

AUDIT COMMITTEE

12 MARCH 2012

INTERNAL AUDIT PLAN 2012/13

REPORT OF INTERNAL AUDIT MANAGER

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RECENT REFERENCES:

PS442 – Internal Audit Strategy and Audit Plan 2011/12 to 2013/14 – 7 March 2011

AUD001 – Review of the Effectiveness of Internal Audit (including End of Year Report to 31 March 2011) – 29 June 2011

AUD010 – Internal Audit Progress Report to 31 August 2011 – 26 September 2011

AUD017 – Audit Progress Report to 31 November 2011 – 5 December 2011

AUD018 – Anti-Bribery Report – 5 December 2011

AUD019 – Internal Audit Charter – 5 December 2011

EXECUTIVE SUMMARY:

This report outlines the Internal Audit arrangements for the 2012/13 financial year, including the annual audit plan for 2012/13. This is year two of the three year Audit Plan and Audit Strategy previously approved on 7 March 2011.

It should be noted that where the Internal Audit plan has been directly influenced by Winchester City Council's Corporate Risk Register that this has been identified in the Plan.

A number of changes have been made to the original Plan for 2012/13 due to a restructuring of the Internal Audit Team that has taken place reducing the previously planned audit resources of 3.33 full time equivalent (FTE) employees to 2.83 FTE. Recruitment for the current 0.5 FTE Auditor post will commence in April 2012 and because it is possible that the successful applicant may need to give a period of notice to their employer (if currently employed) the audit plan for the first quarter of

2012/13 has been based on 2.33 FTE audit staff. To ensure the Audit Committee is aware of these changes the Plan has been structured to show where changes have occurred.

Other changes made to the Plan concern the reclassification and the number of planned days for some of the audits. The Plan has been structured to show where these changes too have occurred.

The Performance Management Team reviewed the audit plan for 2012/13 on 21 February 2012.

The Audit Plan for 2012/13 is shown in tabular form at Appendix B of this report.

RECOMMENDATIONS:

1. That the revised Internal Audit Plan for 2012/13 be approved.

AUDIT COMMITTEE12 MARCH 2012INTERNAL AUDIT PLAN 2012/13REPORT OF INTERNAL AUDIT MANAGERDETAIL:1 INTRODUCTION

- 1.1 The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 requires that the Internal Audit Manager produces an audit strategy. The Strategy is a high level statement of how the internal audit service will be delivered and developed in accordance with the terms of reference and how it links to the organisational objectives and priorities. The Audit Strategy approved by the Principal Scrutiny Committee on 7 March 2011 is not significantly affected by the changes made to the original Audit Plan for 2012/13. The objectives of the Strategy remain relevant and the only changes relate to a reduction of half an auditor post in Internal Audit Resources and the Strategy is now linked to the Sustainable Community Strategy and Change Plans.

OTHER CONSIDERATIONS:2. SUSTAINABILITY COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 2.1 Internal Audit contributes through the annual audit plan to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the Sustainable Community Strategy and Change Plans.

3. RESOURCE IMPLICATIONS:

- 3.1 A number of changes have been made to the original Plan for 2012/13 due to a restructuring of the Internal Audit Team that has taken place reducing the previously planned audit resources of 3.33 full time equivalent (FTE) employees to 2.83 FTE. Recruitment for the current 0.5 FTE Auditor post will commence in April 2012 and because it is possible that the successful applicant may need to give a period of notice to their employer (if currently employed) the audit plan for the first quarter of 2012/13 has been based on 2.33 FTE audit staff.

#### 4. RISK MANAGEMENT ISSUES

- 4.1 The Internal Audit plan for 2012/13 is linked to the Corporate Risk Registers to ensure, where possible and appropriate, Internal Audit review those areas considered to be of the most significant risk.

#### BACKGROUND DOCUMENTS:

Working papers and Audit Reports held within the Governance Group (some exempt).

#### APPENDICES:

Appendix A: Internal Audit Strategy

Appendix B: Revised Internal Audit Plan for 2012/13

## APPENDIX A

### **Internal Audit Strategy for 2011/12 to 2013/14**

#### **Introduction**

The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 requires that the Internal Audit Manager produces an audit strategy. The Strategy is a high level statement of how the internal audit service will be delivered and developed in accordance with the terms of reference and how it links to the organisational objectives and priorities.

#### **Internal Audit Objectives and Outcomes**

To deliver an assurance function that provides an independent and objective opinion to the organisation on the control environment which comprises the systems of governance, risk management and internal control. This is achieved by evaluating its effectiveness in achieving the organisation's objectives. Internal Audit will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

The three year audit plan shown in Appendix B provides specific detail on how Internal Audit will deliver the required assurance function. The objective is to complete at least 95% of the annual plan for each year and to ensure that the outputs from the audits are reported to the appropriate level of management, that management agree to address areas of concern and that the results are reported to the Audit Committee. The outcomes from these reports and on-going advice and assurance should result in maintaining and where necessary improving the internal control framework of the Council.

A clear objective is to provide an audit service that provides assurance on the key financial systems of the Council, is actively involved in major projects / system developments (to provide timely opinions i.e. not after the event but in advance of), is a service that customers feel they can come to when necessary in confidence and will receive a professional and responsive level of advice and assurance. Contingencies are also built into the plan to help address any issues arising of concern be it through officer error or potentially acts of a fraudulent nature.

There are also budgets under on-going activities that seek to provide a pro-active role from Internal Audit in providing advice and assurance to management and working with others (including External Audit) to deliver where appropriate a 'joined up' approach to making the most of the special skills and knowledge Internal Audit have within the Council. The Audit Plan to deliver this is split into the following five categories:

**Core Audits (Compulsory)** - There is a requirement that these audits are undertaken annually and they form a key part of the opinion that the External Auditors make on the adequacy of the Council's Internal Audit arrangements.

An agreement is in place that seeks for Internal Audit and External Audit to be able to place reliance on each others work through a joint working protocol that will enable greater efficiencies in the use of audit resources through internal audit over a three year period undertaking a systems flowcharting and walk through test approach instead of full annual compliance audits.

**Corporate/Cross Departmental Audits** - These audits involve the review of internal control and performance areas that potentially have an effect on the whole organisation. Most of these will be directly linked/ identified in the Corporate Risk Profiles / Registers.

**Service or Activity Audits** - These are about reviewing specific services or activities and the systems and processes in use. Obviously there are a large number of these types of audit within the Council. The priority in the audit planning process is to ensure adequate audit coverage for the Core audits and then the Corporate/Cross Departmental audits. Resources dictate that IA have to prioritise service or activity audits and this is where the IA evaluation of the risks helps to determine which services or activities should be put forward in the draft audit plans.

**On-going Activities** - These are the items that support the framework in which Internal Audit undertakes its activities and in providing a pro-active and responsive service to management and other key stakeholders.

**Contingencies** - These are in place to resource special investigations and Section 151 Officer requests to undertake audit work.

### **Links to Winchester City Council's Objectives and Priorities**

The Internal Audit plan is linked to the Corporate Risk Profile / Register as appropriate, to ensure that Internal Audit review those areas considered to be of the most significant risk.

The three year plan will be reviewed annually and amended as necessary to address any change in organisational structure, objectives or priorities. The plan will be approved by the Audit Committee (currently Principal Scrutiny Committee but to be replaced by a newly formed Audit Committee in 2011/12) and the plan will continue to be reviewed to ensure they are in line with the risk profile/register and as a consequence have an audit programme closely linked to the Sustainability Community Strategy and Change Plans (previously the Corporate Business Plan).

### **Internal Audit's contribution to Corporate Governance**

The Internal Audit Manager is a member of the Corporate Governance Group and supports the governance arrangements of the Council through bringing emerging audit findings to the Group which are relevant to their remit. The IA Manager also seeks to support continuing good governance by annually providing a presentation and facilitating workshops on Good Governance and the governance self assessment process for senior management.

The Internal Audit Plan makes a direct contribution to the Governance of the Council and the outcomes from the plan contribute to providing independent assurance on the Council's governance arrangements and in identifying areas where management action is needed to improve the control environment of the Council's operations.

Internal Audit also undertakes an annual review of the Council's governance framework and produces a report to senior management on the findings of the review.

The Internal Audit Manager produces an annual audit report within which an opinion is provided on the Council's internal control framework based on the results of the completion of the annual audit plan. This in-turn can have a direct impact on the Annual Governance Statement that the Corporate Governance Group produces on behalf of the Council.

### **Local and National Issues and the Role of Internal Audit**

A key part in producing the audit plans for future years is the consideration of local and national issues and how Internal Audit can through its role within the Council contribute to addressing these.

For Internal Audit to best make a contribution that 'adds value' and provides an adequate level of assurance this needs to formally evaluate these when planning future audit activities. This is achieved through a number of initiatives:

- Reviewing risk profiles / registers for the Council and making a judgement on whether they are up to date and the process behind them is robust enough to place reliance on them. If the answer is yes, cross referencing the audit plan to the corporate / strategic risks the Council has identified.
- If the Internal Audit Manager considers that a further risk analysis is undertaken by Internal Audit to help in the creation of the audit plan then this will take place. Internal Audit have a risk evaluation model that has a number of attributes that are appropriately weighted to the changes that have occurred in the service / subject area, materiality, profile, etc. and this risk analysis can directly contribute to providing audit assurance on the internal control environment that in turn provides assurance at a Corporate Governance level.
- In producing an 'umbrella' three year audit programme, the Internal Audit Manager seeks to identify and provide adequate audit coverage to the Council in providing assurance on all areas that would or could have a significant impact on the Council's delivery of key objectives and priorities and compliance with legislation and the Council's own Constitution. In producing this, a full consultation process is undertaken with all managers through the Corporate Management Team, Performance Management Team and the Senior Management Team. The audit plan after this consultation process is reported to the Audit

Committee (currently the Principal Scrutiny Committee) for debate and approval.

- The three year 'umbrella' audit plan is reviewed on an annual basis to ensure it meets the needs of the Council and is mindful of local and national issues.

### **Provision of the Internal Audit Service and the Resources / Skills required to deliver the Strategy**

Internal Audit Services are provided in partnership with Havant Borough Council and Test Valley Borough Council, through a three way shared service.

The Audit Manager is shared equally between each site with his time allocated as a third to each Council. The Internal Audit Manager, however, ensures that he is fully available to each Council in the Partnership whether working on or off-site and this is a key element in the partnership approach and flexible work force planning.

The Internal Audit Partnership expanded from 1 April 2010 to include Test Valley Borough Council. To create a structure that could be robust and sustainable a principal auditor role was created at each of the partnering Councils to directly support the Internal Audit Manager in delivery of his multi-site role and responsibilities. The Principal Auditor role has a proportion of time allocated to monitoring, reviewing and performance managing the audit teams and as a direct report to the Internal Audit partnership Manager.

The Audit Partnership has in place one manager, three principal auditors, three senior auditors and two auditors. The partnership has developed shared performance measures, systems and working practices based on best practice and in compliance with the Code of Practice (CIPFA).

The Partnership Audit Team is made up of significant experience. The Internal Audit Manager is a fully qualified / Certified Member of the Institute of Internal Auditors and has thirty years experience of Internal Auditing; three other auditors within the Partnership are also qualified to the same level. In addition to this all auditors within the Partnership have as a minimum an accounting qualification or auditing qualification with the exception of one who is qualified by a significant number of years within Internal Audit.

There are robust and in-depth specialist skills within the Partnership. The Partnership has a qualified IT Auditor, specialists on contracts and procurement, financial management, fraud work, facilitating management workshops on risks and controls, governance and risk management.

Within the Partnership the Internal Audit Manager seeks to ensure the most effective, efficient and economic use of resources to the benefit of each partnering Council. This is achieved by the continued assessment of priorities and utilising the skills, knowledge and experience of the auditors for the benefit of all and where appropriate undertaking audits in partnership.



The final objective is the delivery of an Internal Audit Service (through Partnership) that provides each partnering Council with an adequate level of Audit assurance to contribute to the Governance requirements and compliance with legislative and the Council's own Constitution requirements.

John Cummins  
Internal Audit Partnership Manager  
27 February 2011

**INTERNAL AUDIT  
PLAN FOR 2012 - 2013**

<b>REF.</b>	<b>AUDIT TYPE</b>	<b>SUBJECT</b>	<b>DETAILS (WHAT IS TO BE COVERED IN THE AUDIT)</b>	<b>RISK REGISTER REF.</b>	<b>AUDIT YEAR 2012-13 (Original as approved by PSC March 2011 - Based on 3.33 FTE))</b>	<b>AUDIT YEAR 2012-13 (Based on 2.83 FTE)</b>	<b>AUDIT YEAR 2012-13 (Based on 2.83 FTE but reduced by 0.125 FTE / 23 days due to delay in recruitment)</b>	<b>Notes</b>
1	CONTINGENCIES	S151 Requests	Provision for special audit reviews requested by the S151 Officer in support of the role.	CR5010 - Financial Management	15	15	15	Includes review of Mayors Charity Account (2 days per year).
2	CONTINGENCIES	Special Investigation	Provision for special investigation reviews that may arise from suspected irregularities, theft, fraud or significant internal control issues or problems that arise.	CR5010 - Financial Management	40	30	30	Compliance with the Council's Anti Fraud and Corruption Policy.
3	CORE AUDIT (COMPULSORY)	Accounting system	Accountancy, Treasury Management and VAT. Areas to be covered include: Main Accounting Systems; Medium Term Financial Plan, Budgetary Control and Profiling; Journal Entries; End Year Procedures; Coding Structure; Feeder Systems; Cash Bank Balances; Cheque Control. Plus compliance with IFRS.	CR5004 - Financial Strategy, CR5010 - Financial Management	27	0	0	Replaced by three distinct audits, Budgetary Control, Main Accounting and Treasury Management.

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4	<b>CORE AUDIT (COMPULSORY)</b>	Budgetary Control	<b>The audit will specifically cover the following areas;</b> <ul style="list-style-type: none"> <li>• Budgetary control procedures;</li> <li>• Budget setting arrangements;</li> <li>• Budget variances- identification and investigation;</li> <li>• Budget monitoring and control;</li> <li>• Virements; and</li> <li>• Application of IFRS requirements.</li> </ul>	CR5004 - Financial Strategy, CR5010 - Financial Management	0	11.5	11.5	<b>Replaces Accounting System audit.</b>
5	<b>CORE AUDIT (COMPULSORY)</b>	Main Accounting	<b>The audit will specifically cover the following areas;</b> <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Reliability and Integrity of Transactions;</li> <li>• Completeness and Accuracy of Records;</li> <li>• Journal Entries and Manual Adjustments;</li> <li>• System Security; and</li> <li>• Year End Procedures.</li> </ul>	CR5004 - Financial Strategy, CR5010 - Financial Management	0	11.5	11.5	<b>Replaces Accounting System audit.</b>
6	<b>CORE AUDIT (COMPULSORY)</b>	Treasury Management	<b>The audit will specifically cover the following areas;</b> <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Security of Assets;</li> <li>• Cash Flow Forecasting;</li> <li>• Recording of Investments and Loans Secured;</li> <li>• Monitoring &amp; Reporting; and</li> <li>• Management Information.</li> </ul>	CR5004 - Financial Strategy, CR5010 - Financial Management	0	11.5	11.5	<b>Replaces Accounting System audit</b>

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7	<b>CORE AUDIT (COMPULSORY)</b>	Asset Management	<p>The audit will specifically cover the following areas;</p> <ul style="list-style-type: none"> <li>• Capital planning process;</li> <li>• Complete and accurate recording of capital assets;</li> <li>• Capital assets disposals and transfers;</li> <li>• Periodic verification exercise</li> <li>• System security;</li> <li>• Capital charges, including depreciation;</li> <li>• Asset Management arrangements;</li> <li>• Application of IFRS requirements; and</li> <li>• Capital Budget Monitoring;</li> </ul>	CR5002 - Silverhill development, CR003 - Asset Management, CR5010 - Financial Management	17	11.5	11.5	n/a
8	<b>CORE AUDIT (COMPULSORY)</b>	Benefits	<p>The audit will specifically cover the following areas;</p> <ul style="list-style-type: none"> <li>• Compliance with policy, procedures and legislation;</li> <li>• Administration and Processing of Claims;</li> <li>• Determination and authorisation of backdated claims;</li> <li>• Fraud management;</li> <li>• Adequacy of payment processes;</li> <li>• Change in circumstances;</li> <li>• Monitoring of overpayments;</li> <li>• Reconciling benefits to the general ledger; and</li> <li>• Monitoring of performance.</li> </ul>	CR5010 - Financial Management	12	11.5	11.5	<b>Systems flowcharting and walkthrough test approach.</b>

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9	<b>CORE AUDIT (COMPULSORY)</b>	Car Parks	Income reconciliation for all activities and review of contracted out services for the collection of income and car park maintenance expenditure. Pay and display car parks. Off street car parking. Permits. Car Park maintenance. Fixed Penalty Notices.	CR5010 - Financial Management	17	11.5	11.5	Cash Collection contract due to be re-let, effective 1 April 2012.
10	<b>CORE AUDIT (COMPULSORY)</b>	Cash collection	The audit will specifically cover: <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Cash collection and recording;</li> <li>• Suspense accounts;</li> <li>• Unidentified payments;</li> <li>• Reconciliations;</li> <li>• Banking; and</li> <li>• Security of cash</li> </ul>	CR5010 - Financial Management	22	17	17	Cash Collection contract due to be re-let, effective 1 April 2012.
11	<b>CORE AUDIT (COMPULSORY)</b>	Council tax	The audit will specifically cover the following areas <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Valuation Lists and Reconciliations;</li> <li>• Discounts and Reduction Applications;</li> <li>• Billing Process;</li> <li>• Refunds and Void Allowance;</li> <li>• Payment &amp; Collection; and</li> <li>• IT Security &amp; Access Controls.</li> </ul>	CR5010 - Financial Management	7	6	6	Systems flowcharting and walkthrough test approach.

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12	<b>CORE AUDIT (COMPULSORY)</b>	Creditors	The audit will specifically cover the following areas; <ul style="list-style-type: none"> <li>• Ordering of Goods and Services;</li> <li>• Processing of Invoices;</li> <li>• Amendments to Standing Data</li> <li>• Authorisation of Payments, Urgent Payments and Cheque Runs;</li> <li>• Target Payment Policies;</li> <li>• Production of Management Information; and</li> <li>• Access Controls.</li> </ul>	CR5010 - Financial Management	7	6	6	Systems flowcharting and walkthrough test approach.
13	<b>CORE AUDIT (COMPULSORY)</b>	Debtors	The audit will specifically cover the following areas; <ul style="list-style-type: none"> <li>• Legislation, Policy and Procedures;</li> <li>• Raising of Invoices (centrally and within directorates);</li> <li>• Income collection procedures surrounding rents specifically;</li> <li>• Direct debits;</li> <li>• Refunds, cancellations and credit notes;</li> <li>• Cash Receipts;</li> <li>• Reconciliations;</li> <li>• Debt Recovery including write-offs; and</li> <li>• Performance monitoring.</li> </ul>	CR5010 - Financial Management	17	11.5	11.5	n/a
14	<b>CORE AUDIT (COMPULSORY)</b>	Housing Rents	<b>Review of the collection of rents, arrears, including former tenant arrears, etc.</b>	CR005 - HRA Reform, CR5010 - Financial Management	42	33	33	In 2012/13 major change in how the HRA is managed with Councils taken on the debts, self financing - in this year will be more IA resources put in.

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15	<b>CORE AUDIT (COMPULSORY)</b>	NNDR	The audit will specifically cover the following areas <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Valuation Lists and Reconciliations;</li> <li>• Discounts and Reduction Applications;</li> <li>• Billing Process;</li> <li>• Refunds and Void Allowance;</li> <li>• Payment &amp; Collection; and</li> <li>• IT Security &amp; Access Controls.</li> </ul>	CR5010 - Financial Management	7	6	6	Systems flowcharting and walkthrough test approach.
16	<b>CORE AUDIT (COMPULSORY)</b>	Payroll	The audit will specifically cover the following areas; <ul style="list-style-type: none"> <li>• Policies and Procedures;</li> <li>• Reliability and Integrity of Transactions;</li> <li>• Processing and checks for Joiners and Leavers;</li> <li>• Variations and Adjustments to Pay;</li> <li>• Deductions; and</li> <li>• Payments and Reconciliations.</li> </ul>	CR5010 - Financial Management	22	16.5	16.5	Full audits each year planned as a number of weaknesses detected in previous years including overpayments to staff. SELIMA upgrade has been completed in 2011/12.
17	<b>CORE AUDIT (COMPULSORY) AND ON-GOING ACTIVITIES</b>	Follow ups	Essential audits to follow up on the implementation of accepted recommendations. Periodic reports to be produced for the Audit Committee.	CR5010 - Financial Management, CR5011 - Control Weaknesses identified by Internal Audit.	17	11.5	11.5	Reduced to 11.5 days to focus on providing update to the Audit Committee on the implementation of Internal Audit Agreed Action (2 updates in 2012-13)

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18	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Absence Management	<b>Review of leave (maternity, compassionate, voluntary, jury service, sabbaticals etc.) and flexi leave and sickness.</b>	CR5006 - Business Changes and Workforce Planning	13	11.5	0	Staff resources critical, also correct allocation of leave and audit trail of flexi leave rewarded potentially has a high financial cost. Audit about accountability. To be undertaken in quarter 1/quarter 2 to allow for any IFRS issues to be resolved.
19	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Climate Change / Energy Management	<b>Review of Energy Management of the Council's Operational Properties</b>	CR5001 - Climate Change	13	11.5	0	n/a
20	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Code of Conduct	<b>Compliance with both employee and member Code of Conduct, review to include gifts and hospitality and register of interests.</b>	CR5015 - Changes to Governance Arrangements	13	8.5	8.5	Communication of the Employee Code of Conduct identified as an area where improvement could be made (Governance Audit 2010-11). The abolishment of the Standards Board means Council will be responsible for setting and enforcing standards for members.
21	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Contracts	<b>VFM and accountability and compliance with Contract Procedure Rules and Financial Procedure Rules. Including current and some final account audits.</b>	CR5007 - Performance and Project Management, CR5012 - Shared Services	23	0	0	Replaced by three distinct audits reviewing specific contracts, Grounds Maintenance and Street Care, Housing Term Contract (Responsive maintenance and void repairs) and Leisure Contract,



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22	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Grounds Maintenance and Street Care (Contracts Audit)	<b>Review of the client management of the Grounds Maintenance and Street Care contract</b>	CR5010 - Financial Management	0	11.5	11.5	<b>CRSA Workshop approach to aid management in developing effective contract monitoring arrangements (replaces Contracts Audit)</b>
23	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Housing Term Contract - Responsive maintenance and void repairs (Contracts Audit)	<b>Review of the client management of the Housing Term Maintenance Contract including repairs to void properties.</b>	CR5010 - Financial Management	0	11.5	11.5	<b>CRSA Workshop approach to aid management in developing effective contract monitoring arrangements (replaces Contracts Audit)</b>
24	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Leisure Contract (Contracts Audit)	<b>Review of the client management of River Park Centre and Meadowside Centre contract</b>	CR5010 - Financial Management	0	11.5	11.5	<b>CRSA Workshop approach to aid management in developing effective contract monitoring arrangements (replaces Contracts Audit)</b>
25	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Corporate Governance	<b>Supporting the Council in the Self Assessment Process and providing an annual audit opinion based on the work of Internal Audit. Sample checks to be undertaken on a selection of completed self assessments.</b>	CR5012 - Shared Services, CR5015 - Changes to Governance Arrangements	13	11.5	11.5	<b>Annual Assurance Opinion required. Supporting the accuracy and completeness of the opinion. To include a review of nominated Risk Champions control of strategic risks and the robustness of the stated status of related internal controls.</b>
26	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Fraud Prevention	<b>A range of audit activities / reviews covering officers / members expenses, cash ups, income / expenditure variances, renovation grants / loans, etc.</b>	CR5010 - Control Weaknesses identified by Internal Audit	23	11.5	11.5	<b>Over a three year period will look to cover all activities at least once. For the higher risk areas frequency will be higher than once every three years.</b>

**INTERNAL AUDIT  
PLAN FOR 2012 - 2013**

<b>REF.</b>	<b>AUDIT TYPE</b>	<b>SUBJECT</b>	<b>DETAILS (WHAT IS TO BE COVERED IN THE AUDIT)</b>	<b>RISK REGISTER REF.</b>	<b>AUDIT YEAR 2012-13 (Original as approved by PSC March 2011 - Based on 3.33 FTE))</b>	<b>AUDIT YEAR 2012-13 (Based on 2.83 FTE)</b>	<b>AUDIT YEAR 2012-13 (Based on 2.83 FTE but reduced by 0.125 FTE / 23 days due to delay in recruitment)</b>	<b>Notes</b>
27	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Performance and Risk Management	<b>Review of the performance and risk management framework and performance indicators for completeness, accuracy, timeliness and reporting. Will include a review of the use of the Performance Management System Covalent in recording, managing and reporting of indicators.</b>	CR5007 - Performance and Project Management	13	17	17	<b>2012-13 audit to focus on data quality and integrity of results for performance indicators.</b>
28	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Commissioning	<b>Review of procurement of goods and commissioning in how we deliver services. Will include partnership working, shared service delivery, contracting out whether it's the public sector, voluntary bodies or private sector organisations.</b>	CR5001 - Climate Change, CR5008 - Equality Assessment, CR5012 - Shared Services	18	17	17	<b>2012-13 CRSA approach will also look at our Strategic and Corporate framework for supporting these activities. New commissioning portal to be covered too.</b>
29	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Developers Contributions	<b>Review of collection and spending of S106 contributions.</b>	CR5010 - Financial Management, CR5014 - LDF and Local Plan	18	11.5	11.5	<b>Obligation Tracker has been introduced as the system for recording and monitoring obligations.</b>
30	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Software Licensing and management of ICT Assets	<b>Review of compliance with software licensing requirements and the Copyright Act. Also review of the inventory control for the ICT asset base including acquisitions and disposals.</b>	CR5015 - Changes to Governance Arrangements	13	6	6	<b>ICT related audit which will be a joint audit with TVBC.</b>

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31	<b>CORPORATE/CROSS SERVICE AUDITS</b>	Staff recruitment and management and training and staff development.	<b>Review of the systems and procedures for the screening of new employees (references and qualification checks) and the costs of recruitment (removal and separation allowances, etc.) Will include full/part-time/casual employees, Agency staff, Contract staff, and volunteers. Plus workforce planning. Will also include a review of the induction processes for new staff.</b>	CR5006 - Business Changes and Workforce Planning, CR5008 - Equality Assessment, CR5012 Shared Services	23	11.5	11.5	<b>Will include the 1Team approach, employing from within the Council, matching skills to council needs. Staff recruitment and management has now been combined with training and staff development on a reduced overall budget.</b>
32	<b>ONGOING ACTIVITIES</b>	Advice and Assurance to Customers as required.	<b>Consultancy role of internal audit as identified in the Audit and Account Regulations 2003, 'Consultancy - (d) advisory services'.</b>	Potentially CR5001 to CR5017	25	22	22	<b>All advice provided is logged and written confirmation provided to our customers.</b>
33	<b>ONGOING ACTIVITIES</b>	Anti Fraud and Corruption Policy (training and communications).	<b>Consultancy role of internal audit as identified in the Audit and Account Regulations 2003, 'Fraud and irregularity-related work - (e)'.</b>	CR5015 - Changes to Governance Arrangements	3	5	5	<b>Training for management will be undertaken on prevention and detection of fraud.</b>
34	<b>ONGOING ACTIVITIES</b>	Audit Planning and Reporting	<b>Producing and delivering quarterly and end of year performance and opinion audit reports, plus training and presentations to promote effective internal control. Includes attendance at Committees.</b>	CR5007 - Performance and Project Management, CR5011 - Control Weaknesses identified by Internal Audit	25	25	25	n/a

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35	ONGOING ACTIVITIES	External Audit Liaison	Includes quarterly meetings.	CR5015 - Changes to Governance Arrangements	6	6	6	n/a
36	ONGOING ACTIVITIES	NFI	Pro-active role by IA co-ordinating data matching as part of the National Fraud Initiative.	CR5010 - Financial Management	10	11.5	11.5	n/a
37	ONGOING ACTIVITIES	Role in Major Projects	Review of implementation of new systems and/or the use of effective project management.	CR5010 - Financial Management	30	0	0	Removed from audit plan, project assurance role to be provided through the Advice and Assurance budget.
38	ONGOING ACTIVITIES	Role on Governance Group	Attendance at meetings and assisting in the self assessment process.	CR5015 - Changes to Governance Arrangements	3	3	3	n/a
39	SERVICE AUDIT	Guildhall	Review on an annual basis of different elements of the Guildhall to provide an on-going audit review role as requested by the HOS.	CR5010 - Financial Management	12	17	17	Will include reviews of stock control, events management, catering arrangements, financial management, marketing, etc.
40	SERVICE AUDIT	Housing Term Contract (Responsive maintenance and void repairs)	Review of the client management of the Housing Term Maintenance Contract including repairs to void properties.	CR5010 - Financial Management	12	0	0	Reclassified as Contracts Audit.
41	SERVICE AUDIT	Leisure Contract	Review of client management arrangements.	CR5010 - Financial Management	12	0	0	Reclassified as Contracts Audit.
42	SERVICE AUDIT	Planning	Review of Planning Fees and review of the introduction of pre-planning fees.	CR5014 - LDF and Local Plan, CR5016 - South Downs National Park	17	11.5	11.5	To review how the Localism Bill impacts on the service, plus the Council's ability to set own planning fees.

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		Possible c/fwd of work in progress but not completed at year end			10	10	10	
		Resources required for the Audit Plan			617	484.5	461.5	
		Resources available for the Audit Plan			625	483.5	460.5	
		Surplus/Deficit of days available			8	-1	-1	