

Audit Committee – 24th February 2011

## 6. Internal Audit Plan 2011-12

*Strategic Director: Mark Williams, Chief Executive*  
*Assistant Director: Donna Parham, Finance and Corporate Services*  
*Lead Officer: Andrew Ellins, Audit Manager*  
*Contact Details: andrew.ellins@southwestaudit.gov.uk*

### Purpose of the Report

This report has been prepared for the Audit Committee to provide them with details of the audits planned for the next financial year.

### Recommendation

To agree to the Internal Audit Plan for 2011-12.

### Background

The total number of audit days planned for 2011-12 is 459 days, which is a reduction on the current year of 111 days. This reduction was requested in order to reduce the cost of the internal audit service as part of the Council's budget cuts.

Historically audit plans have been derived from 4 year Strategic Plans. However, this plan has been pulled together with a view to providing assurance to both officers and members of the current and imminent risks faced by the Authority in an ever changing risk environment. The plan is only indicative to facilitate the planning of audit resources. We anticipate that, as the real impact of recently announced budget cuts bite, the plan will have to remain flexible to address new and emerging risks faced by the Council.

To ensure that to the best of our ability we have covered the necessary risks, the Audit Manager and the Section 151 Officer have liaised with Assistant Directors and Heads of Service and together, whilst also considering audits already undertaken in recent years, have produced the plan below.

**Key Control Audits** - The Key Control process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. To this end we have liaised with the Audit Commission representatives and included any requirements they have in providing them necessary assurance, in line with the International Auditing Standards, that they are required to audit against. There are 9 annual audits planned;

- Capital Accounting
- Council Tax
- Creditors
- Debtors
- Housing Benefit
- Main Accounting
- NNDR
- Payroll
- Treasury Management

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**Key Income Control Audits** - The Key Income Control Audits provide independent annual assurance that key income streams are adequately controlled and the Council are not exposed to risks that could impact on its ability to meet its overall objectives. There are 10 annual audits planned;

- Careline Income
- Car Parks Income
- Goldenstones Income
- Homelessness Income
- Licensing Income
- Octagon Theatre Income
- Section 106 Agreements Income
- Wincanton Sports Centre Income
- Workplace Nursery Income
- Yeovil Recreation Centre Income

**Governance Audits** – The Governance Audit process focuses 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. 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 all our Client Sites. We fully consulted with each of our Client Section 151 Officers and with them, or their representatives at the SWAP Management Board, we carried out a Control and Risk Self Assessment workshop to identify the major risks facing their organisations for the coming year. There are 17 reviews planned for 2011-12;

- ACI Site & Chard Regeneration Scheme Statement of Accounts
- Annual Governance Statement Review
- Contract Management - Monitoring and Compliance with SO's Fees and Charges
- Health & Safety - Safeguarding Staff and Clients
- Information Governance
- Managing Complaints
- Managing with Reduced Resources
- Maximising Income (Opportunity Comparisons)
- Members Interests - Related Parties
- MTFP Process
- Partnership Arrangements
- Scheme of Delegation
- Threat from Fraud or Corruption (Analytical Review)
- Threat from Fraud or Corruption (Policy Review)
- Yeovil Cemetery and Crematorium Annual Return
- Yeovil Town Centre Bank Account

**IT Audits** – IS Reviews are completed to provide the Authority with assurance with regards to their compliance with industry best practice. SWAP has a specialist Computer Audit Manager who has met with the I.T. Manager and identified specific I.T. related risks. There are 3 specialist reviews planned for 2011-12;

- Gov Connect
- PCI Compliance
- ICT Service Management and Governance

**Operational 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. There are 9 audits planned for 2011-12;

- Car Loans
- Pest Control
- Housing Benefits Fraud
- Legal Services
- Play and Youth Facilities
- Property Services
- Streetscene - Workshop
- Streetscene - Enforcement
- Waste & Recycling

**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. We have provisionally planned 25 days to do follow-up reviews.

**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 Audit Commission and with the Section 151 Officer and the Audit Committee through regular liaison meetings and progress reporting.

### **Financial Implications**

There are no financial implications associated with these recommendations.

**Background Papers:**     *None*

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