

2017/18 SWAP Internal Audit Plan

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Purpose of the Report

As a key element of its Governance arrangements the Council has a partnership arrangement with South West Audit Partnership to deliver an annual internal audit plan. The Assistant Director for SWAP, together with the Council's S151 Officer have produced an Audit Plan for 2017/18 that requires the approval of the Audit Committee.

Recommendation

That the Audit Committee approves the Internal Audit Plan of 333 days for April 2017 to March 2018.

Background

The total number of audit days planned for 2017/18 is 333 days, which is unchanged from the prior year.

This plan has been prepared with a view to providing assurance to both Officers and Elected Members of the current and imminent risks faced by the Authority in an ever changing risk environment. If an emerging risk or a fraud investigation is deemed higher risk than the audits in this Audit Plan then changes may be required during the year. The Committee are approving the initial plan of 333 days. Any changes will be reported to Committee quarterly for approval.

To ensure that to the best of our ability we have covered the necessary risks, the Assistant Director and the Section 151 Officer have together, whilst also considering audits already undertaken in recent years, produced the plan detailed in Appendix A.

Advice and Meetings - Internal Audit are risk experts and as well as undertaking planned audits are always glad to assist officers where they seek advice on managing their risks. Similarly, to enable effective governance Internal Audit work closely with the External Auditors and with the Section 151 Officer and the Audit Committee through regular liaison meetings and progress reporting.

Follow Up Audits – Internal Audit follow up on all Audits being given a 'Partial or No Assurance' level to ensure that agreed actions to mitigate risks have been implemented. A pot of 12 days has been allocated to follow up Partial assurance reviews completed in 2016/17.

IT Audits – IT Reviews are completed to provide the Authority with assurance with regards to their compliance with industry best practice. SWAP has specialist Computer Auditors who will liaised with the I.T. Manager to identify specific I.T. related risks. The exact scope of the audit has therefore yet to be determined however, a review of cyber security is anticipated as the likely focus.

Operational and Governance Audits - Operational audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. Governance audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a corporate rather than service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk or could be subject to fraud.

This work will, in some cases, enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting these reviews at other Client Sites.

Key Financial Controls Audits - This process focuses primarily on key risks relating to the Council's major financial systems. There are 8 recognised key financial systems; Capital Accounting, Creditors, Debtors, Housing and Council Tax Benefits, Main Accounting, Council Tax & Non-Domestic Rates, Payroll, Treasury Management.

The Audit Committee will be aware from the quarterly update reports that in recent years the key control audits have continued to receive high levels of assurance and several received substantive assurance. As a result, using a risk based methodology all of the key controls do not need an annual review. The exact scope of these audits will be agreed with the S151 Officer prior to commencement, taking into account emerging and current issues.

Financial Implications

There are no financial implications associated with these recommendations.

Background Papers: *None*

| Audit | Days | Qtr | Note |
|--|-------------|------------|--|
| Planning / Client Liaison | 12 | 1-4 | Audit Planning / S151 Liaison |
| Corporate Advice | 5 | 1-4 | Guidance and advice on best practice |
| Committee Reporting & Attendance | 12 | 1-4 | Audit & Governance Committees and Reports |
| External Audit | 2 | 1-4 | Liaison with Grant Thornton |
| Follow Up Audits (unallocated) | 9 | 2 | Review 2016/17 Partial Assurances |
| Follow up – Risk Management | 3 | 2 | Partial assurance received 2016/17 |
| Key Controls | 35 | 3-4 | To review processes post Transformation in Finance - debtors/creditors/cash receipting/treasury management |
| Key Income Streams | 20 | 4 | Review Westlands Complex and Octagon income |
| Boden Mill & Chard Regeneration Scheme Statement of Accounts | 2 | 1 | |
| Yeovil Cemetery & Crematorium Annual Accounts | 3 | 1 | |
| Records Management | 10 | 1 | Paperless drive? - is the right information being retained? |
| Cyber security | 25 | 1 | |
| S106/ CIL | 15 | 4 | |
| Fraud Audit | 15 | 2 | To be agreed with Fraud and Data Manager, suggestion is Disabled Facilities Grants. |
| Fraud Audit | 15 | 3 | To be agreed with Fraud and Data Manager, suggestion is Business Rates Avoidance. |
| Organised Crime checklist | 5 | 2 | Corporate sub Group Suggestion |
| Accountability | 20 | 4 | Review accountability and responsibilities once support services have been transformed |
| LED contract compliance | 15 | 3 | Review contract and check compliance |
| Programme and Project Management | 20 | 3 | Highlighted in Healthy Organisation review - project to be reviewed to be decided later in the year |
| Risk Management Support | 10 | 1 | Risk Management follow up already programmed in but some support required |
| Procurement Review | 25 | 3 | Highlighted in Healthy Organisation review and significant projects being rolled out. |
| Business continuity key service test | 15 | 4 | |
| Housing Benefit Claims/subsidy | 15 | 4 | |
| Tourism | 10 | 4 | Review income collection |
| Licensing | 15 | | |