

AUDIT COMMITTEE

24 September 2013

INTERNAL AUDIT PLAN 2013/14 (REVISED)

REPORT OF THE HEAD OF SOUTHERN INTERNAL AUDIT PARTNERSHIP

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RECENT REFERENCES:

AUD054 - Internal Audit Plan 2013/2014 (11 March 2013)

EXECUTIVE SUMMARY:

The purpose of this paper is to provide the Audit Committee with a revised Internal Audit Plan for 2013 – 2014 (Appendix 1) as an update from the version approved in March 2013.

The plan has been updated following the commencement of the partnership with the Southern Internal Audit Partnership on 1<sup>st</sup> July 2013.

Planned audit days have reduced to account for resourcing pressures experienced during the first quarter (April – June 2013) and include an allocation of carried forward work from the 2012/13 plan.

The revised plan provides assurance across all areas detailed within the original audit plan (agreed March 2013) with the following exceptions:

- Core system reviews follow a risk based methodology (2 – 3 year cyclical review), aligned to the work of the Council's external auditors;
- Unused provisions for areas such as reactive fraud investigations and advice have reduced on a pro-rata basis; and
- The Waste Management Contract review has been introduced to align with other key stakeholder partners plans to coordinate assurance, maximise efficiencies, add value and account for management concerns.

The revised plan continues to take cognisance of the Council's Corporate Risk Register and will remain fluid to the changing needs of the Council.

**RECOMMENDATIONS:**

- 1 That the Audit Committee comment on and approve the revised Internal Audit Plan for 2013 -2014.

## AUDIT COMMITTEE

24 September 2013

### INTERNAL AUDIT PLAN 2013- 2014 (REVISED)

### REPORT OF THE HEAD OF SOUTHERN INTERNAL AUDIT PARTNERSHIP

#### DETAIL:

#### 1 Introduction

1.1 The purpose of this paper is to provide the Audit Committee with the Internal Audit Plan 2013 – 2014 (Appendix 1).

#### 2 Summary

2.1 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:

- The framework of internal control, risk management and governance is appropriate and operating effectively; and
- Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

2.2 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

2.3 Internal audit focus should be proportionate and appropriately aligned; as such resources primarily concentrate on high and medium priority reviews.

2.4 All low priority review areas remain within the audit universe and are reassessed on an annual basis, however, will not be routinely incorporated in the planning process if continued to be assessed as a low priority.

2.5 Whilst the revised plan provides assurance across primarily the same areas as those detailed in the original audit plan (March 2013), days have been reassessed and reduced. The reduction has been achieved by confirming with the Council's external auditors that annual reviews of the core financial systems are not required. Unused provisions for areas such as reactive fraud investigations and advice have been reduced on a pro-rata basis. The remaining planned days will enable full risk based reviews of all areas within the plan. The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council.

- 2.6 Other reviews, based on criteria other than risk, may also be built into the work plan. These may include 'mandatory' audits or reviews requested or commissioned by management. Any commissioned review must be able to clearly demonstrate a contribution to the audit opinion on risk management, control and governance.
- 2.7 The internal audit team have adopted a matrix style approach to enable the delivery of the plan, by using a resource pool of multi disciplinary auditors capable of forming into teams as audit projects determine.
- 2.8 This approach will ensure seasonal peaks in demand can be effectively managed, an appropriate level of independence in the rotation of audit reviews and the avoidance of over reliance on individual areas of expertise.
- 2.9 The Southern Internal Audit Partnership provides the Council with a resilient and flexible service, access to specialist audit skills (fraud, procurement, contract management and computer auditors) and opportunity to share from best practice across a wide range of partners.
- 2.10 The Council's 'Internal Audit Charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion.
- 2.11 Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit Committee.
- 2.12 The endorsement and sponsorship of the plan at member / senior management level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.

#### OTHER CONSIDERATIONS:

#### 3 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 3.1 The Internal Audit work supports the Council's strategies and change plans.

#### 4 RESOURCE IMPLICATIONS:

- 4.1 None directly from this report.

#### 5 RISK MANAGEMENT ISSUES

- 5.1 The audit needs assessment follows a risk based audit approach taking cognisance of the Council's risk register.

#### BACKGROUND DOCUMENTS:

None

APPENDICES: Appendix 1 – Internal Audit Plan 2013 – 2014 (Revised)

## Winchester City Council Internal Audit Plan 2013 – 2014 (revised)

Audit	Audit Sponsor	Original 2013/14	Revised 2013/14
<b>Corporate cross cutting</b>			
Commissioning	CX	✓	✓
Data Security & Management	CFO	✓	✓
Asset Management	COO	✓	✓
ICT Shared Service	CFO	✓	✓
NFI	CFO	✓	✓
Performance management systems	CX	✓	✓
Role in major projects	CD	✓	✓
Risk management	CX	✓	✓
<b>Corporate governance</b>			
Proactive fraud initiatives	CFO	✓	✓
Anti fraud & corruption - Training & comms	CFO	✓	✓
Health and safety at work	CX	✓	✓
Special Investigation	CFO	✓	✓
Code of conduct	COO	✓	✓
Data protection & FOI	COO	✓	✓
Corporate Governance - Self assessments	COO	✓	✓
Annual review of effectiveness of Internal Audit	COO		✓
Section 151 request	CFO	✓	✓
<b>Financial management</b>			
Housing rents	CD	✓	✓
Benefits	CFO	✓	✓
Car Parks	CD	✓	✓
Cash collection	CFO	✓	✓
Council tax	CFO	✓	✓
Accounts Payable/Creditors	CFO	✓	✓
Accounts Receivable/Debtors	CFO	✓	
Budgetary Control	CFO	✓	
Main Accounting (bank reconciliations)	CFO	✓	✓
Treasury Management	CFO	✓	
NNDR	CFO	✓	✓
Payroll	CX	✓	✓
<b>Information Technology</b>			
Software licences & management of ICT assets	CFO	✓	✓
Telecommunications	CFO	✓	✓
<b>Corporate priorities</b>			
Guildhall	COO	✓	✓
Leisure contract	CD	✓	✓
Waste Management Contract (EHDC)	CD		✓

Audit	Audit Sponsor	Original 2013/14	Revised 2013/14
<b>Other direct audit activity</b>			
Advice and liaison	-	✓	✓
Annual internal audit report	-	✓	✓
Audit Committee	-	✓	✓
Audit strategy and planning	-	✓	✓
Corporate Governance Group	-	✓	✓
External Audit	-	✓	✓
Follow ups	COO	✓	✓
Monitoring and progress reports	-	✓	✓
<b>Total plan days</b>		525	443