
ANNUAL AUDIT PLAN FOR 2011/12

1 SUMMARY

- 1.1 The 2011/12 Annual Audit Plan is presented to Members for their consideration and approval.

2 INTRODUCTION

- 2.1 Under section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2003 (As amended), Internal Audit is responsible for ensuring that the Council has a proper system of Internal Control. This is achieved by carrying out a risk-based audit programme in a professional, independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment, and to make recommendations to improve it.

3 AUDIT PLAN

- 3.1 The proposed 2011/12 Audit Plan is attached as appendix 1. The plan balances the following requirements:-

- The need to ensure core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control for which PKF, the Council's External Auditor, can place reliance on;
- The need to appropriately review other strategic and operational arrangements;
- The need to consider the effectiveness of controls in place in areas judged as high risk within the corporate and divisional risk registers;
- The need to be able to contribute time towards specific value for money projects and/or service review work as agreed with managers;
- The need to have a contingency available for unplanned issues that may arise over the course of the year;

3.2 Preparation of the Audit Plan

- 3.3 The core financial systems are identified by PKF and are fully reviewed and tested annually by Internal Audit, including whole year testing to provide complete assurance of controls. Detailed testing of Housing and Council Tax benefits paid, to evidence the accuracy of the housing benefits subsidy claim, traditionally tested by the External Auditor, is being included as a significant part of this year's plan to reduce external audit costs. In addition, PKF has requested that Internal Audit reviews the procedures around the completion of

the year end accounts. All of these elements account for 40% of the audit plan time.

- 3.4 Heads of Service have been contacted to ensure any specific audit requirements for the coming financial year are addressed and the assurance framework determines a level of coverage needed for corporate governance work.
- 3.5 The divisional risk registers have been reviewed with few risks being rated as High. Assurance work will be undertaken to determine the effectiveness of the controls identified to mitigate risks detailed in the divisional risk registers. The work will be targeted specifically at the area of risk and are not intended to be audits of the complete end to end process.
- 3.6 **Resources**
- 3.7 The Audit and Performance Management team consists of six staff, two of whom are part-time. The resources allocated to the audit plan do not include the two full-time performance management officers who have their own work plan but do include an element of the Audit & Performance Manager's time. Due to the nature of performance management work and audit work there are times when resources and information are shared between the two areas. Unless there is a particular staff shortage then the time tends to even out across the year.
- 3.8 The audit plan has been based on the assumption that there will not be a full complement of staff for this year. The Auditor, who is studying for professional qualifications as part of her role, will be providing maternity leave cover for an officer in Accountancy starting in the summer and the number of audit days available has been reduced accordingly from the number used in prior years. The residual number of available audit days for the audit plan has been determined after deducting time for training and normal administration requirements.
- 3.9 **Reporting**
- 3.10 The progress of the audit plan is monitored throughout the year and reported to Members during and at the end of each financial year. If there were to be a need for material changes to the plan (i.e. affecting over 20% of the planned assignments) a revised plan will be submitted to the Audit Committee for approval at the earliest opportunity. Members will also be advised of performance against the audit plan and on relevant indicators under the performance management framework.

4 RISK IMPLICATIONS

- 4.1 Completion of the audit plan feeds into the annual assurance process. The plan maximises the use of resources within Internal Audit and any variation in resources, for whatever reason, may impact on the plan.

5 RECOMMENDATION

5.1 It is proposed that the Committee **RESOLVES**

That the 2011/12 audit plan be agreed.

Yvonne Woodward

Head of Finance

Background Papers:-

None.

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APPENDIX 1

AUDIT AREA	CORE AUDIT	PLANNED AUDIT DAYS
CORPORATE CONSIDERATIONS		
Corporate Governance The Accounts & Audit Regulations require an Annual Governance Statement to be published to provide assurance on systems of internal control and overall governance arrangements within the Council. Internal Audit is required to carry out an annual Self-assessment of its effectiveness		25
Anti-Fraud and Corruption. A review of Anti-fraud and Corruption and Whistle Blowing policies and procedures throughout the Council.		8
Review of Final Accounts Process – As requested by PKF		5
National Indicators / Performance Indicators National Indicators, retained Best Value Performance Indicators and Key Local Performance Indicators are audited to enable the External Auditors to place reliance and submit as "unqualified" to the Audit Commission		7
Performance Management Audit & Performance Manager Review Time of Performance Management Processes		7
Risk Management Audit & Performance Manager Review Time of Risk Management Process		4
Partnership Working A review of partnership working		10
FINANCIAL SYSTEMS		

AUDIT AREA	CORE AUDIT	PLANNED AUDIT DAYS
Cash & Banking	Y	14
Bank Reconciliation	Y	3
Creditors	Y	12
Debtors	Y	12
Investments	Y	6
Main Accounting System	Y	10
Payroll	Y	14
Castle Point Payroll – Audit of Payroll procedures on behalf of Castle Point in respect of RDC provision of payroll services		5
OPERATIONAL SYSTEMS		
Council Wide		
Contract Procedures – Review a sample of contracts for effective management		10
Income Collection – Review a sample of services areas to confirm collection of income due		10
National Fraud Initiative – Reviewing outcome of Data Matching Exercise		3
Procurement		10

AUDIT AREA	CORE AUDIT	PLANNED AUDIT DAYS
Risk Management Controls – Review of a sample of service areas to confirm stated controls to mitigate risk are in place		5
Proactive Checks - Includes Flexi-time Management, Inventory Control, Petty Cash & Expense Re-imburement, Monitoring of Telephone Expenditure and Controlled Stationery		21
Reactive Checks – Minor items require responsive reviews of controls & procedures		3
Elections Services – Review & Verify Ballot Papers Prior to Elections		5
Human Resources – Recruitment procedures		10
IT Services – IT Security & Access	Y	10
Legal Services – Land Charges		3
Leisure and Cultural Services – Leisure Contract Management		5
Planning Services – Development Control		3
Revenues & Benefits – Council Tax	Y	12
Fraud Management		6
National Non-Domestic Rates	Y	8
Housing and Council Tax Benefits Procedures	Y	20
Housing and Council Tax Benefits Subsidy Claim Work		32

AUDIT AREA	CORE AUDIT	PLANNED AUDIT DAYS
Housing Benefits – Review of Overpayment Status Codes		5
Transportation Services – Car Parking		8
OTHER TIME ALLOCATIONS		
Completion of Prior Year Audits		5
Value for Money and Service Reviews		20
Contingency Reserve		23
Follow-up and Advisory Work		15
TOTAL PLANNED AUDIT DAYS		394