

Audit Committee – 27th March 2014

5. 2014/15 SWAP Internal Audit Plan

Head of Service: Gerry Cox, Chief Executive – SWAP

Lead Officer: Andrew Ellins, Audit Manager

Contact Details: andrew.ellins@southwestaudit.co.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 the Internal Audit Plan for April 2014 to March 2015.

Background

The Total number of audit days planned for 2014-15 is 368 days, a reduction of 51 days (12%) as part of the Council's efficiency savings.

As last year, 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 the plan will have to remain flexible to address new and emerging risks faced by the Council.

SWAP also have recommended 'Themed' audits where common emerging risks have been identified in order to seek to compare and contrast best practice.

Key Control Audits - This 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 them 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 8 recognised key financial systems, 6 will be audited, totalling 58 planned audit days.

Capital Accounting	Main Accounting
Creditors	NNDR
Debtors	Payroll
Housing and Council Tax Benefits	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. For 2014-15, Capital Accounting won't be audited and Treasury Management will have a reduced audit. Debtors will be replaced by a more specific audit on Cash Receipting and Bank Reconciliation including the Cash Collection Contract. Payroll will have a different audit covering fraud and reviewing the new payroll I.T system.

Governance, Fraud and Corruption Audits – This 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 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 all our Client Sites. There are 12 reviews planned, totalling 113 days.

Cash Receipting and Bank Reconciliation (including Cash Collection Contract)
Payroll Starters and Leavers (Theme)
Legal Shared Service (Theme)
Choice Based Lettings (Theme)
Community Safety Partnership (Theme)
Unofficial Voluntary Funds
Contract Fraud (Bribery)
Fraud – Contingency x2
Key Income Streams
Boden Mill and Chard Regeneration Scheme Statement of Accounts
Yeovil Crematorium and Cemetery Annual Return

IT Audits – IT 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 will liaise with the I.T. Manager to identify specific I.T. related risks. There will be 3 specialist reviews, totalling 30 audit days.

Disaster Recovery
PSN Code of Connection
Threat Management

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 8 audits planned, totalling 110 days.

Printing and Design Service
Economic Development Service
Payroll Service – New System
Licence Fee Setting
Landfill Site Management
Leisure Centres – Contract Compliance
Streetscene Enforcement
Car Parks Enforcement

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 12 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.

Appendix A – List of the Audits Planned for 2014-15.

Financial Implications

There are no financial implications associated with these recommendations.

Background Papers: *None*
