

Report of	Meeting	Date
Head of Shared Assurance Services	Audit Committee	15 March 2012

## INTERNAL AUDIT PLAN 2012/13

### PURPOSE OF REPORT

1. To remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council.
2. To summarise and explain the basis of the Internal Audit Annual Plan for 2012/13.
3. To seek the Audit Committee's approval of the 2012/13 Internal Audit Plan.

### RECOMMENDATION

4. That the Audit Committee approves the 2012/13 Internal Audit Plan.

### EXECUTIVE SUMMARY OF REPORT

5. The 2012/13 Internal Audit Plan has been compiled in consultation with Strategy Group and following a detailed risk assessment of audit needs.

Confidential report Please bold as appropriate	Yes	No

### CORPORATE PRIORITIES

6. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			<b>X</b>

### BACKGROUND - THE ROLE OF MANAGEMENT AND INTERNAL AUDIT

7. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with management. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
8. Internal Audit is an independent appraisal function whose prime objective is to evaluate and report on the adequacy of the Council's system of governance and internal control. This is largely achieved through an annual programme of reviews, following a detailed assessment of audit need.
9. The 2012/13 Internal Audit Plan contains the programme of reviews for the next financial year and is shown at the **Appendix**. The Plan has been constructed following a risk assessment which considers a range of risk factors, such as items in the Corporate Risk Register, significant changes in staffing, systems and procedures and the length of time since an area was last audited. There has also been extensive consultation within each service and by Strategy Group which has taken an overview of audit requirements.
10. The following paragraphs summarise the individual audit areas that will be subject to audit coverage in 2012/13.

## **AUDIT AREAS**

### **11. Corporate**

Internal Audit provides extensive proactive support in the following areas:-

- overseeing the production of the Annual Governance Statement and Service Assurance Statements;
- raising Officers' and Members' awareness of fraud by publishing regular fraud bulletins on the Loop / In the Know to bring any current issues or scams to their attention;
- co-ordinating the Audit Commission's National Fraud Initiative (NFI), which enables specific data on the Council's computer systems to be collated and "matched" with similar data from other councils/public bodies, in order to identify any potential irregularities. The results are investigated by Internal Audit or the Benefits Enquiry Unit;
- developing a suite of computerised interrogations of the Council's systems to identify any instances of fraud or error; and
- effectiveness and/or compliance reviews of important corporate policies and procedures.

### **12. Chief Executives / Transformation**

Policy:

- Verification of the integrity of the performance management data;
- A review of compliance with the Corporate Complaints Procedure;
- A review of compliance with the Project Management Framework.

Human Resources:

- A review of the effectiveness and operation of the Flexitime System
- A review of compliance with the Council's Lone Working Policy.

ICT:

- A review of the contract and overall operational arrangements for the provision of mobile telephones;
- A further review still to be confirmed will be undertaken by Lancashire Audit Service.

### 13. **Partnerships and Planning**

- A review of the impact of the Localism Act, the scope of the review to be agreed following full clarification of its implications.

Planning:

- A review of the adequacy of the governance arrangements for the newly introduced Community Infrastructure Levy;
- A review of the effectiveness of the operational arrangements for Section 106 monies;
- A review of the effectiveness of the procedures and processes in place for new income streams.

Housing:

- Verification of compliance with the Council's Choice Based Lettings Allocation Policy.

### 14. **People and Places**

Health, Environment and Neighbourhoods:

- A review of the effectiveness of the arrangements in place following the introduction of technology to improve efficiency via mobile working;
- A review of the adequacy of the arrangements in place for Housing Standards including the recovery of charges incurred by the Council.

Street Scene and Leisure Contracts:

- Verification that all processes and procedures in place at Astley Hall are being complied with;
- Input to the modernisation of the Street Scene Service;
- A review of the operational arrangements within Bereavement Services including the maintenance and inspection regime for memorials.

### 15 **General Areas**

This aspect of the Audit Plan is to enable us to:

- respond to requests for investigations;
- follow up management actions made in earlier audit reports;
- complete residual work outstanding from 2011/12;
- respond to requests from Management for unplanned reviews; and
- prepare reports for and attend the Audit Committee.

### 16. **Shared Services**

This section covers our responsibilities to provide assurance that effective controls remain in place within Shared Financial Services and Shared Assurance Services and the proposed Shared Revenues and Benefits Service arrangements with South Ribble Borough Council.

#### **IMPLICATIONS OF REPORT**

17. This report has implications for all service areas within the Council.

#### **COMMENTS OF THE STATUTORY FINANCE OFFICER**

18. These are covered within the body of the report.

#### **COMMENTS OF THE MONITORING OFFICER**

19. Not applicable to this report.

Garry Barclay  
Head of Shared Assurance Services

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Clare Ware	01257 515470 01772 625249	1 <sup>st</sup> March 2012	2012 / 2013 Internal Audit Plan

<b>CHORLEY</b>	<b>DAYS</b>	<b>COMMENTS / RATIONALE</b>
<b>Corporate</b>		
Annual Governance Statement	15	Annual requirement
Anti-Fraud & Corruption	10	Annual requirement
National Fraud Initiative (NFI)	30	Participation in national exercise
System Interrogations	10	Efficiency / fraud detection
Financial Regulations	5	Assist with the revision of Financial Regulations.
<b>Chief Executives / Transformation</b>		
<b>Policy</b>		
Performance Management / Data Quality	5	Review of the integrity of data for selected PIs
Corporate Complaints	10	Compliance with corporate procedure
Project Management Framework	5	Compliance with updated Toolkit
<b>Human Resources</b>		
Win Time System	15	Compliance with Flexi Time System
Health & Safety (Lone Working)	5	Compliance with Policy
<b>ICT</b>		
Mobile Telephones	15	Review of contract and operational arrangements
To be confirmed	15	
<b>Partnerships and Planning</b>		
Impact of Localism Act	10	Changes in legislation on fees and charges.
<b>Planning</b>		
Community Infrastructure Levy	10	Advise on all governance arrangements.
Central Lancashire(CBC, SRBC, PCC)		
Section 106 / funding	10	Review of overall arrangements
New Income Streams	10	Adequacy of processes and procedures
<b>Housing</b>		
Choice Based Lettings	20	Compliance with Allocation Policy.
<b>People &amp; Places</b>		
<b>Health, Environment and Neighbourhoods</b>		
Introduction of Mobile Working	10	Effectiveness of the newly introduced technology
Housing Standards	5	Enforcement notices and income collection
<b>Streetscene and Leisure Contracts</b>		
Astley Hall	15	Effectiveness of new processes and procedures
Modernisation of Streetscene / Transport	5	Internal Audit input to the governance arrangements
Bereavement Service / Maintenance of Memorials	15	Review of operational arrangements within Bereavement Services
<b>General Areas</b>		
Irregularities (Contingency)	15	To respond to allegations of fraud & irregularity
Post Audit Reviews	10	To verify that agreed management actions have been implemented and are working effectively.
Residual Work from 2011/12	10	To be completed in quarter 1
Unplanned Reviews (Contingency)	15	To respond to requests from management.
Audit Committee Reporting & Training	25	To prepare reports and attend Audit Committee. To provide training as part of the Member Induction Programme.
<b>TOTAL</b>	<b>325</b>	

SHARED SERVICES	DAYS	COMMENTS / RATIONALE
<b>Finance</b>		
Main Accounting System	15	Key Financial System
Creditors	15	Key Financial System
Payroll	20	High expenditure
Treasury Management	15	High risk area
Cash & Bank / Cheque Control	20	Key Financial System
<b>Revenues &amp; Benefits</b>		
Council Tax	15	Changes in staffing
Non Domestic Rates	15	Changes in staffing
Housing & Council Tax Benefits	15	Changes in staffing
Debtors	20	Changes in staffing
<b>General</b>		
Residual Work from 2011/12	15	To be completed in quarter 1
Post Audit Reviews	10	To verify that agreed management actions have been implemented and are working effectively.
Unplanned Reviews / Fraud (Contingency)	10	To respond to requests from management.
<b>TOTAL</b>	<b>185</b>	