

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

Date: 14<sup>th</sup> MARCH 2013

**THE 2013/14 DRAFT INTERNAL AUDIT PLAN REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas Head of Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

**1. SUMMARY OF PROPOSALS**

1.1 To present:

- the Bromsgrove District Council Internal Audit Operational Plan for 2013/14
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2013/14

**2. RECOMMENDATIONS**

2.1 **The Board is asked to APPROVE the audit plan and key performance indicators.**

**3. KEY ISSUES**

**Financial Implications**

3.1 There are no direct financial implications arising out of this report.

**Legal Implications**

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

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”.

**Service / Operational Implications**

Internal Audit Aims and Objectives

3.3 The aims and 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;
- 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 organisation changes e.g. transformation.

Formulation of Annual Plan

The Internal Audit Plan for 2013/14, 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 the s151 Officer and Heads of Service as well as an independent risk assessment of the audit universe by Internal Audit. The Internal Audit Plan for 2013/14 has been agreed with the council’s section 151 officer.

By bringing a provisional plan of work before the Audit Board in December 2012 it allowed Members to have a positive input into the audit work programme for 2013/14 and make suggestions as to where they felt audit resources should be directed. As with all plans it may subject to review as the year progresses in consultation with the s151 Officer.

Resource Allocation

The Internal Audit Plan for 2013/14 has been based upon a resource allocation of 300 chargeable days, a resource allocation which has been agreed with the council's s151 officer. The 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 300 day allocation is based on transactional type system audits. Enhanced audit requirements requested by the Board have been included.

The draft Internal Audit Plan for 2013/14 is set out at Appendix 1.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2013/14 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 s151 officers from client organisations, on a quarterly basis and to the Audit Board on a quarterly basis.

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 s151 officer and are included at Appendix 2.

**Customer / Equalities and Diversity Implications**

There are no implications arising out of this report.

**4. RISK MANAGEMENT**

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

failure to complete the planned programme of audit work within the financial year;  
and,

the continuous provision of an internal audit service is not maintained.

These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

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**5. APPENDICES**

Appendix 1 ~ Outline Internal Audit Plan 2013/14  
Appendix 2 ~ Key performance indicators 2013/14

**6. BACKGROUND PAPERS**

None

**7. KEY**

N/a

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**DETAILED PROVISIONAL AUDIT PLAN FOR 2013/14**

**APPENDIX 1**

<b>Audit Area</b>	<b>Source</b>	<b>Planned days 2012/13</b>	<b>Planned days 2013/14</b>	<b>Difference = + or -</b>
<b>A – CHARGEABLE AND PRODUCTIVE</b>				
<b>Core Financial Systems</b>				
Benefits	Risk assessment score 36	15	15	0
NDR	Risk assessment score 36	12	12	0
Council Tax	Risk assessment score 33	12	12	0
General Ledger, Budget Control & Bank Reconciliations	Risk assessment score 33	21	17	-4
Treasury Management	Risk assessment score 30	7	7	0
Creditors	Risk assessment score 29	7	10	3
Debtors	Risk assessment score 28	7	7	0
Asset Management	Risk assessment score 26	7	7	0
		<b>88</b>	<b>87</b>	<b>-1</b>
<b>Corporate</b>				0
Shared Service Delivery (Client)(Performance Monitoring)	Board & Risk assessment score 36	15	12	-3
ICT	Risk assessment score 35	14	14	0
Corporate Governance (Health & Safety, Media & Communications, Performance Indicators & data quality )	Risk assessment score 31	10	10	0
Risk Management	Risk assessment score 31	15	15	0
s106's	Risk assessment score 31	0	10	10
Transformation & VFM (Critical friend)	Board & Section 151 request	15	7	-8
		<b>69</b>	<b>68</b>	<b>-1</b>

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Date: 14<sup>th</sup> MARCH 2013

<b>Audit Area</b>	<b>Source</b>	<b>Planned days 2012/13</b>	<b>Planned days 2013/14</b>	<b>Difference = + or -</b>
<b>Other Systems Audits</b>				0
Environmental Enforcement	Risk assessment score 33	0	8	8
Depot and Stores	Risk assessment score 32	0	10	10
Development & Building Control	Risk assessment score 29	0	8	8
Regulatory Services	Risk assessment score 28	15	15	0
Land Charges	Risk assessment score 28	0	8	8
BURT Dial a Ride	Risk assessment score 28	0	7	7
Strategic Housing	Risk assessment score 27	0	8	8
Completion of Prior Year's work	N/A	12	10	-2
Statement of Internal Control	N/A	3	3	0
Follow Up on recommendations	N/A	10	12	2
Fraud and Special Investigations	N/A	8	10	2
Advisory / Consultancy / Contingency	N/A	10	10	0
<b>TOTAL PRODUCTIVE (A ONLY)</b>		<b>266</b>	<b>264</b>	
<b>B – CHARGEABLE AND NON-PRODUCTIVE</b>				
Audit Management Meetings	N/A	15	15	
Corporate Meetings / Reading	N/A	5	5	
Annual Plans and Reports	N/A	8	8	2
Audit Board support	N/A	6	8	
<b>TOTAL CHARGEABLE AND NON-PRODUCTIVE (B)</b>		<b>34</b>	<b>36</b>	<b>2</b>
<b>TOTAL CHARGEABLE (A + B)</b>		<b>300</b>	<b>300</b>	<b>0</b>

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**SUMMARY OF DETAILED PROVISIONAL PLAN 2013/14**

<b>Planned Days for 2013/14</b>	<b>2012/13</b>	<b>2013/14</b>
Core Financial Systems	49	48
Revenues and Benefits	39	39
Corporate Work	69	68
Other Systems Audits inc follow up	79	79
Completion of prior year's work	12	10
Advisory / Consultancy inc NFI, Fraud & investigations	18	20
<b>Sub Total</b>	<b>266</b>	<b>264</b>
Audit management meetings	15	15
Corporate meetings / reading	5	5
Annual plans and reports	8	8
Audit Board support	6	8
<b>Sub Total</b>	<b>34</b>	<b>36</b>
<b>TOTAL Audit Days</b>	<b>300</b>	<b>300</b>

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**KEY PERFORMANCE INDICATORS 2013/14**

**APPENDIX 2**

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2013/14.

	<b>KPI</b>	<b>Target</b>	<b>Frequency of reporting</b>
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	Minimum 15	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 will also be completed at the end of the annual cycle. Any areas of partial or non-compliance with the Code will be reported as exceptions to the Client Officer Group and Audit Board.