
ANNUAL AUDIT PLAN FOR 2012/13

1 SUMMARY

- 1.1 The 2012/13 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 2011, 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 2012/13 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 A review of the core financial systems and the overarching area of IT security are required by PKF and are tested in detail annually by Internal Audit. Testing covers the whole year to provide complete assurance of controls, both to PKF and as part of the Annual Governance Statement process.
- 3.4 Detailed testing of Housing and Council Tax Benefits paid, to confirm the accuracy of the Housing Benefits Subsidy Claim is now carried out by Internal Audit for PKF and is included as a significant part of this year's plan to reduce external audit costs. All of these elements, together with the anti-fraud and corruption policy review work account for 40% of the annual audit plan time.

- 3.5 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.
- 3.6 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 such 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.
- 3.7 **Resources**
- 3.8 The Audit and Performance Management team consists of six staff, three of whom are now part-time. The resources allocated to the audit plan do not include the two 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.
- 3.9 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, provided maternity leave cover for an officer in Accountancy ending in May and the number of audit days available has been reduced accordingly. The residual number of available audit days for the audit plan has been determined after deducting time for training and normal administration requirements.
- 3.10 **Reporting**
- 3.11 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 2012-13 Audit Plan be agreed.

Yvonne Woodward

Head of Finance

Background Papers:-

None.

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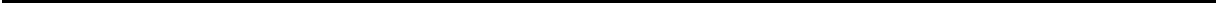
If you would like this report in large print, Braille or another language please contact 01702 546366.

APPENDIX 1

AUDIT AREA	AUDIT PLAN DAYS
CORPORATE CONSIDERATIONS	
<p>Corporate Governance The Accounts and 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.</p>	25
<p>Anti-Fraud and Corruption. A review of anti-fraud and corruption and whistle blowing policies and procedures throughout the Council.</p>	8
<p>Sickness Management A review of reporting and monitoring arrangements to ensure staff sickness is effectively managed.</p>	5
<p>Performance Indicators Performance Indicators are audited to ensure data quality and accuracy in reporting performance to Members and officers.</p>	20
<p>Performance and Risk Management Audit & Performance Manager review time of performance and risk management processes.</p>	10
<p>Partnership Working A review of key partnership arrangements. Specific areas to be reviewed to be determined.</p>	10
FINANCIAL SYSTEMS	
Cash and banking	14
Bank reconciliation	5
Creditors	15

AUDIT AREA	AUDIT PLAN DAYS
Debtors	12
Investments	6
Main accounting system	10
Payroll	15
Castle Point Borough Council Payroll – Audit of payroll procedures on behalf of CPBC Internal Audit in respect of RDC provision of payroll services	14
OPERATIONAL SYSTEMS	
Council Wide	
Anti-Fraud Initiatives – Reviewing controls and procedures in areas that may be subject to fraudulent activity	5
Contract Procedures – Review a sample of contracts for effective management	10
Income Collection – Corporate review and publication Information	10
National Fraud Initiative – Reviewing outcome of data matching exercise 2012/13	7
People & Policy Unit – Health and safety procedures	10
Procurement – Lean review follow-up	10
Risk Management Controls – Review of a sample of service areas to confirm stated controls to mitigate risk are in place	5
Voluntary Organisations – Grants awarded	3

AUDIT AREA	AUDIT PLAN DAYS
Proactive Checks - Includes flexi-time management, inventory control, petty cash expenditure, etc	15
Elections Services – Review and verify ballot papers prior to District/Parish elections	5
Elections Services – Review and verify ballot papers prior to Police Commissioner elections	5
Environmental Services – Grounds maintenance contract	5
Human Resources – Recruitment procedures (follow-up review)	10
Information & Customer Services – Mobile phones	5
IT Services – IT security and access and contract management	20
Legal Services – Land charges	5
Planning Services – Building control	7
Revenues & Benefits – Council Tax	15
Revenues & Benefits - National Non-Domestic Rates	15
Revenues & Benefits - Housing and Council Tax benefits procedures	20
Revenues & Benefits - Housing and Council Tax benefits subsidy claim work	37
Transportation Services – Overview, including completion of prior year car parking audit	15



AUDIT AREA	AUDIT PLAN DAYS
OTHER TIME ALLOCATIONS	
Contingency reserve	19
Follow-up and advisory work	20
TOTAL PLANNED AUDIT DAYS	447