

Agenda Item No: 7

Report to: Audit Committee

Date of Meeting: 11 March 2013

Report Title: Internal Audit Plan 2013/14

Report By: Tom Davies
Chief Auditor

Purpose of Report

To determine the internal audit plan for 2013/14.

Recommendation(s)

1. That the Audit Committee approves the plan

Reasons for Recommendations

The presentation to and approval of the Internal Audit Plan by Members is in accordance with the CIPFA Code of Practice for Internal Audit in Local Government (2006).

Introduction

1. The audit programme for 2013-14 has been produced after communication with Heads of Service, External Audit and reference to the Council's agreed priorities.
2. The approach to the audit of the fundamental financial systems changed six 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 in Homelessness 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 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 will be change in the organisation including loss of 'corporate knowledge' and reduced capacity. The plan will align itself to those changes as appropriate by substitution.
8. As in previous years, audit carries out lots of ad-hoc work some of which has and will continue to be significant, for example, European grant funding which also generates a fee income.

	Fundamental and Financial Audits	Risk Reviews, Follow-up and Other
April	National Fraud Initiative – Data Matching Analysis	National Non-Domestic Rate (NNDR) Grant Claim / Disabled Facilities Grant Claim
May	Homelessness	Public Sector Internal Audit Standards (PSIAS)
June		Housing Benefit – Grant Subsidy Work
July		
August		
September	Main Accounting	Follow-up audits of: Contact Centre Stock Control and Business Continuity Plan Testing
October		
November	Cash & Bank	Contract Management
December		
January	International Auditing Standards Compliance work covering all fundamental controls	Value for money (v.f.m.) audit - to be determined
February		
March		Annual Reporting – Annual Governance Statement, Audit Committee Report to Council and Annual Audit Plan

Assignment	Reason	Outline Scope
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.
Disabled Facilities Grant	Management Request: Material expenditure.	Review of processes and procedures and audit of a sample of awards paid out.
Public Sector Internal Audit Standards (PSIAS)	Audit Request: These are new standards that will be mandatory w.e.f. 1 April 2013 and have an impact on the audit arrangements in all local authorities.	To update all existing audit standards, processes and procedures in accordance with the new Public Sector Internal Audit Standards and report these to the Audit Committee.
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.
National Fraud Initiative – Data Matching Analysis	Cyclical regulatory: Expected by External Audit.	Investigation and clearance of the creditor payments highlighted by the National Fraud Initiative.
Homelessness	Risk highlighted on the Operational Risk Register.	A risk based review focusing only on those areas of highest risk concerning financial transactions, policy and projects.
Payroll	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years but also looking at new iTrent travel claim authorisation arrangements and staff subsistence claims.
Main Accounting	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.

Follow-up audits of stock control and BCP testing	To assess the degree of implementation of accepted recommendations.	Routine follow-up of accepted recommendations leading to a standard situ-report. Follow-up extended to include a review of Old Town Museum stock.
Cash & Bank	Cyclical regulatory: Expected by External Audit.	Comprehensive as per programme carried out in previous years.
Contract Management	A material amount paid for goods and services is for the 'significant' contracts and there have been some staff changes in the last few years to the monitoring of them.	The audit will examine the contracts, effectiveness of the monitoring arrangements and the controls over compliance with terms. (Review of controls over the Waste Management Contract monitoring arrangements to be deferred until 2014/15).
Value for money audit	Audit request.	To be determined nearer the time with the objective of identifying an area and means of achieving improved value for money.
International Auditing Standards Compliance work covering all fundamental controls	Cyclical regulatory: External Audit requirement.	Carried out in accordance with the timescales set and 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

Operational Risk Register
Planning assumptions
Cyclical audit frequency document
Resource planning paper

Officer to Contact

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