

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**  
**17<sup>TH</sup> MARCH 2008**

**Internal Audit - Annual Audit Plan 2008-2009**

<b>AN OPEN ITEM</b>	
<b>COMMUNITY STRATEGY THEME</b>	Internal Organisational Theme
<b>CORPORATE THEME:</b>	Improving Corporacy & Performance
<b>KEY PRIORITY:</b>	Financial and Asset Management
<b>STRATEGY:</b>	Audit resource
<b>CABINET MEMBER:</b>	Councillor John Holden
<b>RESPONSIBLE OFFICER:</b>	Financial Services Manager
<b>CONTACT OFFICER:</b>	Joan Hill Extension No. 2102 Joan.hill@wyreforestdc.gov.uk
<b>APPENDIX 1</b>	Internal Audit – Annual Audit Plan 2008 – 2009

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Internal Audit – Annual Audit Plan 2008–2009 which has been prepared by the Financial Services Manager in accordance with the requirements of the CIPFA Code of Practice for Internal Audit in Local Government.

**2. RECOMMENDATIONS**

**The Audit Committee is asked to RECOMMEND to the Cabinet:**

- 2.1 **Approval be given to the Internal Audit –Annual Audit Plan 2008 – 2009, attached as Appendix 1 to the report noting the shortfall in days available and REQUEST that the Cabinet investigate ways of meeting the shortfall identified in the Annual Audit Plan 2008 – 2009;**
- 2.2 **Approval be given for the Financial Services Manager to amend the plan in light of developments arising during the year as described in paragraph 3.8 of this report and in accordance with paragraph 3.3 (b) of the approved Terms of Reference for Internal Audit.**

**3. BACKGROUND**

- 3.1 The management of the authority are obliged to safeguard and use public funds in an efficient and effective way and so providing value for money. An effective internal audit service is vital in helping management to meet these important duties. It is an independent appraisal function for the review of the Council’s internal control system.

- 3.2 The Internal Audit section operates in accordance with Chartered Institute of Finance and Accountancy (CIPFA) professional standards and guidelines outlined in the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. This document defines:

“**Internal Audit** is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.”

And adds:

“The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. **Internal Audit** plays a vital part in advising the organisation that these arrangements are in place and operating properly ... The organisation’s response to internal audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the organisation’s objectives”.

- 3.3 The role played by Internal Audit is key in **assessing the internal controls** in operation and **making recommendations** for improvement working in partnership **with management**. Further the role assists in working with managers to the Council’s corporate plan striving for continuous improvement.
- 3.4 The CIPFA Code of Practice set out the definitions and principles (the **standards**) which establish how a professional internal audit service should operate in the modern local government context. A report detailing how the internal section comply with this Code is a separate item on the agenda of this committee.
- 3.5 As part of the Council’s Business planning process the Internal Audit section documents how it contributes to the Council’s objectives in the Financial Services Divisional Business plan.
- 3.6 Cabinet at its meeting on the 30<sup>th</sup> March 2006 recommended approval of the Internal Audit **Strategic Plan 2006 – 2009**, which had previously been reported to the Audit Panel. This plan provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority. The plan prioritises the areas to be audited over the period and allocates internal audit resource to each area based on an Internal Audit needs assessment evaluating the materiality and risk of the Council’s activities.
- 3.7 The annual plan is viewed flexibly as issues may arise during the currency of the plan, which divert Internal Audit away from planned work.
- 3.8 The plan is therefore seen as a **statement of intent** that can be amended as necessary without having a damaging effect on the overall direction of the internal audit service. The strategic plan has been prepared in accordance with the approved Internal Audit – Terms of Reference.

- 3.9 The year 2008-9 is the final year of the three-year strategic audit plan.
- 3.10 Performance of the service is **monitored** against this plan during the year by way of a quarterly audit report to this committee, to the Corporate Management Team and to the external auditors.

#### **4. KEY ISSUES**

- 4.1 The approved Terms of Reference for Internal Audit require:
- “3.3 The Financial Services Manager will:
- b) Prior to the beginning of each financial year, following consultation with the Corporate Management Team, provide:  
a detailed operational plan showing how resources will be allocated in the coming financial year in order to meet the requirements of the strategic plan.”
- 4.2 As part of the preparations for this annual plan the Financial Services Manager has discussed with each Chief Officer their requirements for the forthcoming year for consideration for inclusion within the plan.
- 4.3 In order to ensure that the audit service cost is minimised to the authority the internal audit section work with external audit to ensure full liaison of planned internal audit work.
- 4.4 The Internal Audit – Annual Audit Plan 2008–2009 has been prepared by the Financial Services Manager in accordance with the requirements of the CIPFA Code of Practice for Internal Audit in Local Government.
- 4.5 The areas in the plan have been compiled following a review of the Strategic plan 2006-2009 approved by members in March 2006, updating for changes in structure and processes during the period to date together with the reviews that have been completed and including any new areas as appropriate.
- 4.6 The areas in the audit plan have been identified by an objective risk assessment. This has produced an overall needs assessment for the internal audit service of 1,005 days. There are 889 days available for this work to be undertaken giving a shortfall of 116 days. This shortfall is approximately equivalent to a 22.5 hour Senior Auditor post.
- 4.7 The areas which are able to be classed as low priority have been identified and these areas total 75 days in the proposed 2008-9 annual plan. If these areas are not undertaken then this still leaves a shortfall of 41 days.
- 4.8 If additional audit days were bought in to undertake this shortfall it should be noted that the internal audit service does not have the capacity to ensure that these audits are undertaken in accordance with the CIPFA Code of Practice.

- 4.9 Further it should be noted that the plan has assumed that the internal audit section is at full establishment. At present the full-time auditor post is being recruited. Even once recruited it will take a period of time for the postholder to settle in and no longer require ongoing assistance from other members of the internal audit section.
- 4.10 It is not foreseen that with the current establishment arrangements the pressure on resources required to meet future year's audit plans will ease.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no direct financial implications arising from this report.

## **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Accounts and Audit (Amendment) (England) Regulations 2006 Statutory instrument 564 require in Regulation 6 (1):

“A relevant body shall maintain an adequate and effective system of internal audit of its accounting records.”

## **7. RISK MANAGEMENT**

- 7.1 The Cabinet approved an updated risk management policy and strategy in December 2007 which was approved by Council in February 2008. The process of the authority having corporately an evidenced risk management process has been commenced. A Strategic corporate risk register has been prepared and each Division has identified risks together with their associated action plans. These documents have been taken into account in the preparation of this Internal Audit – Annual Plan 2008-2009.
- 7.2 The Internal Audit - Annual Audit Plan 2008-2009 has been prepared in accordance with the requirements of the CIPFA Code of Practice. This requires the plan to be informed by the Council's risk management, performance management and other assurance processes. Where the risk management process is not fully developed or reliable the Financial Services Manager undertakes her own risk assessment process.

## **8. CONCLUSION**

- 8.1 The Annual Audit Plan 2008 – 2009 summarises the work to be undertaken by the Internal Audit section and provides its overall direction. It is presented to members in accordance with the approved Terms of Reference for the Internal Audit section.
- 8.2 This plan has identified a shortfall in resources which are not foreseen to ease in future.

## **9. CONSULTEES**

- 9.1 Corporate Management Team  
Leader of the Council

**10. Background Papers**

20<sup>th</sup> November 2006 Audit Committee – Internal Audit – Terms of Reference – Update

21<sup>st</sup> March 2006 Audit Panel – Strategic Audit Plan 2006 – 2009

# INTERNAL AUDIT SECTION

## ANNUAL AUDIT PLAN

2008 - 2009



**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

		<b>Needs Assessment</b>	<b>Low Priority</b>	<b>Annual Plan</b>
		<b><u>2008/09 Days</u></b>	<b><u>2008/09 Days</u></b>	<b><u>2008/09 Days</u></b>
Systems and Probity Audits	<b>Page 8</b>	745	75	670
Computer Audit	<b>Page 17</b>	60		60
Bought in Computer Audit	<b>Page 17</b>	50		50
Contract Audit	<b>Page 18</b>	40		40
Sub-total Planned Work		895	75	820
Consultancy and Advice		50		50
Irregularity Contingency		50		50
Specific Service Duties	<b>Page 19</b>	10		10
<b>WORKLOAD</b>		<b>1005</b>	<b>75</b>	<b>930</b>
SHORTFALL		116	75	41
<b>AVAILABLE DAYS</b>		<b>889</b>		<b>889</b>

**OVERALL COMMENTS**

The areas in this plan have been identified by an objective risk assessment and has been prepared in accordance with the CIPFA Code of Practice for Internal audit.

This has produced an overall needs assessment for the internal audit service of 1,005 days.

There are 889 days available for this work to be undertaken giving a shortfall of 116 days.

Areas which are able to be classed as lower priority reviews have been identified and these total 75 days. If these areas are not undertaken then this still leaves a shortfall of 41 days.

It should be noted that the audit needs assessment has identified that all areas should be reviewed during the 2008-9 year.

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**SYSTEMS AND PROBITY AUDITS**

		<b>Overall Needs Assessment</b>	<b>Low Priority Areas</b>	<b>Annual Plan</b>
		<b><u>2008/09 Days</u></b>	<b><u>2008/09 Days</u></b>	<b><u>2008/09 Days</u></b>
Chief Executive's Office	<b>Page 9</b>	30	0	30
Community & Partnership Services	<b>Page 10</b>	25	0	25
Financial Services	<b>Page 11</b>	200	0	200
Human Resources	<b>Page 12</b>	80	35	45
Legal & Democratic Services	<b>Page 13</b>	25	10	15
Planning Health & Environment	<b>Page 14</b>	60	0	60
Property & Operational Services	<b>Page 15</b>	135	10	125
Corporate Systems	<b>Page 16</b>	190	20	170
<b>TOTAL SYSTEMS &amp; PROBITY AUDITS</b>		<b>745</b>	<b>75</b>	<b>670</b>



**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**CHIEF EXECUTIVE'S OFFICE**

Head of Service:

- Peter Jones

	<b><u>2008/09</u></b> <b><u>Days</u></b>
Data Quality	15
Performance management	15
<b>TOTAL</b>	<b>30</b>

Corporate Strategy; Performance Management; Programme & Projects;  
CPA & Best Value; External Audit & Inspection; Equality & Diversity

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**COMMUNITY & PARTNERSHIP SERVICES**

Head of Service – Linda Collis

	<b><u>2008/09</u></b> <b><u>Days</u></b>
Management of Leisure contract	10
Playschemes	15
<b>TOTAL</b>	<b>25</b>

Partnerships; Community Strategy; Communications; Community safety; Children & Young People; Leisure Centres; Culture & Arts; Leisure & Community Development.

## WYRE FOREST DISTRICT COUNCIL

### ANNUAL AUDIT PLAN 2008 - 2009

#### FINANCIAL SERVICES

Head of Service – David Buckland

	<u>2008/09</u> <u>Days</u>
Accounting & Budgetary control	20
Benefits	50
Cash income and bank	20
See Note 1	
Corporate Procurement	10
Council Tax	30
Debtors – Housing Mortgages	10
Financial Management System – Assistance with system development	10
NNDR	15
Corporate Risk Management	10
Treasury Management	15
VAT	10
<b>TOTAL</b>	<b>200</b>

Accountancy; Audit; Revenues & Benefits; Concessionary Travel; Procurement; Risk Management

Note 1 – Includes operations at Customer Services Centres in respect of cash collection duties

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**HUMAN RESOURCES**

Head of Service - Paul Ryder

	<b><u>2008/09</u></b> <b><u>Days</u></b>
Payroll inclusive of Travel claims	25
PAYE – HMRC returns	10
Recruitment	10
<b>Sub total</b>	<b>45</b>
<b>Low Priority areas</b>	
National Land & Property Gazetteer	10
Training Expenses	10
Wireless technology procedures for visiting employees (Benefits & Planning)	15
<b>Sub total Low Priority areas</b>	<b>35</b>
<b>TOTAL</b>	<b>80</b>

Personnel; ICT; Training & Development; Customer Services; Gazetteer (Land & Property); Member Services (Secretarial Support); Payroll

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**LEGAL AND DEMOCRATIC SERVICES**

Head of Service - Caroline Newlands

	<b><u>2008/09</u></b> <b><u>Days</u></b>
Debt recovery procedures	5
Tender Opening & recording	10
<b>Sub total</b>	<b>15</b>
<b>Low Priority areas</b>	
Records & Terrier	10
<b>Sub total Low Priority areas</b>	<b>10</b>
<b>TOTAL</b>	<b>25</b>

Legal Advice & Support; Committee administration; Land Charges; Monitoring Officer; Terrier; Electoral Registration & Elections; Councillor Support (Advice & Information)

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**PLANNING, HEALTH AND ENVIRONMENT**

Head of Service - Mike Parker

	<b><u>2008/09</u></b> <b><u>Days</u></b>
Food Safety Inspections	15
Hackney Carriages and Private Hire	15
Improvement Grants (non Care & Repair items)	15
WFCH Agency including homeless	15
<b>TOTAL</b>	<b>60</b>

Forward Planning; Economic Development/Regeneration/Tourism;  
Development Control & Enforcement; Building Control; Environmental Health and  
Licensing; Housing; Health & Sustainability

**WYRE FOREST DISTRICT COUNCIL**  
**ANNUAL AUDIT PLAN 2008 - 2009**  
**PROPERTY & OPERATIONAL SERVICES**

Head of Service - Andrew Dickens

	<b><u>2008/09</u></b> <b><u>Days</u></b>
Accounting & Budget control	15
Car Parks	15
Civil Contingencies Act & Business Continuity planning	5
Creditors	10
Environmental Enforcement	10
Fixed Assets	15
Health & Safety	10
Management of Town & Civic Halls	10
Trade Waste	10
Trading Estates & Property Debts	10
Waste Collection & recycling - Domestic	15
<b>Sub total</b>	<b>125</b>
<b>Low Priority areas</b>	
CCTV (Operational)	10
<b>Sub total Low Priority areas</b>	<b>10</b>
<b>TOTAL</b>	<b>135</b>

Environmental Services; Asset management; Grounds Care; Street Scene; Fleet, Depot & Stores

## WYRE FOREST DISTRICT COUNCIL

### ANNUAL AUDIT PLAN 2008 - 2009

#### CORPORATE SYSTEMS

	<u>2008/09 Days</u>
Car Loans	10
Corporate Governance Note 1	50
Creditors Note 2	30
Debtors	10
Flexible working Hours	10
Petty Cash	10
Post Opening Procedures Note 3	10
Scale of Charges Note 4	30
Annual Governance Statement	10
<b>Sub total</b>	<b>170</b>
<b>Low Priority areas</b>	
Corporate Dress	10
Employee Professional Subscriptions	10
<b>Sub total Low Priority areas</b>	<b>20</b>
<b>TOTAL</b>	<b>190</b>

**Note 1 - Includes items from the following areas:**

Anti Fraud & Corruption policies & strategies; Data Protection; Freedom of Information; ICT security; Records Management; Register of members interests; Standing orders relating to Contracts & Financial Regulations; Scheme of delegation; Corporate Governance Framework; Code of conduct for employees & members; Employee register of interests, gifts & hospitality; Use of Resources assessment

**Note 2 – Includes**

Periodical payments and payments using procurement cards

**Note 3 – As required by the Audit commission – Benefit Fraud inspectorate**

**Note 4 – Includes**

Items from approved Income Service Options 27.2.8 Council not covered elsewhere in plan. Items covered on a rolling basis include: allotments; blue badges; open spaces; other sports facilities; outdoor markets; weighbridge; playschemes; young rangers; air pollution; copy documents; ordnance survey; minutes & agendas electoral registers; bulky refuse collection.



**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**Computer Audit ( 60 days per annum)**

Assistance & advice to users re:  
ICT Strategy and  
implementation  
BACS  
Computer operations  
ICE group/IMSG matters  
Electronic Government  
Internet security & E-mail policy & procedures  
Project Management  
Systems development & feasibility studies  
Follow up work relating  
to Bought in computer  
audit reviews

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**Bought in Computer Audit (50 days per annum)**

		<u>2008/09 Days</u>	<b>Lead Division</b>
Application Control Reviews:			
Anite	Benefits DIP & Planning DIP	15	Financial Services & Planning, Health & Environment
Radius/Civica	Cash Receipting	10	Human Resources
Pickwick	Elections	5	Legal & Democratic
Network Security & ICT Management controls including Webmail	ICT	10	Human Resources
Civica	Benefits Fraud	5	Financial Services
Timesheets/IPF Asset Management/project management		5	
<b>TOTAL</b>		50	

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**Contract Audit ( 40 days per annum)**

Contract Audit includes:

- Contract Specifications
- Tendering Process including opening & recording
- Award of Contract
- Contract Monitoring
- Contract payments
- Contract register
- Final accounts as appropriate
- Post contract reviews

On contracts selected from the approved Revenue & Capital budgets.

**WYRE FOREST DISTRICT COUNCIL**

**ANNUAL AUDIT PLAN 2008 - 2009**

**Specific Service Duties – (10 days per annum)**

1. National Fraud Initiative
2. Reconciliation of Petty Cash balances at year end
3. Issue of cheques and control of cancelled cheques
4. Collation and distribution of authorised signatory lists
5. Computer passwords changes/assistance (including mainframe access)