

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date: 20thMARCH2014

THE 2014/15 INTERNAL AUDIT PLAN REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

| | |
|---------------------------------|---------------------------------------|
| Relevant Portfolio Holder | Councillor M. J. A. Webb |
| 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 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 approve the 2014-15 Audit Plan**
- 2.2 **The Board is asked to approve the 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 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, dialogue with the s151 Officer and Heads of Service as well as an independent risk assessment of the audit universe by Internal Audit. An outline audit plan was also brought before the Audit Board for consideration. 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 allowed 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 to 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.

We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is shared with the external auditors for information.

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 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

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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
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: 20thMARCH2014**APPENDIX 1****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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KEY PERFORMANCE INDICATORS 2014/15

APPENDIX 2

The key performance indicators for 2014/15 to be reported to the Audit Board include:

| | 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.