

AUDIT AND GOVERNANCE COMMITTEE – 24 JUNE 2013

2013/14 DRAFT INTERNAL AUDIT PLAN



Report of the Audit Manager – Shared Internal Audit Service

Ward(s) affected: All

1. Purpose of Report

1.1 To present the draft plan for internal audit work for 2013/14.

2. Recommendations

2.1 To discuss and approve the draft plan.

3. Background Information

3.1 The 2013/14 Internal Audit Plan is the second year of the Harrogate and Craven Shared Internal Audit Service. The current arrangement is for a three year period – from 1 April 2012 to 31 March 2015. For two years prior to April 2012, the service was provided by Harrogate under a contractual arrangement.

3.2 The reasons why Harrogate and Craven entered into the Shared Service were:-

- To realise further efficiency gains and service improvements for the mutual benefit of both Councils.
- To maintain capacity, resilience and critical mass;
- To ensure service continuity, facilitating better assessment of the direction of travel in achieving improvements to internal controls.
- To ensure flexibility in the delivery of the audit service.

3.3 Craven's contribution towards the costs of the shared service is £56,250. This is based on 250 days at £225 per day, inclusive of expenses. The agreement provides for an increase to reflect the annual pay award to local government employees.

3.4 The draft audit plan 2013/14 sets out the areas, functions or activities at Craven which are to be reviewed and the estimated number of days for each.

4. Considerations

- 4.1 The Audit Plan always includes essential audits which are necessary to underpin the annual external audit or are relatively high risk. Essential audits are annotated as such on the draft plan. These account for 90 days. The allocated time for the audit of benefits has increased compared to previous years because of the major changes taking place. Also, the localisation of business rates effective from 1 April 2013 will be a key feature of the Council Tax/business rates audit.
- 4.2 The other annual audit of Procurement/Contracts is planned at 10 days. This is a reduction from 2012/13 as the overall conclusion was that sound and effective controls are in place. The opinions given were; Compliance with Contract Procedure Rules – significant, Creditor Spend Analysis – good. The 2013/14 audit will be the latest review of creditor spend.
- 4.3 On risk- assessed systems, these include the carry-over audits on the Belle Vue Square Service Charge and Member Expenses. These were deferred from 2012/13 for the reasons listed in the Appendix. Three new audits have been included following consultation with senior management. These are Trade Waste, the Mechanics Workshop and Car Park Permits.
- 4.4 A provision of 25 days is included for IS. At the time of writing, the particular audits are to be confirmed but could include information security and data protection. The risks to the Council of not having sound arrangements in place is that information security incidents are not properly reported and investigated which in turn could pose risks of further security breaches, reputational damage and action by the Information Commissioner and/or the affected individuals.
- 4.5 There is a provision of 25 days for completing work started in 2012/13. In particular, this includes the audit of Craven Pool. Originally, the scope of this audit was the reconciliation of cash taken in the tills to banking to find out the reasons for the various discrepancies. Subsequently, it was decided to significantly expand the audit to include Sportsoft (the leisure system to manage income and membership) membership issues, on-line bookings and signage to the site.
- 4.6 There is a contingency provision of 21 days. These represent a pool of days that can be drawn on during the year.

5. Implications

5.1 Financial and Value for Money Implications

None

5.2 Legal implications

None

5.3 Contribution to Council Priorities

The delivery of an Internal Audit Service contributes to Council transformation.

5.4 Risk Management

The internal audit function is an integral part of internal control.

5.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

6. Consultations with Others

Interim Finance Manager and Deputy S151 Officer, CLT.

7. Access to Information : Background Documents

None

8. Author of the Report

Martin Helm, Audit Manager, Craven District Council and Harrogate Borough Council Shared Internal Audit Service.

Note: Members are invited to contact the author in advance of the meeting with any detailed queries of questions.

8. Appendices

Appendix A – Internal Audit Plan 2013/14

2013/14 AUDIT PLAN

Audit	Days	Comments
Annual Audits		
Benefits	30	Essential audit to be undertaken in the Q3/Q4 due to number of transactions required. Time increased due to major changes in welfare benefits.
Procurement/Contracts	10	Can be undertaken in Q2 or Q3. Time reduced as 2012/13 opinions were significant (Compliance with Contract Procedure Rules) and good (Creditor Spend Analysis).
Treasury Management	5	Essential audit to be undertaken on Q4 due to number of transactions required.
Council Tax/Business Rates	20	Essential audit to be undertaken in Q3/Q4 due to number of transactions required. Localisation of business rates effective from 1 April 2013.
Payroll	15	Essential audit to be undertaken in Q3/Q4 due to number of transactions required. To review, new requirements for auto- enrolment (pensions) and real-time information changes.
Debtors	10	Essential audit for Q3/Q4 due to number of transactions required. 2012/13 opinion was 'good' – although limited progress made in implementing previous recommendations.
Creditors	10	Essential audit for Q3/Q4 due to number of transactions required. 2012/13 was a 'partial' opinion.

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Risk Assessed Systems

Belle Vue Service Charge	15	Deferred from 2012/13. Timing subject to developers/landlords financial year end.
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Member Expenses	5	Deferred from 2012/13 due to other priorities. "Light-touch" review of authorisation arrangements.
Trade Waste	15	Requested by senior management, to be undertaken in Q2/Q3.
Mechanics Workshop	15	Requested by senior management to be undertaken in Q2/Q3.
Car Park Permits	10	Requested by senior management. To be undertaken in Q2/Q3.
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IS	25	Audits to be confirmed. Could include information security and compliance with the Data Protection Act.
Contingency etc.		
Audits brought forward from 2012/13	25	Includes debtors, Council Tax business rates, payroll, benefits, treasury management and Craven Pool.
Contingency	21	
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	46	
Other Audit Work		
Planning/Management	14	
Audit Committee ...	5	
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	19	
TOTAL	250	