

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: FED-029-2011/12
Date of meeting: 19 March 2012

Portfolio: Finance and Economic Development

Subject: Draft Audit Plan 2012/13

Responsible Officer: Brian Bassington (01992 564446).

Democratic Services Officer: Rebecca Perrin (01992 564532).

Decisions Required:

To comment on the proposed Internal Audit Plan for 2012/13.

Executive Summary:

This report sets out the proposed audit plan for the year 2012/13.

Reasons for Proposed Decision:

To inform the Finance and Performance Management Cabinet Committee of the proposed Audit Plan for 2012/13 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 the 5th April 2012 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 was 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. Following the publication of Protecting the Public Purse 2011 by the Audit Commission identifying current fraud risks time has been allocated to fraud prevention and detection in the 2012/13 audit plan. As of March 2012, the part time audit post has become vacant and it is intended to change the role of this post mainly to a fraud auditors role.

6. Regular meetings are being held with the Chief Auditors of Uttlesford, Harlow and Broxbourne Councils on various joint working practices. Initially during 2012/13, the four audit teams will be collaborating in a simultaneous audit of procurement to identify and share best practice, findings and recommendations.

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 5th April.

Resource Implications:

None, within existing budget.

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 Risk register.

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

Appendix 1

AUDIT PLAN 2012/13

Audit area	Audit type	Days allocated	Completed	Risk Identifier
FINANCE AND ICT				
Finance				
Bank Reconciliation	system/follow up	15		PKF

Sundry Debtors	system/follow up	20		PKF
Creditors	system/follow up	20		PKF
Treasury Management	system/follow up	15		PKF/R26
Budgetary Control (capital and revenue)	system/follow up	10		PKF
Risk Management and Insurance	system/follow up	15		PKF
Main Accounting and Financial Ledger	system/follow up	15		PKF
Housing Benefits	system/follow up	25		PKF
Council Tax	system/follow up	25		PKF/R27/AC
National Non Domestic Rates	system/follow up	15		PKF/R27
Cash receipting and Income control	system/follow up	15		PKF
Provision for 'top up' testing	systems	20		PKF
Cash Office spot checks	verification	5		PKF
ICT				
Data and Network Security	IT	20		PKF
Disaster recovery/business continuity	IT	10		PKF/R8
TOTAL		245		
PLANNING AND ECONOMIC DEVELOPMENT				
Planning Fees	System	20		R27
Building Control	follow up	5		R27
TOTAL		25		
ENVIRONMENT AND STREET SCENE				
Waste Management and Recycling	follow up	20		R20
Car Parking	system	20		R27
North Weald airfield	establishment	15		R27
Leisure contract	contract	15		R20
TOTAL		70		
OFFICE OF THE CHIEF EXECUTIVE				
Members Services		10		R
TOTAL		10		
HOUSING				
Housing Rent Collection and Arrears	system/follow up	25		PKF/R27
Housing Lettings	follow up	5		AC
Depot	system/follow up	15		
Housing Contracts	system	15		
Stores - Depot stock take	stocktake	5		R23
TOTAL		65		
PARTNERSHIPS AND VOLUNTARY SECTOR				
Local Area Agreements	system	15		R22

TOTAL		15		
CORPORATE SUPPORT SERVICES				
Human Resources				
Payroll	System/follow up	25		PKF
Recruitment and Selection	Follow up	5		AC
Management of Sickness absence	Follow up	5		R15
Overtime and Committee Allowances	verification	10		R
Car Mileage claims	verification	10		R
Estates/Facilities Management/Other				
Commercial Property portfolio	system/follow up	20		R9
Licensing	system	15		R27
Fleet Operations income	system	5		R27
Legal				
Debt recovery	system	15		R27
TOTAL		110		
MISCELLANEOUS				
Key and Local Performance Indicators	verification	15		R
Business Plans	verification	10		R
FRAUD PREVENTION & DETECTION				
Contracts	fraud	15		AC/R20
Procurement	fraud	15		AC/R2
Council Tax Discounts	fraud	15		AC/R23
National Fraud Initiative (NFI)	fraud	15		R23
Data matching and analysis (IDEA software)	fraud	20		AC
CORPORATE				
Corporate Procurement	system/follow up	15		AC/R2
Gifts and Hospitality (Members & Officers)	system/follow up	10		R
Data Protection Act	system	5		R18
Follow up of Priority 1 Audit recommendations	follow up	10		R23
Governance Statement	management review	5		AC/PKF
TOTAL		150		
TOTAL DAYS ALLOCATED		690		
Contingency/Spot checks/Minor investigations		40		R23
Corporate/Service Advice		45		
TOTAL		775		

Risk Identifier

Key

AC

PKF

R no.

Audit Commission

External Audit

Risk No. in Corporate

R

Register
Reputation of Council