

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

Date: 11th DECEMBER 2014

THE 2015/16 PROVISIONAL INTERNAL AUDIT PLAN REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Mike 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 Provisional Plan for 2015/16
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2015/16

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 2015/16, 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 service risk priorities and ongoing dialogue and agreement

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with the s151 Officer as well as an independent risk assessment of the audit universe by Internal Audit. Dialogue with the Heads of Service is due to take place in 2015 to agree a more detailed plan delivery the outcome of which will be reported to Committee in March.

By bringing a provisional plan of work before the Audit Board in December 2014 it allows Members to have a positive input into the audit work programme for 2015/16 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.

Resource Allocation

The Internal Audit Plan for 2015/16 has been based upon a resource allocation of 250 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 250 day allocation is based on transactional type system audits and has been reduced from the 300 days delivery during 2014/15.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove Redditch the plan has been organised in a smarter way in order to exploit the efficiencies that this type of working provides. Heads of Service will have an allocation of audit days with suggested audit areas of coverage linked to them but with an option that all or part of the budgeted days can be used on a flexible basis depending on their service risk exposure. The end result will deliver flexible audit coverage based on the highest risk assessed areas in their services.

The provisional Internal Audit Plan for 2015/16 is set out at Appendix 1.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2015/16 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.

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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 2015/16 (including the three year rolling cycle)

Appendix 2 ~ Key performance indicators 2015/16

6. BACKGROUND PAPERS

None

7. KEY

N/a

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AUTHOR OF REPORT

Name: Andy Bromage
Service Manager - Worcestershire Internal Audit Shared Service
E Mail: andy.bromage@worcester.gov.uk
Tel: 01905 722051

BROMSGROVE DISTRICT COUNCIL**AUDIT BOARD**Date: 11th DECEMBER 2014**APPENDIX 1****Detailed Provisional Programme of Work for 2015/16**

Audit Area	Audit Risk Assessment Score (Max 45) *	Planned days 2014/15	Proposed days 2015/16	Difference = + or -
A – CHARGEABLE AND PRODUCTIVE				
Core Financial Systems				
Service Area: Finance				
Benefits	Risk assessment 36	15	15	0
NDR	Risk assessment 34	12	12	0
Council Tax	Risk assessment 33	12	12	0
Cash, General Ledger, Budget Control & Bank Reconciliations	Risk assessment 33	17	10	-7
Treasury Management	Risk assessment 28	7	7	0
Creditors	Risk assessment 28	10	8	-2
Debtors	Risk assessment 28	7	7	0
Asset Management	Risk assessment 24	7	0	-7
		87	71	-16
Corporate #				
Shared Service (Client) & Transformation Delivery		12	0	-12
ICT <i>(budget moved to Service area)</i>		14	0	-14
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators, data measures, transformation) <i>(budget moved to Service area)</i>		10	0	-10
Risk Management	Risk assessment 28	15	5	-10
s106s <i>(budget moved to Service area)</i>		0	0	0

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Transformation (Critical Review)		7	0	-7
		58	5	-53
Other Systems Audits (for information)				
2014/15 audits				
Waste Collection	Risk assessment 35	12	0	-12
Elections including finances	Risk assessment 30	8	0	-8
DFG's	Risk assessment 27	10	0	-10
Communications & Media	Risk assessment 27	8	0	-8
Regulatory Services	Risk assessment 27	15	0	-15
Equality & Diversity	Risk assessment 23	7	0	-7
Performance Indicators and Data Quality	Risk assessment 21	10	0	-10
		70		-70
Service Area: Regulatory Services	Risk assessment 27		14	14
Service Area: Planning and Regeneration	Risk assessment 29		10	10
Development & Building Control				
Land Charges				
Service Area: Housing	Risk Assessment 26		7	7
Repairs & maintenance				
Welfare Reform impact				
Service Area: Community Services	Risk Assessment 35		14	14
Safeguarding				

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Service Area: Environmental	Risk Assessment 26		14	14
Street Scene				
Service Area: Leisure and Culture	Risk Assessment 35		14	14
Events income				
Sanders Park & Open Spaces mngt				
Service Areas: (Corporate) Inc: Legal, Equalities and Democratic	Risk Assessment 30		12	12
Individual Electoral Registration				
Delegations				
Service Area: ICT	Risk assessment 35		10	10
Transformation assistance				
Service Areas Total			95	95
Completion of Prior Year's work	N/A	10	8	-2
Statement of Internal Control	N/A	3	3	0
Follow Up on recommendations	N/A	12	10	-2
Fraud and Special Investigations	N/A	12	11	-1
Advisory / Consultancy / Contingency	N/A	12	11	-1
		49	43	-6
TOTAL PRODUCTIVE (A ONLY)		264	214	-50
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	

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TOTAL CHARGEABLE AND NON-PRODUCTIVE (B)		36	36	0
TOTAL CHARGEABLE (A + B)		300	250	-50

Explanatory Notes:

* Risk assessment scores are indicators derived from an internal audit assessment based on local knowledge and risk assessment using various factors including materiality, impact of failure, system risk, resource risk, fraud risk and external risk.

A number of corporate audit budgets have been reallocated to service areas so that the audit budgets can be used more flexibly and include elements including transformation, health and safety and shared service working.

Customer access and support will be considered overall as part of the service audits.

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Bromsgrove District Council Audit Plan ~ 3yr rolling cycle indicators

SYSTEM DESCRIPTION	Year of last audit	2013/14	2014/15	2015/16	2016/17
<u>Fundamental</u>					
Budgetary Control & Strategy incl. Cash, imprests, purchase cards, General Ledger, Budget Control & Bank Reconciliations		√	√	√	√
Payroll	2014/15 2009/2010 (transferred to RBC)	X	N/a	N/a	N/a
Benefits	2014/15	√	√	√	√
Asset Management	2014/15	√	√	√	√
Creditors	2014/15	√	√	√	√
NDR	2014/15	√	√	√	√
Debtors	2014/15	√	√	√	√
Treasury Management	2014/15	√	√	√	√
Council Tax	2014/15	√	√	√	√
<u>Audit Reviews</u>					
<u>Transformation</u>					
ICT	2014/15	√	√	√	√
ICT - Data Protection & Freedom of Information	2014/15	X	√	X	X
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators & data measures, transformation)	2014/15	√	√	√	√
Shared Services	2014/15	√	√	X	X
Transformation	2014/15	√	√	X	X
<u>Policy & Performance</u>					

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Performance Indicators & Data Quality	2007/08	X	√	X	X
Communications & Media	2014/15	√	√	X	X
Community Services & Housing					
Strategic Hsginc. Enabling	2013/14	√	X	X	√
Shared Services E.g Community Safety; Lifeline; CCTV; Elections; etc.	2006/2007 Lifeline 2007/2008	√	X	X	√
Equality & Diversity	2014/15	X	√	X	X
Disabled Facilities Grants & Grants	2014/15	X	√	X	X
BURT Dial a Ride	2013/14	√	X	X	√
Regulatory Services:	2014/15	√	√	√	
Environmental					
Waste Collection	2010/11 Garden Waste 2011/12	X	√	X	X
Insurance	2005/06	√	X	X	√
Car Parks	2009/10	X	N/a	N/a	
Grounds Maintenance	2012/13	√	X	X	√
Garage & Stores	2013/14	√	√	X	X
Street Scene	2012/13	X	X	√	X
Climate Change	2012/13	X	X	√	X
Environmental Enforcement	2013/14	√	X	X	√
Planning & Regeneration:					
s106's	2013/14	√	X	X	√
Development & Building Control	2013/14	√	X	X	√
Land Charges	2013/14	√	X	X	√
Legal Services					

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Member Development	-	X	X	X	X
Member Allowances	2009/10	X	X	X	X
Election Finances & Individual Electoral Registration	-	X	√	X	X
Leisure & Culture	-				
Sports Development	2006/07	√	X	X	√
Events e.g. bonfire, street theatre	2011/12 (Arts Development)	X	X	√	X
Cemeteries	2012/13	X	X	X	√
Parks & Open Spaces	2009/10	X	X	√	X
Projects					
Risk Management	2014/15	√	√	√	√
end					

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KEY PERFORMANCE INDICATORS 2015/16

APPENDIX 2

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2015/16.

	KPI	Trend requirement	2014/15 Year End Position	2015/16 Position (as at xxxxxxxx)	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	XX		Quarterly
2	No. of moderate or below assurances	Downward	XX		Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	XX		Quarterly
4	No. of audits achieved during the year	Per target	Target = 17 (minimum) Delivered =	Target = 15 (minimum) Delivered =	Quarterly

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