

Meeting:	GLT Audit & Governance Committee	Date:	20th November 2012 26th November 2012
Subject:	Revised Internal Audit Plan 2012-13		
Report Of:	Group Manager Audit & Assurance		
Wards Affected:	N/A		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Revised Internal Audit Plan 2012-13		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To provide Members with the reasons for, and the details of, the revised Internal Audit Plan 2012/13.

2.0 Recommendations

- 2.1 Audit & Governance Committee is asked to **RESOLVE** that the Revised Internal Audit Plan 2012-13 be approved.

3.0 Background and Key Issues

- 3.1 The work of Internal Audit should comply with the CIPFA Code of Practice for Internal Audit (the Code). The Code includes a requirement for the Group Manager Audit & Assurance (GMAA) to prepare a risk-based plan that should be fixed for a period of no longer than one year.
- 3.2 Members will be aware that the Internal Audit Plan 2012-13 was approved in March 2012. (Min no. 47), and that they received a monitoring report on audits completed at the September 2012 meeting. The Code states that significant matters that jeopardise the delivery of the plan or require changes to the plan should be identified, addressed and reported to the Audit & Governance Committee.
- 3.3 Members will be aware from the previous Internal Audit Plan Monitoring report that there have been issues with the completion of the Audit Plan due to staff sickness. Unfortunately this is still an issue, albeit now with a different member of staff. In addition, Members will be aware from the KPMG report presented at the previous meeting that there have been issues within Financial Services.

- 3.4 As a result of the issues identified in 3.3, a revised Internal Audit Plan 2012-13 has been produced for review and approval by Members. Again, this Plan has been produced using a risk based approach, and is divided into the following areas:-
- 3.4.1 Corporate Governance/ Annual Governance Statement (AGS)
The production of the AGS is a requirement under the Accounts and Audit Regulations 2011. The purpose of the AGS is to provide assurance that the Council's governance framework is adequate and effective. This area of Audit & Assurance audit work is one of the key components of the internal control assessment that supports the completion of the AGS
- 3.4.2 Work on fundamental financial systems
This is the work on the Council's financial systems, which are significant in relation to financial control and materiality. The work supports the Corporate Director of Resources to discharge his duties as the Council's s.151 Officer. It also forms a key element of the Joint Working Protocol with the Council's External Auditors, as the External Auditor can place reliance on the internal audit work on these systems. This will help inform their judgement on the council's financial control environment, and is also one of the factors taken into account when calculating the External Audit fee.
- 3.4.3 Work of a service based or cross council nature
This is all of the other service activities or cross cutting themed audit reviews that could be undertaken.
- 3.4.4 Follow-up reviews
The plan will include follow-up reviews, which will ensure recommendations have been adopted and successfully implemented, providing the enhanced control/reduced level of risk exposure intended. The extent of this work will again be risk based dependant upon the audit findings and the recommendations made within the original audit reports.
- 3.4.5 Contingency
In line with the Code, the Annual Plan includes a contingency element to accommodate assignments which could not have been reasonably foreseen e.g. investigation of alleged fraud.
- 3.4.6 Work for Gloucester City Homes (GCH)
The Audit & Assurance team undertakes work for GCH under a service level agreement. A similar risk-based approach has been adopted to inform the Audit plan for GCH.
- 3.4.7 Work for Aspire Sports & Cultural Trust (Aspire)
The Audit & Assurance team undertakes work for the Aspire under a service level agreement. A similar risk-based approach has been adopted to inform the Audit plan for Aspire.
- 3.5 Having completed the risk assessment, the next stage is for the assessment to be compared to resource availability, i.e. the number of audit days available. This is calculated as the gross number of days available during the remaining months of the financial year, less an allocation for leave, training, sickness etc. The number of available days for audit for December 2012 to March 2013, based on the current

establishment of 2.6 FTE audit staff is 190 days (73 days per FTE for the 4 month period). Approval has been given by the Director of Resources to the use of agency staff to assist with the completion of the Revised Plan.

4.0 Alternative Options Considered

- 4.1 Internal audits as detailed in the original Annual Plan 2012-13 could have been continued to be carried out, however, this would mean that high risk audits may not be undertaken/completed and that the performance monitoring data would have limited use

5.0 Reasons for Recommendations

- 5.1 Members will be aware from the previous Internal Audit Plan Monitoring report that there have been issues with the completion of the Audit Plan. The Code states that significant matters that jeopardise the delivery of the plan or require changes to the plan should be identified, addressed and reported to the Audit & Governance Committee.

6.0 Future Work

- 6.1 Regular reports on achievement against the Revised Internal Audit Plan, and any significant control issues identified, will be presented to the Audit & Governance Committee.

7.0 Conclusions

- 7.1 The work of Internal Audit should comply with the CIPFA Code of Practice for Internal Audit (the Code). The Code includes a requirement for the Group Manager Audit & Assurance (GMAA) to prepare a risk-based plan that should be fixed for a period of no longer than one year.
- 7.2 The Code also states that significant matters that jeopardise the delivery of the plan or require changes to the plan should be identified, addressed and reported to the Audit & Governance Committee.
- 7.3 As a result of the issues identified in para.3.3 above, a revised Internal Audit Plan 2012-13 has been produced for review and approval by Members. This Plan has been produced using a risk based approach

7.0 Financial Implications

- 7.1 The cost of agency staff can be found from within existing budgets.
(Financial Services have been consulted in the preparation this report.)

8.0 Legal Implications

- 8.1 There are no specific legal implications.
(Legal Services have been consulted in the preparation this report.)

9.0 Risk & Opportunity Management Implications

9.1 The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit, through the delivery of the annual audit plan, plays a vital part in advising the organisation that these arrangements are in place and operating properly.

10.0 People Impact Assessment (PIA):

10.1 A requirement of the Accounts & Audit Regulations 2011 is for the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The internal audit service is delivered by the in house team. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.

10.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

11.0 Other Corporate Implications

Community Safety

11.1 There are no community safety implications arising out of this report.

Sustainability

11.2 There are no sustainability implications arising out of this report.

Staffing & Trade Union

11.3 There are no staffing and Trade Union implications arising out of this report.

Background Documents: The CIPFA Code of Practice for Internal Audit in local Government in the United Kingdom 2006.

APPENDIX 1

Revised Internal Audit Plan 2012-13

	Est No. of Days	Total
Corporate Governance/AGS		
Risk Management	15	15
Work on Fundamental Financial Systems		
Civica - Benefits	15	
Civica - Council Tax	7	
Civica - NNDR	7	
Civica - Sundry Debtors	7	
Payroll (Project Fusion)	8	
Creditors	8	
Treasury Management	8	
Cash & Bank	8	
General Ledger	8	
Budgetary Control	8	
Capital Accounting	8	92
Work of a service based or cross council nature		
Civica Contract Client Monitoring	8	
Streetcare Contract/client Monitoring	12	
Payroll (Project Fusion) - Client Monitoring	8	28
Follow-Up Reviews		
15 Audits @ 2 days per audit		30
GCH		10
Aspire		10
Contingency		5
TOTAL		190