

AUDIT & GOVERNANCE COMMITTEE

Date: 16th January 2014

**THE PROVISIONAL 2014/15 INTERNAL AUDIT PLAN REPORT OF THE SERVICE
MANAGER OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the Redditch Borough Council Provisional Internal Audit Operational Plan for 2014/15;
- to confirm the key performance indicators for the Worcestershire Internal Audit Shared Service for 2014/15

2. RECOMMENDATIONS

2.1 The Committee is asked to RESOLVE that the report be noted.

3. KEY ISSUES

Financial Implications

3.1 There are no direct financial implications arising out of this report.

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

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Service / Operational Implications

Internal Audit Aims and Objectives

3.3 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisational changes e.g. transformation.

Formulation of Annual Plan

The Internal Audit Plan for 2014/15, which is included at **Appendix 1**, is a risk based plan which takes into account the adequacy of the council's risk management, performance management and other assurance processes. It has been based upon the risk priorities per discussions with the s151 Officer and Heads of Service as well as an independent risk assessment of the audit universe by Internal Audit. The Internal Audit Plan for 2014/15 has been agreed with the council's section 151 officer.

By bringing a provisional plan of work to Members at this stage of the planning process it allows Members to have a positive input into the audit work programme for 2014/15 and make suggestions as to where they feel audit resources should be directed. As with all plans it may be subject to review as the year progresses in consultation with the s151 Officer.

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Resource Allocation

The Internal Audit Plan for 2014/15 has been based upon a resource allocation of 484 chargeable days, a resource allocation which has been agreed with the council's s151 officer. The Service Manager of the Worcestershire Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts.

The draft Internal Audit Plan for 2014/15 is set out at **Appendix 1**.

Monitoring and reporting of performance against the Plan

Operational progress against the Internal Audit Plan for 2014/15 will be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group, which comprises the s151 officers from client organisations, on a quarterly basis and to the Audit Committee on a quarterly basis.

The success or otherwise of the Internal Audit Shared Service will be determined by the performance against a set of key performance indicators which have been developed for the service. These have been agreed with the council's s151 officer and are included at **Appendix 2**.

Customer / Equalities and Diversity Implications

There are no implications arising out of this report.

4. RISK MANAGEMENT

4.1 The main risks associated with the details included in this report are:

Failure to complete the planned programme of audit work within the financial year; and,

the continuous provision of an internal audit service is not maintained.

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These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

5. APPENDICES

Appendix 1 ~ Draft Internal Audit Plan 2014/15
Appendix 2 ~ Key performance indicators 2014/15

6. BACKGROUND PAPERS

None

7. KEY

N/a

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APPENDIX 1

DETAILED PROVISIONAL PLAN FOR 2014/2015 AUDIT PROGRAMME

Audit Area	Source	Planned days 2013/14	Planned Days 2014/15	Difference = + or -
Core Financial Systems				
Council Tax	Risk assessment score 34	12	12	0
Benefits	Risk assessment score 34	15	15	0
NNDR	Risk assessment score 32	12	12	0
Payroll (inc allowances, starters, leavers)	Risk assessment score 33	15	15	0
Creditors	Risk assessment score 31	12	12	0
Cash Collection	Risk assessment score 30 & HoS	6	12	6
Debtors	Risk assessment score 29	12	12	0
Treasury Management	Risk assessment score 28	7	7	0
Main Ledger inc Budgetary Control & Bank Reconciliation	Risk assessment score 28	17	15	-2
TOTAL		108	112	4
Corporate				
Shared Service Client	Risk assessment score 29	16	16	0
IT Services	Risk assessment score 29	15	15	0
Procurement / Contract Compliance/Tendering	Risk assessment score 28	0	17	17
Risk Management	Risk assessment score 26	15	15	0
Transformation Arrangement (Critical Friend)	s151	10	10	0
Corporate Governance (Health & Safety, Media & Comm's, Performance Indicators & data quality)	n/a	17	17	0
Fraud, Special Investigations and	n/a	26	25	-1

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National Fraud Initiative (NFI)				
Advisory and Consultancy / Contingency	n/a	15	14	-1
Previous Year Work completion	n/a	10	10	0
Statement of Internal Control	n/a	3	5	2
Follow Up on recommendations	n/a	17	16	-1
TOTAL		159	160	1
Other Systems Audits				
Rent Arrears /Rent Payment & Collection	Risk assessment Score 33	0	15	15
Housing Repairs & Maintenance	Risk assessment Score 32 & HoS	0	18	18
Planning Enforcement	Risk assessment Score 31	0	16	16
Golf Course	Risk assessment Score 29	0	10	10
Countryside Centre & Arrow Valley Park	Risk assessment Score 29	0	17	17
Reddicard/Fee Concessions	Risk assessment Score 28	0	12	12
Forge Mill Museum	Risk assessment Score 28	0	10	10
Planning Fees	Risk assessment Score 28	0	13	13
Land Charges Fees	Risk assessment Score 26	0	13	13
Rent Guarantee/Rent Deposit Scheme	Risk assessment Score 27	0	11	11
DFG's	Risk assessment Score 23	15	15	0
Threadneedle House	n/a	0	0	0
Bus Service Operators Grant	n/a	0	8	8
<i>Balancing Figure for 2013/14</i>		<i>148</i>		
TOTAL		163	158	-5
Audit Management Meetings	n/a	20	20	
Corporate Meetings / Reading	n/a	9	9	
Annual Plans and Reports	n/a	12	12	
Audit Committee support	n/a	13	13	
TOTAL CHARGEABLE		54	54	0
TOTAL CHARGEABLE		484	484	0

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Summary of Days per Overall Audit Group for 2014/15.

Planned Days for 2014/15	2013/14	2014/15
Core Financial Systems	108	112
Corporate Work	159	160
Other Systems Audits	163	158
Sub Total	430	430
Audit management meetings	20	20
Corporate meetings / reading	9	9
Annual plans and reports	12	12
Audit Committee support	13	13
	54	54
TOTAL Audit Days	484	484

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Appendix 2

KEY PERFORMANCE INDICATORS 2014/15

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2014/15.

	KPI	Trend requirement	2013/14 Year End Position	2014/15 Position (as at xxxxxxxx)	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward			Quarterly
2	No. of moderate or below assurances	Downward			Quarterly
3	No. of customers who assess the service as 'excellent'	Upward			Quarterly
4	No. of audits achieved during the year	Per target	Target = (minimum) Delivered =	Target = 24(minimum) Delivered =	Quarterly

WIASS considers it operates within, and conforms to, the Public Sector Internal Audit Standards 2013.