

Crawley Borough Council



Report to Audit & Governance Committee 12 March 2014

Internal Audit Annual Plan – 2014-2015

Report of the Head of Finance, Revenues & Benefits: FIN/332

1. Aim and Purpose

- 1.1 The Committee has a responsibility to review the Internal Audit Strategic Plan. That Plan is carried out through annual plans for each of the years in the Strategic Plan. The purpose of this report is to provide the Committee with the opportunity to comment on the work planned for 2014/15.

2. Recommendations

- 2.1 The Committee is requested to make any comments that they wish on the proposed 2014/15 Audit Plan.

3. Reasons for the Recommendations

- 3.1 The Committee has a responsibility to review the proposed Audit Plan.

4. Background

- 4.1 The Council has a statutory duty to “undertake an adequate and effective internal audit of its accounting systems and of its system of internal control.” (Accounts and Audit Regulations 2011 – regulation 6). This responsibility is delegated to the Head of Finance Revenues & Benefits. Under the Council’s Financial Procedure Rules, he also has the responsibility to prepare Audit Plans which reflect this duty.
- 4.2 2014/15 will be the first year during which the team will be carrying out internal audit work at Mid Sussex District Council as part of the shared service agreement.
- 4.3 The plan was reviewed by Corporate Management Team members in February 2014 and the plan detailed in the report supported.

5. Supporting Information & Analysis

- 5.1 The 2014/15 annual audit plan allows for examination of the main financial areas from a systems and from an IT perspective, and is key to ensuring the Council’s finances remain properly controlled, whilst also undertaking strategic and service based work each with a varying risk to the organisation.
- 5.2 The plan also includes some specific reviews from previous audit work; this is to ensure that the Council are being consistent in their approach to these areas year on year.

- 5.3 The plan continues to include coverage of specific key controls identified by Ernst & Young in support of their year-end work.
- 5.4 A total of 250 days has been set aside in the plan for the work that we will be undertaking as part of the shared service arrangement.
- 5.5 Appendix A includes an outline scope for each audit area. A detailed scope and objectives for each audit will be agreed with Heads of Service prior to the commencement of each individual review.
- 5.6 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.
- 5.7 The plan for 2014/2015 has been prepared to reflect current budgetary constraints. However, this means there isn't the spare capacity to do additional work that may have existed in previous years.
- 5.8 The service will be delivered exclusively in house and the 2014-2015 staffing budget available for the Audit and Risk Section is £170,590.
- 5.9 In considering the plan, Members should consider whether:-
 - the plan accurately reflects the audit needs of the Council;
 - there are audits that should be included which have been omitted,
 - there are topics that the Committee do not consider to require Internal Audit coverage.

6. Implications

- 6.1 The plan needs to provide sufficient coverage to meet the Council's statutory duty to undertake an adequate and effective internal audit.
- 6.2 The plan can be met within the proposed budget. If additional work were to be carried out then additional resources would have to be provided to enable that work to be completed.

7. Background Papers

- 7.1 None

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INTERNAL AUDIT PLAN 2014/2015

Audit	Risk	Days	Comments
Fundamental Systems (including those identified by Ernst and Young)			
Ernst and Young Year End Testing	High	20	Based on 4 or 5 systems
Council Tax/Council Tax Reduction Scheme	High	15	Annual review of fundamental system
NNDR	High	8	Annual review of fundamental system
Housing Benefit/Universal Credit	High	20	Annual review of fundamental system
Creditors	High	12	Annual review of fundamental system
Sundry Debtors	High	8	Annual review of fundamental system
Payroll	High	12	Annual review of fundamental system
Cash and Bank	High	10	Annual review of fundamental system
Housing Rents	High	9	Annual review of fundamental system
FMS	High	8	Annual review of fundamental system
Budgetary Control	High	8	Annual review of fundamental system
Asset Management	High	6	Annual review of fundamental system
Treasury Management	High	6	Annual review of fundamental system
Housing Repairs (inc. Responsive Repairs, Programmed Works, Gas Servicing and Voids)	High	15	The annual expenditure on housing repairs and the number of pieces of work qualify the areas as a fundamental system. It is proposed to focus on voids
Procurement	High	10	Scope of this review to be agreed by the Head of Finance, Revenues and Benefits
Commercial Properties, inc Rents	High	10	The amount of income received qualifies this as a fundamental system

Audit	Risk	Days	Comments
Capital Projects			Internal Audit participates in major capital projects to as to be able to provide an assurance that appropriate controls are in place and working
- Crawley Museum	High	10	
- Ifield Millpond	High	10	
- Worth Park Restoration Project	High	4	
- Waste and Recycling Post Contract Review	High	6	
- Refurbishment of Playgrounds	High	10	
Other			
Grants	High	8	This work will seek to ensure that grants are being approved in line with laid down guidelines.
Fraud Arrangements	High	8	To ensure that the Council has appropriate measures in place to prevent and detect fraud.
Risk Management	High	8	This audit will include an assessment as to whether the Council's revised risk management arrangements are working satisfactorily.
DWP CIS Security Compliance		4	An independent assessment is required by the DWP.
Performance Measurement	High	12	The purpose of the review is to ensure that there is a system in place that enables Senior Management to assure themselves that services are using purpose and measures to drive service improvements and generate savings. The scope of this review will be agreed with Directors.
Transformation Programme (inc. Systems Thinking) – Advice on risks/controls	High	20	Advice will be provided as and when requested.
Corporate Governance	High	10	To inform the Audit and Risk Manager's Council-ordination of the Annual Governance Statement.
Computer Audit	High	40	The detail of the work carried out will be confirmed by the Head of Finance, Revenues and Benefits in consultation with the Head of People and Technology.

Audit	Risk	Days	Comments
Follow Up Audits	High	28	
Contingency	High	26	
Other Work			
Freedom of Information Requests		22	Audit and Risk Manager's review
Preparation of Annual Governance Statement		10	
Cheque Control/Bank Administration		4	
NFI		6	
Audit Staff Training, studying and courses		20	
Liaison with External Auditor		6	
General Risk Work		10	
Internal Procedures etc/Purpose and Measures		10	
Sussex Audit Group		8	
Annual Governance Statement		10	
Quality Control – Review of Files		25	
Office Admin		10	
Non specific advice/liaison		16	
Preparation of Annual Audit Plan/Review		8	
Staff Management		30	
Liaison with Head of Finance, Revenues and Benefits		12	
Committee Reports and A&G attendance		20	
B/F from 2013/2014			
Budgetary Control		8	
FMS		8	
Cash and Bank - started March 2014		5	
NNDR - started March 2014		5	
Possible Election Duty		4	
Mid Sussex District Council		250	
TOTAL DAYS		892	