

**REVISED AUDIT WORK PLAN FOR 2013/14**

**Cabinet Member**                      Councillor Neal Davey  
**Responsible Officer**                Audit Team Leader

**Reason for Report:** To present a revised Audit Work plan for the remainder of 2013/14.

**RECOMMENDATION:** The Committee approves the amended Audit Work Plan for 2013/14 (Appendix A).

**Relationship to Corporate Plan:** Effective Internal Audit is a fundamental element of being an economic, efficient and effective council and can assist with reducing costs and doing things differently and better.

**Financial Implications:** Inadequate Internal Audit coverage would mean that the Internal Audit Team Leader cannot form an opinion as to the effectiveness of MDDC's internal control environment.

**Legal Implications:** Failure to produce a risk based audit plan would cause the Council to be in breach of the Public Sector Internal Audit Standards.

**Risk Assessment:** Without a strategic audit plan to adhere to, the Council is at risk of providing inadequate audit coverage on high-risk areas and no assurance on the control environment.

**1.0 Introduction**

- 1.1 The Public Sector Internal Audit Standards require that the Audit Team Leader prepare a risk based strategic audit plan, which should take account of the adequacy and outcomes of the organisation's risk management, performance management and other assurance processes.
- 1.2 As a result of one of the auditors intending to take maternity leave from the end of January 2014 some revision to the audit plan for the current year is necessary to reflect the reduction in available audit days.
- 1.3 It is not proposed to revise the four year strategic plan at this stage. The reduced available audit days for 2014/15 will be taken into account in the four year strategic audit plan and detailed annual plan for 2014/15 which will be presented in draft in January 2014 and submitted for approval at the March 2014 Committee meeting.
- 1.4 The attached audit plan (Appendix A) shows which audits have been completed or are still scheduled for inclusion in the current year audit plan at present.

## **2.0 Risk Assessment Process**

- 2.1 The number of available audit days has been allocated using a system of risk analysis as usual. Factors taken into account include materiality, changes to staff or legislation etc. The plan has also been updated to reflect changing priorities and as a result of discussion with relevant Heads of Service and Service Managers.
- 2.2 The areas that are of higher risk have been kept in the plan for 2013/14 rather than those classed as lower risk. 8 audits have been suggested for postponement.

## **3.0 Core Audits**

- 3.1 Priority will be given to these as usual, luckily the timing of the leave means that all the core audits for 2013/14 will be completed before the absence begins and the core audits for 2014/15 can be scheduled for after her return.
- 3.2 The only change to the core audits this year (which had been previously suggested as a possibility) is to do Trade Waste instead of Car Park Income. The intention is to do these two audits biennially in future, if Committee agrees, as both produce income streams for the Council which need to be maximised. The reason for scheduling the change now is due to potential changes to the service not the lack of staff resource in Internal Audit.

## **4.0 Systems Audits**

- 4.1 All the system audits carried over from the 2012/13 financial year have been incorporated into the plan for the 2013/14 financial year. The remaining time has been allocated to the planned audits based on their perceived risk to MDDC and/or how long it is since the area was last looked at.
- 4.2 The Audit Committee's concerns about purchase cards are also reflected. I would like to report back on this issue after completion of the Repairs audit which I have scheduled to be the first systems audit to be carried out after the core audits are completed (in February 2014). This means that any adjustment required to the audit programme as a result can be reflected in the strategic audit plan for 2014/15 to 2017/18 to be presented at the March 2014 meeting.
- 4.3 The revised audit plan will mean 70% of the scheduled systems audits will be completed. While this is short of our target of 80% I am confident that this level of coverage will be sufficient for me to form an overall annual opinion on the internal control environment.
- 4.4 For this reason I am not proposing to arrange extra provision for 2013/14 but this may need to be considered for 2014/15 when looking at the draft work plan for 2014/15 in January 2014. Initial calculations suggest that there will be 411 net days available compared to the usual circa 500. There will be less time available for consultancy and contingency which will reduce the flexibility of the service.

## **5.0 Other Work**

5.1 The administration of SPAR and the Data Quality assurance checks completed on Committee reports will continue as usual.

## **6.0 Conclusion**

6.1 This report outlines the proposed audit coverage for the remainder of 2013/14.

6.2 The revised audit work programme for the 2013/14 financial year (attached as Appendix A) is presented here for approval by the Committee.

**Contact for more Information:** Catherine Yandle, Audit Team Leader

**Circulation of the Report:** Cllr Neal Davey and Management Team

## INTERNAL AUDIT WORK PLAN FOR 2013/14 FINANCIAL YEAR

Audit/Task	Number of Days	Quarter 1 Apr to Jun	Quarter 2 Jul to Sept	Quarter 3 Oct to Dec	Quarter 4 Jan to Mar
<b>Core Audits</b>	<b>205</b>				
Council Tax/NNDR	25			X	
Income and Cash Collection	25		X		
Main Accounting System incl deeds testing	25			X	X
Housing Benefits	25			X	
Creditors	20			X	
Housing Rents	25		X	X	
Treasury & Cashflow Management	5			X	
Payroll	20				X
Recovery	15			X	
Car Parking Income/Trade Waste	15			X	
ICT Core	5			X	
<b>Systems Audits</b>	<b>195</b>				
Time Recording System	10				X
Travel & Subsistence (incl Pool cars)	10		X		
VAT(2-yearly)	10				X
Capital and Asset Management (incl land sales)	10				X
Leasing (Vehicles/Equipment/IT)	10				
Procurement (2-yearly)	20	X			
Telephones - Fixed and Mobile	5				
Freedom of Information	10				X
Gazateer Management - Street Naming & Numbering	5				
Development Control including enforcement	10		X		
Forward Planning	10				
Corporate Health & Safety incl Homeworking/Loneworking	10	X			
Vehicles & Fuel (including inventory & maintenance)	10				
Cemeteries & Bereavement Services	5				
Civic Expenses				X	
Gifts & Hospitality/Register of Interests (annual)	5			X	
Customer First Project	10				
Repairs and Maintenance	15				X
H & S Management Arrangements incl Estate Inspections	10				
Housing Homeless Persons	10		X		
Economic Regeneration & Industrial Rents	10				X
<b>Corporate Work</b>	<b>45</b>				
Spar	20	X	X	X	X
DAP peer review	5				
Data Quality Assurance Checks	20	X	X	X	X
<b>Other Work</b>	<b>57</b>				
Fraud/Irregularity/Consultancy/Contingency		X	X	X	X