

AUDIT BOARD

Date 29TH March 2012

PROVISIONAL AUDIT ANNUAL PLAN FOR 2012/13

Relevant Portfolio Holder	Councillor Roger Hollingworth
Relevant Head of Service	Executive Director (Finance & Corporate Resources)
Key Decision / Non-Key Decision	

1. SUMMARY OF PROPOSALS

1.1 To present to Members:

- the Bromsgrove District Council Provisional Internal Audit Operational Plan for 2012/13 for noting, see Appendix 1; and
- the Internal Audit Shared Service's set of key performance indicators for 2012/13 for noting, see Appendix 2.

2. RECOMMENDATIONS

- the Bromsgrove District Council Provisional Internal Audit Operational Plan for 2012/13 is noted, see Appendix 1; and
- the Internal Audit Shared Service's set of key performance indicators for 2012/13 are noted, see Appendix 2.

3. BACKGROUND

Internal Audit Aims and Objectives

3.1 The objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;

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- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
 - advise upon the control and risk implications of new systems or other organisational changes.
- 3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2003 (as amended 2006) to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.
- 3.3 To aid compliance with the regulation, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that “Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure the effective and efficient use of audit resources”.

Formulation of Annual Plan

- 3.4 The Internal Audit Plan for 2012/13, which is included **at Appendix 1**, is a risk based plan which takes into account the adequacy of the council’s risk management, performance management and other assurance processes. It has been based upon the risk priorities per discussions with Directors and Heads of Service as well as upon an independent risk assessment of the audit universe by Internal Audit. The Internal Audit Plan for 2012/13 has been agreed with the council’s section 151 officer.
- 3.5 By bringing a provisional plan of work to Members at this stage of the planning process it allows Members to have a positive input into the audit work programme for 2012/13 and make suggestions as to where they feel audit resources should be directed. As with all plans it may subject to review as the year progresses in consultation with the section 151 Officer.

4. KEY ISSUES

Resource Allocation

- 4.1 The Internal Audit Plan for 2012/13 has been based upon a resource allocation of 300 chargeable days, a resource allocation which has been agreed with the council’s section 151 officer. The Acting Service Manager of the Worcestershire Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts.

The Internal Audit Plan for 2012/13 is set out at **Appendix 1**.

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Financial implications

- 4.4 The agreed charge to the council for the delivery of the Internal Audit service for 2012/13 is £69,242. The charge for the delivery of the service in 2011/12 was also £69,242.

Monitoring and reporting of performance against the Plan

- 4.5 Operational progress against the Internal Audit Plan for 2012/13 will be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group, which comprises the section 151 officers from client organisations, on a quarterly basis and to the Audit Committee on a quarterly basis.
- 4.6 The success or otherwise of the Internal Audit Shared Service will be determined by the performance against a set of key performance indicators which have been developed for the service. These have been agreed with the council's section 151 officer and are included at **Appendix 2**.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising out of this report as the provision is in line with that agreed with the council's section 151 officer in December 2010 as part of the restructuring of the Internal Audit Shared Service.

6. LEGAL IMPLICATIONS

- 6.1 See 3.2 above.

7. POLICY IMPLICATIONS

- 7.1 None as a direct result of this report.

8. COUNCIL OBJECTIVES

- 8.1 Compliance with the accounting standards supports the improvement objective across the Council.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 9.1 The main risks associated with the details included in this report are:

- Non-compliance with statutory requirements.
- Ineffective Internal Audit service.
- Lack of an effective internal control environment.

- 9.2 These risks are being managed as follows:

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- Risk Register: Financial Services
- Key Objective Ref No: 3
- Key Objective: Efficient and effective Internal Audit service

10. CUSTOMER IMPLICATIONS

10.1 There are no implications arising out of this report.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 None as a direct result of this report.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 A robust internal control environment ensures that Value for Money is delivered in the service provision across the Council.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

13.1 None as a direct result of this report.

14. HUMAN RESOURCES IMPLICATIONS

14.1 None as a direct result of this report.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 Effective overall governance process.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

16.1 None as a direct result of this report.

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 None as a direct result of this report.

18. LESSONS LEARNT

18.1 Nothing to report for this Board.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

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19.1 None as a direct result of this report.

20. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	No
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	No
Executive Director – Planning & Regeneration, Regulatory and Housing Services	No
Director of Policy, Performance and Partnerships	No
Head of Finance and Resources	No
Head of Legal, Equalities & Democratic Services	No
Corporate Procurement Team	No

21. **WARDS AFFECTED**

All Wards.

22. **APPENDICES**

Appendix 1 ~ Provisional Internal Audit Plan 2012/13

Appendix 2 ~ Key performance indicators 2012/13

23. **BACKGROUND PAPERS**

None.

AUTHOR OF REPORT

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DETAILED PROVISIONAL AUDIT PLAN FOR 2012/13

APPENDIX 1

SUMMARY OF DETAILED PROVISIONAL PLAN 2012/13

Planned Days for 2012/13	2012/13	2011/12
Core Financial Systems	49	54
Revenues and Benefits	39	32
Corporate Work	69	55
Other Systems Audits inc follow up	73	107
Completion of prior year's work	15	15
Advisory / Consultancy inc NFI, Fraud & investigations	21	8
Sub Total	266	271
Audit management meetings	15	15
Corporate meetings / reading	5	5
Annual plans and reports	8	8
Audit Committee support	6	6
Sub Total	34	34
TOTAL Audit Days	300	305

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DETAILED PROVISIONAL PLAN FOR 2012/2013 AUDIT PROGRAMME

Audit Area	Planned days 2012/13
CHARGEABLE AND PRODUCTIVE	
Core Financial Systems	
Benefits	15
Cash, General Ledger & Bank Reconciliations	11
NDR	12
Council Tax	12
Budgetary Control & Strategy	10
Treasury Management	7
Debtors	7
Creditors	7
Asset Management	7
TOTAL	88
Corporate	
ICT inc. project auditing	14
Shared Services	15
Governance inc Procurement	10
Risk Management	15
Transitional arrangements (critical friend)	15
TOTAL	69
Other Systems Audits	
Street Scene inc abandoned vehicles, fly tipping, etc.	12
Cemeteries	8
Parks & Open Spaces (Sanders Park)	8
Renovation Grants (including Festival Housing Contract and DFGs)	10

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Regulatory Service/Environmental Health	15
Climate Change (grants received)	10
Completion of Prior Year's work	15
Statement of Internal Control	3
Follow Up on recommendations	10
Fraud and Special Investigations	8
Advisory / Consultancy / Contingency	10
TOTAL	109
Audit Management Meetings	15
Corporate Meetings / Reading	5
Annual Plans and Reports	8
Audit Committee support	6
TOTAL	34
TOTAL CHARGEABLE	300

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KEY PERFORMANCE INDICATORS 2012/13

APPENDIX 2

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2012/13.

	KPI	Target	Frequency of reporting
1	% Plan delivered excluding overruns	90% for year	Quarterly
2	Customer satisfaction surveys	90% Good or above	Quarterly
3	Number of audits delivered compared to plan	18	Quarterly
4	Annual survey of Internal Audit Service	Good or above	Annually

The Internal Audit Self-Assessment checklist assessing compliance with the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 should also be completed at the end of the annual cycle. Any areas of partial or non-compliance with the Code should be reported as exceptions to the Client Officer Group and Audit Committee.