

# Crawley Borough Council

	Report No: FIN/265	<b>F</b>
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## **Report to Audit and Governance Committee**

**14<sup>th</sup> March 2012**

### **Internal Audit Annual Plan 2012 - 2013**

#### **1. Key Points**

- 1.1 This plan is taken from Year 2 of the Strategic Internal Audit Plan for 2011-2013. Appendix A includes for each audit area an outline scope. A detailed scope and objectives for each audit will be agreed with Managers prior to the commencement of each individual review.
- 1.2 The plan was reviewed by CMT members in February 2012 and the following plan agreed.

#### **2. Recommendations**

- 2.1 **The Committee is requested to approve the attached 2012 – 2013 Annual Internal Audit Plan.**

Dave Rawlings  
**Head of Finance, Revenues and Benefits**

### **3. Background**

- 3.1 This plan was drawn up using Year 2 of the Strategic Internal Audit Plan for 2011-2013 as the basis, and was revised based upon the outcome of the Audit and Risk Manager's discussions with Heads of Service, the Council's Strategic Risks, as identified by CMT and her knowledge of the authority and new and important initiatives facing it.
- 3.2 The number of days agreed by the Audit and Governance Committee, in March 2011 for the 2010/2011 audit plan was 1102 days and for the current year, this has reduced to 1,000 days to take into account the effect of the redundancy of the part-time (22 hours per week) Auditor post.
- 3.3 Appendix A includes for each audit area an outline scope. A detailed scope and objectives for each audit will be agreed with Heads of Service prior to the commencement of each individual review.

### **4. Resourcing**

Best practice dictates that an audit plan should be prepared to meet the audit needs of the organisation, regardless of the level of resources available to deliver the plan. If the days required exceed the days available, then it is for management to decide whether additional resources should be made available or whether they are happy to accept the risks involved of not doing some of the reviews, and which reviews should be omitted.

- 4.2 However, the plan for 2012/2013 has been prepared to reflect current budgetary constraints.
- 4.3 The service will continue to be delivered substantially in house and partly under contract with Haines Watts LLP, our external audit provider of this service, for computer audit only. The 2012-2013 staffing budget available for the Audit and Risk Section is £163,990. In addition there is provision for the procurement of audit days from Haines Watts of £6,970 giving a total resource of £170,960.

4.5 The attached plan breaks down into the following areas:-

	<b>Days</b>
Chief Executive's Directorate	47
Resources Directorate	210
Community Services Directorate	58
Environmental and Housing Directorate	45
Work Relating to no specific Directorate or Division	640
	<b>1,000</b>

4.6 It is anticipated that there will be a small number of audits to carry forward from 2011/2012 (approximately 20 days) and this is due to circumstances beyond the control of the Audit and Risk section. These are included in the 1,000 days.

4.7 In approving the plan, Members should consider whether:-

- the plan accurately reflects the audit needs of the Council;
- whether there are audits that should be included which have been omitted,
- or whether there are topics that the Sub Committee do not consider to require Internal Audit Coverage.

## 5. **Ward Members' Views**

The Strategic Internal Audit Plan does not affect any one specific ward.

## 6. **Staffing, Financial and Legal Implications/Powers**

The proposed plan is deliverable within existing resources.

## 7. **Other Implications**

None.

## 8. **Links to the Community Strategy and Corporate Plan**

The proposals contained in this report relate to the following key areas of the Community Strategy

Local Economy	y	Health and Social Care	y
Affordable Housing	y	Community Safety	y
Lifelong Learning	y	Local Environment	y

The following key principles are applicable:-

(i) Working together	y
(ii) Dignity, respect and opportunities for all	y
(iii) Leaving no-one behind	y
(iv) Making it last	y

The report relates to the following areas in which the Council operates to enhance the town and the quality of life of local people:-

- (i) Our Communities: (ensuring they are safe, healthy, cohesive and enjoyable) y
- (ii) Our Environment: (ensuring that it is attractive, clean, protected and sustainable) y
- (iii) Our Economy: (ensuring it is thriving, vibrant and prosperous) y
- (iv) Our Council: (ensuring it is engaging, transparent, business-like with a social conscience, cost-effective and a place-shaping community leader) y

## **9. Reasons for the Recommendation**

One of the key roles of the Audit and Governance Committee is to review the Internal Audit Plan based on governance and risk assessments made in order to ensure that they are satisfied that adequate coverage is being given to those areas considered to be high risk.

## **10. Background Papers**

None.

Contact Officer:- Gillian Edwards – Audit and Risk Manager  
Direct Line:- 01293 438384

**APPENDIX A**

**INTERNAL AUDIT PLAN 2012/2013**

<b>Audit</b>	<b>Risk</b>	<b>Days</b>	<b>Comments</b>
<b>Chief Executive</b>			
Joint Procurement Contracts	High	20	To confirm that where a joint procurement exercise has taken place, or is intended to, or the Council is joining a Framework Agreement, all relevant checks have been made and contractual arrangements are sound.
Realisation of Benefits and Savings	High	15	This will look at projects and systems thinking reviews to confirm that benefits and savings identified at the outset have been realised. Where these were not identified, we will confirm that an assessment has been made of the success of the project, in both financial and qualitative terms.
<i>Legal and Democratic Services Division</i>			
<i>Corporate Policy Division</i>			
Systems Thinking – Advice on risks/controls	High	12	Request from CMT to sign off redesigned processes. Additionally, to provide advice on risks and controls during the process.
<b>Total for Chief Executive</b>		<b>47</b>	
<b>Resources</b>			
<i>Finance, Revenues and Benefits Division</i>			
Budgetary Control	High	10	The Council is required to deliver considerable savings in the coming years and in order to do so, it is imperative that budgetary control procedures are sufficiently robust to control both expenditure and income.
Payroll	High	10	This represents one of the largest areas of expenditure and it is therefore necessary to confirm that there are appropriate controls in place on an annual basis.
Creditors	High	10	This is the main route by which the Council pays for its goods and services and as such, is audited annually.

<b>Audit</b>	<b>Risk</b>	<b>Days</b>	<b>Comments</b>
Sundry Debtors	High	10	This system is used to raise invoices for a number of the Council's goods and services and as a fundamental system requires annual coverage.
Treasury Management	High	5	This area is audited annually due to the large value of transactions being processed by the system.
Cash and Bank	High	10	This review will cover the Council's cash receipting system and the operation of its bank accounts.
Fixed Assets	High	10	This system is used to record the Council's assets and as such, is classed as a fundamental system, requiring annual review.
General Ledger	High	10	The general ledger forms the basis of the Council's accounts and assurance is therefore required annually that operational controls remain adequate and effective.
Council Tax	High	15	Council Tax represents a fundamental source of income for the Council and as such, requires annual review. Additionally, due to economic uncertainty, it is important to ensure that all Council Tax due is collected in a timely manner.
NNDR	High	15	As a fundamental source of income, and due to economic uncertainties, this area is audited annually.
Housing and Council Tax Benefit	High	15	This area is audited annually due to the value of benefits paid out annually and the requirement to achieve DWP and other performance indicators.
DWP CIS Security Compliance	High	5	This annual review will concentrate on ensuring that there are appropriate controls in operation in respect of access to the system and that it is adequately monitored.
Bewbush Regeneration	High	10	We will be involved in the final account work for this project.
Langley Green Capital	High	10	We will be involved in the final account work for this project.

<b>Audit</b>	<b>Risk</b>	<b>Days</b>	<b>Comments</b>
Procurement	High	10	<p>This review will follow up the findings of the Procurement Audit undertaken in 2010/2011 to ensure that the recommendations have been satisfactorily implemented. We will also meet with the Procurement Champions to provide guidance on the risks associated with amending the Procurement Code.</p> <p>Discussion will be held with CMT prior to the work commencing to give a steer on their approach to risk and the balance between compliance and cost.</p>
<i>People and Technology Division</i>			
Temporary Agency Staff	High	10	To review the new arrangements under the Eastern Shires Purchasing Organisation for the supply of temporary agency staff.
HR Processes	High	10	Review the systems to obtain assurance that key HR processes are in place and working effectively.
Computer Audit:	High	25	To be determined based on the outcome of the ICT Risk Assessment currently being undertaken by Haines Watts, our external computer audit provider.
Social Media Guidelines	High	10	To ensure that guidelines are in place covering personal use of social media and that there are adequate controls in place to monitor adherence to the guidelines.
<i>Property Division</i>			
<b>Total Resources</b>		<b>210</b>	
<b>Community Services</b>			
<i>Community Services Division</i>			
Play Service	High	8	To ensure that there are adequate controls in place over income and expenditure. This review will also cover CRB checks.

Audit	Risk	Days	Comments
Refuse Collection	High	15	<p>The current contract for refuse collection is due to expire within the next financial year. Options are being considered at present to either extend the current contract or place the contract out to tender. If a tender does take place, we will look at this exercise to ensure that it is undertaken in line with the Procurement Code.</p> <p>If the contract is extended, we will seek to ensure that the contract is delivering as specified and that it is being effectively monitored by Crawley Borough Council.</p>
Recycling	High	10	<p>The current contract for refuse collection is due to expire within the next financial year. Options are being considered at present to either extend the current contract or place the contract out to tender. If a tender does take place, we will look at this exercise to ensure that it is undertaken in line with the Procurement Code.</p> <p>If the contract is extended, we will seek to ensure that the contract is delivering as specified and that it is being effectively monitored by Crawley Borough Council.</p>
Tilgate Park	High	15	We will be involved in reviewing the tender process for the new operators and managers of Tilgate Park and associated transitional arrangements.
<i>Arts Division</i>			
The Hawth	High	10	We will be involved in reviewing the transitional arrangements when the new operator takes over the running of the Hawth.
<b>Total Community Services</b>		<b>58</b>	

<b>Audit</b>	<b>Risk</b>	<b>Days</b>	<b>Comments</b>
<b>Environment and Housing</b>			
<i>Environmental Services Division</i>			
<i>Crawley Homes Division</i>			
Responsive Repairs	High	10	We will review the work of the Open Book Auditor, appointed by Crawley Homes
Cyclical, Planned and Other Work	High	15	To ensure that expenditure is adequately controlled and that work undertaken is in line with contractual arrangements.
Housing Rents	High	10	To confirm that all rents are collected in a timely manner and that arrears are properly controlled.
Gas Servicing	High	10	We will seek to ensure that all Crawley Borough Council properties with gas appliances have been identified, that servicing has been undertaken in a timely manner and that the data in relation to this service is secure, accurate and complete.
<i>Planning and Environmental Services Division</i>			
<b>Total Environment and Housing</b>		<b>45</b>	
<b>Audits Relating to no Specific Directorate</b>			
Follow Up Audits		25	
<b>Other Work Relating to no specific Directorate or Division</b>			
NFI		35	Set up, liaison with NFI, review matches and report back to NFI.
Audit Staff Training, studying and courses		40	Including fraud training and IIA study
Liaison with Audit Commission		8	Meetings with Audit and Risk Manager
General Risk Work		40	To include writing procedures, liaison with departments.
Internal Procedures etc		10	Finalisation of Audit Manual and keeping up to date.
Sussex Audit Group		10	Attendance at Chief Auditor's Group and Information Sub Group.
Proactive Fraud Work		25	In line with Protecting the Public Purse.
Annual Governance Statement		10	The Audit and Risk Manager acts as Co-ordinator.

<b>Audit</b>	<b>Risk</b>	<b>Days</b>	<b>Comments</b>
Quality Control – Review of Files		25	The Audit and Risk Manager reviews in house audit files and performs quality assurance checks on the work of the external contractor, Haines Watts.
Investigations		75	To undertake investigations referred to the Audit and Risk Section.
Office Admin		10	General admin tasks.
Election Duty		4	For staff to undertake election duty
Non specific advice/liaison		20	
Preparation of Annual Audit Plan		10	
Cheque Control/Bank Administration		12	Currently Internal Audit acts as systems administrator for the banking system. It is anticipated that this will continue next year. We are also responsible for cheque control.
Fraud Awareness Training		10	
Risk Management Training		6	
Staff Management		25	
Liaison with Head of Finance, Revenues and Benefits		20	Meetings with Audit and Risk Manager.
Committee Reports and A&G attendance		35	Audit and Risk Manager.
Contingency		185	To potentially include: <ul style="list-style-type: none"> <li>• Capital projects: <ul style="list-style-type: none"> <li>• Museum</li> <li>• Worth Park Gardens</li> <li>• Millpond</li> <li>• Capital Bidding process</li> </ul> </li> <li>• Relocation of Goffs Park Depot</li> <li>• Advice of Waste and Recycling – joint working</li> <li>• Leaseholder Services</li> <li>• Walled Garden Café</li> <li>• Data quality</li> </ul>
<b>Total No Specific Directorate or Division</b>		<b>640</b>	
<b>TOTAL DAYS</b>		<b>1,000</b>	