

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date: 12th DECEMBER 2013

THE 2014/15 PROVISIONAL 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	Sam Morgan Financial Services Manager
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 Provisional Plan for 2014/15
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2014/15

2. RECOMMENDATIONS

2.1 **The Board is asked to consider the draft Audit Plan and subject to any comments / proposed changes the Plan be noted**

2.2 **The Board is asked to note the Key Performance.**

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 Institute of Internal Auditors Public Sector Internal Audit Standards 2013 details that “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”.

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 2014/15, 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 and dialogue with the s151 Officer and Heads of Service as well as an independent risk assessment of the audit universe by

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Internal Audit. The Internal Audit Plan for 2014/15 has been agreed with the council's section 151 officer.

By bringing a provisional plan of work before the Audit Board in December 2013 it allows Members to have a positive input into the audit work programme for 2014/15 and make suggestions as to where they feel audit resources may be required under the direction of the s151 Officer. As with all plans it may be subject to review and update as the year progresses in consultation with the s151 Officer.

Resource Allocation

The Internal Audit Plan for 2014/15 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 and remains the same as 2013/14.

The provisional Internal Audit Plan for 2014/15 is set out at Appendix 1.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2014/15 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 partner organisations), 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

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.

5. APPENDICES

Appendix 1 ~ Outline Internal Audit Plan 2014/15 (including the three year rolling cycle)

Appendix 2 ~ Key performance indicators 2014/15

6. BACKGROUND PAPERS

None

7. KEY

N/a

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BROMSGROVE DISTRICT COUNCIL**AUDIT BOARD**Date: 12th DECEMBER 2013**APPENDIX 1****Detailed Provisional Programme of Work for 2014/15**

Audit Area	Source	Planned days 2014/15	Planned days 2013/14	Difference = + or -
A – CHARGEABLE AND PRODUCTIVE				
Core Financial Systems				
Benefits	Risk assessment score 36	15	15	0
NDR	Risk assessment score 34	12	12	0
Council Tax	Risk assessment score 33	12	12	0
Cash, General Ledger, Budget Control & Bank Reconciliations	Risk assessment score 33	17	17	0
Treasury Management	Risk assessment score 28	7	7	0
Creditors	Risk assessment score 28	10	10	0
Debtors	Risk assessment score 28	7	7	0
Asset Management	Risk assessment score 24	7	7	0
		87	87	0
Corporate				0
Shared Service Delivery (Client)	Risk assessment score 35	12	12	0
ICT	Risk assessment score 34	14	14	0
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators & data quality)	Risk assessment score 30	10	10	0
Risk Management	Risk assessment score 28	15	15	0
s106s	Risk assessment score 29	0	10	-10
Transformation (Critical Review)	Section 151 request	7	7	0
		58	68	-10

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Other Systems Audits				0
2014/15 audits				
Waste Collection	Risk assessment score 35	12	0	12
Elections including finances	Risk assessment score 30	8	0	8
DFG's	Risk assessment score 27	10	0	10
Communications & Media	Risk assessment score 27	8	0	8
Regulatory Services	Risk assessment score 27	15	15	0
Equality & Diversity	Risk assessment score 23	7	0	7
Performance Indicators and Data Quality	Risk assessment score 21	10	0	10
		70	15	55
2013/14 audits (for information / balancing purposes)				
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	0	15	-15
Land Charges	Risk assessment score 28	0	8	-8
BURT Community Transport	Risk assessment score 28	0	7	-7
Strategic Housing	Risk assessment score 27	0	8	-8
Completion of Prior Year's work	N/A	10	10	0
Statement of Internal Control	N/A	3	3	0
Follow Up on recommendations	N/A	12	12	0
Fraud and Special	N/A	12	10	2

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Investigations				
Advisory / Consultancy / Contingency	N/A	12	10	2
		49	109	60
TOTAL PRODUCTIVE (A ONLY)		264	264	
B – CHARGEABLE AND NON-PRODUCTIVE				
Audit Management Meetings	N/A	15	15	
Corporate Meetings / Reading	N/A	5	5	
Annual Plans and Reports	N/A	8	8	
Audit Board support	N/A	8	8	
TOTAL CHARGEABLE AND NON-PRODUCTIVE (B)		36	36	0
TOTAL CHARGEABLE (A + B)		300	300	0

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Bromsgrove Audit Plan 2014~15 including 3yr rolling indicators

SYSTEM DESCRIPTION	Year of last audit UPDATED 11.11.13	2012/13	2013/14	2014/15	2015/16	Proposed 2014/15 Budgeted Days
Fundamentals:						
Budgetary Control & Strategy incl. Cash, imprests, purchase cards, General Ledger, Budget Control & Bank Reconciliations	2013/14	√	√	√	√	17
Payroll	2009/2010 (transferred to RBC)	√	X	N/a	N/a	0
Benefits	2013/14	√	√	√	√	15
Asset Management	2013/14	√	√	√	√	7
Creditors	2013/14	√	√	√	√	10
NDR	2013/14	√	√	√	√	12
Debtors	2013/14	√	√	√	√	7
Treasury Management	2013/14	√	√	√	√	7
Council Tax	2013/14	√	√	√	√	12
Audit Reviews:						
Transformation:						
ICT	2013/14	√	√	√	√	14
ICT - Data Protection & Freedom of Information	2006/07	X	X	X	√	
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators & data quality)	2013/14	√	√	√	√	10

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Shared Services	2013/14	√	√	√	√	12
Transformation	2013/14	√	√	√	√	7
Policy & Performance:						
Performance Indicators & Data Quality	2007/08	X	X	√	X	10
Communications & Media	-	X	√	√	X	8
Community Services:						
Strategic Hsg inc. Enabling	2013/14	X	√	X	X	
Shared Services E.g Community Safety; Lifeline; CCTV; Elections; etc.	CCTV 2006/2007 Lifeline 2007/2008	X	√	X	X	
Equality & Diversity	-	X	X	√	X	7
Disabled Facilities Grants & Grants	2012/13	√	X	√	X	10
BURT Community Transport	2013/14	x	√	X	X	
Regulatory Services:	2013/14	√	√	√	√	15
Licensing & Taxi Licensing	-					
Environmental Health (commercial & pollution)	-					
Environmental:						
Waste Collection	2010/11 Garden Waste 2011/12	X	X	√	X	12
Insurance	2005/06	X	√	X	X	
Car Parks	Transferred to WFDC	X	X	N/a	N/a	
Grounds Maintenance	2012/13	X	√	X	X	
Garage & Stores	2013/14	X	√	X	X	
Street Scene	2012/13	√	X	X	√	

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Climate Change	2012/13	√	X	X	√	
Environmental Enforcement	2013/14	X	√	X	X	
Planning & Regeneration:						
s106's	2013/14	X	√	X	X	
Development & Building Control	2013/14	√	√	X	X	
Land Charges	2013/14	X	√	X	X	
Legal Services:						
Member Development	-	X	X	X	X	
Member Allowances	2009/10	X	X	X	X	
Election Finances	-	X	X	X	X	8
Leisure & Culture:						
Sports Development	2006/07	X	√	X	X	
Events e.g. bonfire, street theatre	2011/12 (Arts Development)	√	X	X	√	
Cemeteries	2012/13	√	X	X	√	
Parks & Open Spaces	2009/10	√	X	X	√	
Projects including:						
Risk Management	2013/14	√	√	√	√	15

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KEY PERFORMANCE INDICATORS 2014/15

APPENDIX 2

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2014/15.

	KPI	Trend requirement	2013/14 Year End Position	2014/15 Position (as at xxxxxxxx)	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward			Quarterly
2	No. of moderate or below assurances	Downward			Quarterly
3	No. of customers who assess the service as 'excellent'	Upward			Quarterly
4	No. of audits achieved during the year	Per target	Target = 15 (minimum) Delivered =	Target = 15 (minimum) Delivered =	Quarterly

WASS considers it operates within, and conforms to, the Public Sector Internal Audit Standards 2013.