

Supplementary Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 21st March, 2011

Place: Committee Room 1
Civic Offices, High Street, Epping

Time: 6.30 pm

Democratic Services: Gary Woodhall (The Office of the Chief Executive)
Tel: 01992 564470
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9. INTERNAL AUDIT BUSINESS PLAN 2011/12 (Pages 63 - 68)

(Chief Internal Auditor) To consider the attached report (FPM-033-2010/11).

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Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: *FPM-033-2010/11*
Date of meeting: *21 March 2011*

Portfolio: Finance and Economic Development

Subject: Internal Audit Business Plan 2011/12

Responsible Officer: Brian Bassington (01992 564446).

Democratic Services Officer: Gary Woodhall (01992 564470).

Decisions Required:

To comment on the proposed Internal Audit Plan for 2011/12.

Executive Summary:

This report sets out the proposed audit plan for the year 2011/12.

Reasons for Proposed Decision:

To inform the Finance and Performance Management Cabinet Committee of the proposed Audit Plan for 2011/12 and to seek comments thereon.

Other Options for Action:

None.

Report:

1. The Annual Audit Plan (Appendix 1) is submitted to the Finance and Performance Management Cabinet Committee for comment prior to being presented to the Audit and Governance Committee on 4 April 2011 for approval. Once approved, the Annual Audit Plan will be appended to the Office of the Chief Executive Business Plan.
2. In compiling the plan, all fundamental financial systems are included, to provide Management and Member assurance in the controls in place for good financial management. The annual audit of these systems is also a requirement of the Council's External Auditors (PKF) and the draft plan is submitted to them for comment.
3. The Corporate Risk Register and the Risk Registers of each Service were reviewed and, time allocated for review of any high risk financial areas. The Annual Audit Plan contains the risk identifier to ensure that risks highlighted by the Audit Commission, the External Auditors and the Corporate Risk Register are allocated audit time.
4. The plan contains a contingency provision for investigations and other unplanned work during the year. There is also flexibility in the Plan so that audits can be substituted during the year in order to accommodate reviews of areas that are assessed as being of higher risk to the achievement of the Council's objectives.

5. Staffing of the plan is based on an establishment of 4.2 (FTE's). During the last two years, a contract has been in place with Deloitte and Touche for the provision of additional staffing, originally to cover a vacancy and technical IT audits where internal knowledge was weak. This contract ends on the 31 March 2011 and it is proposed to cover the work with the in-house team, which is now fully staffed and with training that has been identified which will give staff the IT audit knowledge required. It is envisaged that this training will not only enable the IT audits to be covered but also provide the auditors with a greater understanding of the IT element of the many systems audited. Training is also planned in the use of specialist audit software for which the Council has a licence, to enable a greater level of testing of data, including the e-invoices received following recent Member approval. This course of action will result in a financial saving on the Internal Audit budget for 2011/12 and future years.

6. A meeting has been planned with Officers from Uttlesford District Council to discuss the possibility of shared services and following an Essex Audit Group meeting on various joint working practices a skills database is being compiled by Uttlesford District Council of the audit staff within Essex Authorities.

7. Progress against the approved Plan is kept under review during the year and any proposed amendments, once the Plan has been approved, would be subject to the approval of the Audit and Governance Committee, who will continue to monitor progress against the plan on a quarterly basis.

8. The plan will be presented to the Audit and Governance Committee on 4 April 2011.

Resource Implications:

A financial saving will be made on the consultancy budget for 2011/12 and beyond.

Legal and Governance Implications:

No specific implications.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group, PKF and Service Directors.

Background Papers:

CIPFA Internal Audit Code of Practice, Audit reports, files and Corporate and Service Risk registers.

Impact Assessments:

Risk Management

The preparation of a risk based audit plan, as part of the audit strategy, is a key part of the Council's governance arrangements. In approving the annual programme of audits, the Audit and Governance Committee, in conjunction with the Finance and Performance Management Cabinet Committee, should be assured that there is sufficient and appropriate coverage to address any risks to the achievement of the Council's objectives.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
There are no equalities impacts.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A.

AUDIT PLAN 2011/12

Audit area	Audit type	Days allocated	Risk (impact) Indicator l/m/h	Risk Identifier
FINANCE AND ICT				
Finance				
Bank Reconciliation	system/follow up	15	h	PKF
Sundry Debtors	system/follow up	20	h	PKF
Creditors	system/follow up	20	h	PKF
Treasury Management	system/follow up	15	h	PKF/R26
Budgetary Control (capital and revenue)	system/follow up	10	h	PKF
Risk Management and Insurance	system/follow up	15	h	PKF
Main Accounting and Financial Ledger	system/follow up	15	h	PKF
Housing Benefits	system/follow up	25	h	PKF
Council Tax	system/follow up	25	h	PKF/R27/AC
National Non Domestic Rates	system/follow up	15	h	PKF/R27
Cash receipting and Income control	system/follow up	15	h	PKF
Provision for 'top up' testing	systems	15	h	PKF
Cash Office spot checks	verification	5	h	PKF
ICT				
Environmental controls/backup procedures	IT	10	h	PKF
Data and Network Security	IT	20	h	PKF
Disaster recovery/business continuity	IT	10	h	PKF/R8
TOTAL		250		
PLANNING AND ECONOMIC DEVELOPMENT				
Planning Fees	follow up	5	h	R27
Building Control	system	20	h	R27
TOTAL		25		
ENVIRONMENT AND STREET SCENE				
Waste Management and Recycling	follow up	20	h	R20
Licensing Enforcement	system	15	m	R27
Car Parking	system	20	h	R27
North Weald airfield	establishment	15	h	R27
Leisure contract	contract	15	h	R20
TOTAL		85		
OFFICE OF THE CHIEF EXECUTIVE				
Members Services		10	h	R
Electoral services – data quality		15	h	R
TOTAL		25		

Audit area	Audit type	Days allocated	Risk (impact) Indicator l/m/h	Risk Identifier
HOUSING				
Housing Rent Collection and Arrears	system/follow up	25	h	PKF/R27
Housing Lettings	follow up	5	h	AC
Depot	system/follow up	15	h	
Norway House	establishment	15	h	
Bed and breakfast contract	Follow up	5	m	
Stores - Depot stock take	stocktake	5	h	R23
TOTAL		70		
PARTNERSHIPS AND VOLUNTARY SECTOR				
Partnerships	system	15	h	R22
TOTAL		15		
CORPORATE SUPPORT SERVICES				
Human Resources				
Payroll	System/follow up	25	h	PKF
Recruitment and Selection	Follow up	5	h	AC
Management of Sickness absence	Follow up	5	h	R15
Overtime and Committee Allowances	verification	10	m	R
Car Mileage claims	verification	10	m	R
Health and Safety Policy	system	5	h	R
Estates/Facilities Management/Other				
Commercial Property portfolio	system/follow up	20	h	R9
Licensing	system	15	h	R27
Asset Management system	Follow up	5	h	R18
Non-HRA Repairs	verification	5	h	R2
Fleet Operations income	system	5	h	R27
Local Land Charges	system	15	h	R27
Legal				
TOTAL		125		

Audit area	Audit type	Days allocated	Risk (impact) Indicator l/m/h	Risk Identifier
MISCELLANEOUS				
Key and Local Performance Indicators	verification	15	h	R
Business Plans	verification	10	h	R
CONTRACTS				
Contract Compliance	System/follow up	15	h	R20
CORPORATE				
Corporate Procurement	system/follow up	15	h	AC/R2
Gifts and Hospitality (Officers)	system/follow up	10	h	R
Gifts and Hospitality (Members)	system/follow up	10	h	R
Data Protection Act	system	5	h	R18
Follow up of Priority 1 Audit recommendations	follow up	10	h	R23
CORPORATE MEETINGS				
Governance Statement	management review	5	h	AC/PKF
FRAUD AND CORRUPTION				
National Fraud Initiative (NFI)		15	h	R23
TOTAL				
		110		
TOTAL DAYS ALLOCATED				
		690		
Contingency/Spot checks/Minor investigations		25	h	R23
Corporate/Service Advice		45		
		775		
TOTAL				

Risk Identifier

Key

AC

PKF

R no.

R

Audit Commission

External Audit

Risk No. in Corporate Register

Reputation of

Council