

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
TUESDAY 16th MARCH 2010**Internal Audit - Annual Audit Plan 2010/2011**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Internal Organisational Theme
CORPORATE PLAN AIM:	A Well-run and Responsive Council
CABINET MEMBER:	Councillor Nathan Desmond
DIRECTOR:	Director of Resources
CONTACT OFFICER:	David Buckland Extension No 2100 david.buckland@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Annual Audit Plan 2010/2011

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit – Annual Audit Plan 2010–2011 this has been prepared by the Section 151 Officer. The Plan has been prepared 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 2010 – 2011, attached as Appendix 1.**
- 2.2 **Approval be given for the Section 151 Officer 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 23rd March 2009 recommended approval of the Internal Audit Strategic Plan 2009 – 2012, which had previously been reported to the Audit Committee. 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 2010-11 is the second 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 Section 151 Officer will:

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 Section 151 Officer has discussed with each Director 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 2010–2011 has been prepared 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 2009-2012 approved by members in March 2009, 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 620 days. This is a reduction on the days available in 2009/10. However, with the recent decision to participate within the shared service proposal for Regulatory Services, it is considered that this number of days is adequate.

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 Internal Audit - Annual Audit Plan 2010-2011 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 an independent risk assessment is undertaken by the Principal Auditor in consultation with the Section 151 Officer.

8. CONCLUSION

- 8.1 The Annual Audit Plan 2010 – 2011 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.

9. CONSULTEES

- 9.1 Corporate Management Team
Leader of the Council

10. BACKGROUND PAPERS

- 16th March 2009 ~ Audit Committee ~ Internal Audit ~Terms of Reference ~ Update
16th March 2009 ~ Audit Committee ~ 3 Year Strategic Audit Plan 2009~12
29th June 2009 ~ Audit Committee ~ Compliance with Cipfa Code of Practice

INTERNAL AUDIT SECTION

ANNUAL AUDIT PLAN

2010 ~ 2011



WYRE FOREST DISTRICT COUNCIL		
ANNUAL AUDIT PLAN 2010 - 2011		
		Days
Systems and Probity Audits	Page 7	395
Computer Audit	Page 14	40
Bought in Computer Audit	Page 14	50
Contract Audit	Page 15	40
Sub-total Planned Work		525
Consultancy and Advice	-	40
Irregularity Contingency	-	40
Specific Service Duties	Page 16	15
WORKLOAD		620
AVAILABLE DAYS	Page 17	619

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.

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
SYSTEMS AND PROBITY AUDITS

		Annual Plan <u>2010/11</u> <u>Days</u>
Corporate Systems	Page 8	120
Community & Partnerships	Page 9	45
Resources Directorate	Page 10	180
Legal & Corporate Services	Page 11	10
Planning & Regulatory Services	Page 12	30
Chief Executive Office	Page 13	10
TOTAL SYSTEMS & PROBITY AUDITS		395

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
CORPORATE SYSTEMS

		<u>2010/11</u> <u>Days</u>
Annual Governance Statement		10
Corporate Governance	Note 1	25
Creditors	Note 2	30
Debtors		5
Petty Cash Payments		10
Post Opening Procedures	Note 3	10
Procurement & Corporate Contracts		10
Scale of Charges	Note 4	20
TOTAL		120

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 Service Options not Covered Elsewhere within the Plan

Items covered on a rolling basis include:

Allotments; Blue Badges; Open Spaces; Other Sports Facilities;
Playschemes; Young rangers; Air Pollution; Copy Documents; Ordnance Survey; Minutes
& Agendas; Electoral Registers; Bulky Refuse Collection.

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
COMMUNITY & PARTNERSHIP SERVICES

Director – Linda Collis

		<u>2010/11</u> <u>Days</u>
Cemetery		10
Community Data Base		5
Electronic Government		10
Worcestershire Hub	Note 1	20
TOTAL		45

Note 1 - Includes:

Cashiers and Cash to Bank; Reception & Switchboard Functions; Monitoring of Hub Partnership Agreement; e-Shop Reporting.

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
RESOURCES DIRECTORATE

Director – David Buckland

		<u>2010/11</u> <u>Days</u>
Accounting	Note 1	20
Benefits	Note 2	30
Budget Control & Monitoring		10
Council Tax		15
Garage & Vehicle Maintenance		10
Internet/Email Access & Usage		5
Leasing		5
NNDR		15
Payroll Inclusive of Travel Claims		20
Risk Management	Note 3	10
Treasury Management		10
VAT		10
Trade Waste		10
Wireless Technology		10
TOTAL		180

Note 1 Includes Bank Reconciliation; Journals & Transfers; Agresso FMS

Note 2 Includes Benefit payments; Overpayments; Performance Standards; NI's;
Rent Referrals; Statistical & Subsidy returns

Note 3 Includes Covalent:Web~Based Risk Management
System

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
LEGAL AND CORPORATE SERVICES

Director - Caroline Newlands

		<u>2010/11</u> <u>Days</u>
Debt recovery procedures	Note 1	5
Tender Opening & recording		5
TOTAL		10

Note 1 Follow up on a System Review From 2009/10

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
PLANNING AND REGULATORY SERVICES

Director - Mike Parker

	<u>2010/11</u> <u>Days</u>
Care & Repair Services	10
Development Control	5
Improvement Grants (DFG's)	10
Markets	5
TOTAL	30

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011
CHIEF EXECUTIVE'S OFFICE

Chief Executive- Ian Miller

	<u>2010/11</u> <u>Days</u>
Data Quality	5
Performance management	5
TOTAL	10

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011

Computer Audit (40 days per annum)

Assistance & advice to users re:

ICT Strategy and implementation
BACS
Computer Operations
ICE Group
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 2010 - 2011

Bought in Computer Audit (50 days per annum)

		<u>2010/11</u> <u>Days</u>	Lead Directorate
Application Control Reviews:			
Agresso	FMS Phase II	10	Resources
CHRIS	Payroll	5	Resources
CHRIS	Personnel	5	Chief Executive
IBS	Benefits	10	Resources
IBS	Council Tax	10	Resources
IBS	NNDR	10	Resources
TOTAL		50	

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011

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.

- Single Site
- Crematorium
- Disposal of Council Assets

WYRE FOREST DISTRICT COUNCIL
ANNUAL AUDIT PLAN 2010 - 2011

Specific Service Duties – (15 days per annum)

1. Monitoring of the Issue and Control of Cheques
2. National Fraud Initiative
3. Year End Reconciliation of Petty Cash Balances
4. Monitoring of Salaries/Wages BACS Limits
5. Collation and Distribution of Authorised Signatory Lists

WYRE FOREST DISTRICT COUNCIL

STRATEGIC AUDIT PLAN 2009 TO 2012

AVAILABLE AUDIT DAYS 2010/2011

	Principal Auditor	Senior Auditor (PT) (22.5Hrs)	Auditor	Auditor (PT) 30 hrs	TOTAL Per Annum	TOTAL %
GROSS	260	156	260	208	884	100
Less:						
Bank Holidays	10	6	10	8	34	3.8
Annual Leave	30	16.5	20	23.5	90	10.2
Sick/Special Leave	5	3	5	4	17	1.9
Day Release & Study leave	0	8	0	0	8	0.9
Training	5	3	5	3	16	1.8
Less:						
Audit Admin	40	15	10	10	75	8.5
Audit Management	50				50	5.7
Risk Management	15	10	0	0	25	2.8
Available audit days	105	94.5	210	159.5	569	64.4
					50	
					619	

Add: Bought in Computer audit

TOTAL AVAILABLE AUDIT DAYS