equipment and prompt removal of network accounts and access to back office systems.
Council Tax	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years but extended to include assurance over data integrity.
Treasury Management	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.
Risk Review or Value for Money topic	Management Request: To be selected nearer the time according to the priority.	Either a risk review driven by the Risk Registers or a Value for Money review concentrating on benchmarking analysis will be carried out.
Business Continuity Plan testing	Management Request: That assurance can be provided to top	This will be a focussed review on carried out over testing of one aspect of the Council's Business

management that
Business continuity
Plans are tested.

Continuity Plan.

International
Auditing
Standards
Compliance work
covering all
fundamental
controls

Cyclical regulatory:
External Audit
requirement.

Carried out in accordance with the
audit programmes provided by
External Audit.

Wards Affected

None

Area(s) Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No

Background Information

Reference to the Operational Risk Registers

Officer to Contact

Tom Davies
tdavies@hastings.gov.uk
Tel: 01424 451524

