

INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2014/15

1 Introduction

- 1.1 The purpose of this report to outline the Internal Audit Charter, Internal Audit Plan for 2014/15 and the four work year plan to 2018.
- 1.2 The main functions of the Internal Audit Charter and Audit Plans are to ensure the work of internal audit;
- supports the Council by underpinning the Section 151 Officer's financial responsibilities
 - supports the Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer
 - has clear objectives, standards and ethical working
 - has a defined "control environment" on which assurance is given
 - assesses where assurance can be provided by other bodies
 - is defined within a work programme which can be monitored for performance

2 Internal Audit Charter

- 2.1 On 21st March 2013 this Audit Committee approved a new Internal Audit Charter in response to the new Public Services Internal Audit Standards (PSIAS) which came into force on the 1st April 2013. Assessment against the PSIAS will be report to Audit Committee in June 2014.
- 2.2 The Internal Audit Charter has been reviewed to ensure it is update to date. There is one recommended change for approval. The reporting line section needs to reflect the change with effect from 1st January 2014 as the Internal Audit Manager now reports directly to the Executive Director (S151). This amendment has been approved by the Section 151 Officer and EMT.

3 Internal Audit Plan 2014/15 and Work Plan to 2018

- 3.1 The Internal Audit Plan 2014/15 (Appendix 1) is compiled from the risk scored audit universe and local factors as recorded in the Internal Audit Charter. The audit plan 2014/15 has been approved by the Executive Director (S151) and by EMT.
- 3.2 The audit plan covers the following areas;
- Key Financial audits, these are systems which could have a material impact on the Councils' Statement of Accounts and are included annually
 - Other risk based service or operational areas or key assurance areas
 - ICT audit
 - Procurement / Contract Management
 - Governance
 - Counter Fraud
 - Project/Consultancy/Advisory time
 - Fee earning work
 - Contingency time
 - Audit Management and Staff training and development time

- 3.3 Appendix 2 details the draft work plan to 2018. This demonstrates that all auditable areas are audited at least once over a 4 year period. Timing is based on the risk of the auditable area but this will be reviewed at least annually.
- 3.4 Fee earning work is estimated to be £54,100 for 2014/15. This audit partnership work provides for the NFDC Internal Audit team to act as the Internal Auditor for two local Town Councils and the New Forest National Park Authority through an SLA. There will also be the continuation of a management role and shared audit resource with East Dorset DC, Christchurch BC, North Dorset DC, Purbeck DC (and Poole BC with the new SVPP partnership).
- 3.5 Internal Audit works closely with the external auditor, Ernst & Young. It has been agreed that Internal Audit will continue to undertake the Benefit grant claim work. This work has been extended to cover all elements of the benefit work. It is estimated that this will save external audit fees of approximately £30,000.

5.0 FINANCIAL IMPLICATIONS:

- 5.1 There are no financial costs arising directly arising from this report. The audit plan has been compiled following a risk assessment to help limit the risk of financial loss. The additional fee earning work and potential savings on external audit fees are detailed within section 4.

6.0 EQUALITY & DIVERSITY AND ENVIRONMENTAL MATTERS:

- 6.1 There are no equality and diversity or environmental matters directly associated with this report.

7.0 CRIME & DISORDER IMPLICATIONS:

- 7.1 There are no direct crime and disorder implications arising from this report, however these documents do consider the risk of criminal activity.

8.0 RECOMMENDATIONS:

- 8.1 It is recommended that the Audit Committee approves;
1. Internal Audit Plan 2014/15
 2. Four year work plan

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Audit Class and Titles	Allocated Time (Days)	Total Number of Days per audit class	% of Audit Class by Total Productive Time Allocated
Main Financial Audits		165	23%
Main Accounting System inc bank reconciliation	15		
Treasury Management	5		
Accounts Payable	15		
Accounts Receivable	15		
Income	15		
Payroll (inc NFNPA testing) (Inc T&S, Members Allowances & Expenses)	25		
Council Tax	15		
National Non Domestic Rates	15		
Benefits & Fraud Investigation	15		
Landlord services (Rent Accounting)	15		
Asset & Estate Management	15		
Assurance/Risk Based Service Areas		380	52%
IT Audit (Security/Maintenance, Purchases etc)	25		
Procurement/Contract Management	30		
Information Governance (inc DPA/FOI/Data Quality/Performance etc)	15		
Governance & Corporate Risks	15		
High value income streams, non key financials or grants (H&L and car parks)	20		
Real time checks on high risk expenditure streams (Payroll and Creditors)	20		
Stock Takes, Cash ups and Petty Cash	10		
Benefit Subsidy	45		
Leader (on third party behalf)	2		
Safeguarding	5		
Health and Leisure Centres	20		
Building Works - Reactive	15		
Housing Development Inc Affordable Housing & Private Sector Leasing & Empty Properties	15		
Domestic Refuse & Commercial Waste and Recycling inc special collections and garden waste and Street Cleansing	20		
Parking & Enforcement (to complete the audit that started in 13/14)	8		
Environmental Health - Environment Protection	15		
Risk Management/Insurance/Health and Safety	15		
Partnerships (slipped from 13/14)	10		
Electoral Services (to complete from 13/14)	10		
Keyhaven River, Moorings and Dinghy Park	15		
Economic Development (slipped from 13/14)	10		
Tourism - Community and Environment	10		
Forward Planning - Policy and Plans (CIL)	10		
Housing Improvement Grants / Disability Facility Grants	10		
Community Alarms/Lifelines	10		
Other Work		180	25%
Counter Fraud; Policy review, training, prevention work, NFI overview, general monitoring tools	20		
Contingency time; for S151 requests or Investigations	20		
H&L Queries	10		
Projects/Consultancy work (Housing and Reactive)	50		
Advisory (Financial Regulations)	50		
Section 151 Officer support (Contract Waivers/AGS) and Follow ups	30		
NFDC Productive Total		725	100%
Audit Management (inc Performance Management, Planning, Supervision/signing off of audits, Meeting and Committee attendance, annual reporting, liaison with external audit etc.) and Team training and development, office routine, meetings and Contingency	277		

Total NFDC Days		1002	
Fee Earning Third Party Work (NFNPA/Dorset/T&P Councils)	229		
Total Resource Days		1231	

Auditable Areas	2014/15	2015/16	2016/17	2017/18
Key Financials				
Main Accounting System inc bank reconciliation	15	15	15	15
Treasury Management	5	5	5	5
Accounts Payable	15	15	15	15
Accounts Receivable	15	15	15	15
Income	15	15	15	15
Payroll (inc NFNPA testing) (includes T&S, Members Allowances & Expenses)	25	25	25	25
Council Tax	15	15	15	15
National Non Domestic Rates	15	15	15	15
Benefits & Fraud Investigation (inc subsidy grant work for external audit)	15	15	15	15
Landlord services (rents)	15	15	15	15
Asset & Estate Management	15	15	15	15
Sub total of Key Financials	165	165	165	165
Annual Review				
IT Audit (Security, Maintenance, Purchases etc)	25	25	25	25
Procurement/Contract Management	30	30	30	30
Information Governance (DPA/FOI/Performance/Data Quality)	15	15	15	15
Governance and corporate risks	15	15	15	15
High value income streams, non key financials or grants (inc H&L and car parks)	20	20	20	20
Real time checks on high risk expenditure streams (i.e. Payroll and Creditors)	20	20	20	20
Stock takes, cash ups & Petty cash	10	10	10	10
Benefit Subsidy (for external audit)	45	45	45	45
Leader (on third party behalf)	2	2	2	2
Safeguarding	5	5	5	5
Risk Assessed - 2 Yearly Reviews				
Communities & Employment				
Health and Leisure Centres	20		20	
Property				
Building Works - Reactive and Gas Servicing (external assurance provided)	15		15	
Central Purchasing/Stores		15		15
Planning & Transportation				
Development Control (inc planning enforcement and appeals)		15		15
Customer & Housing				
Housing Needs/Homelessness/Housing Register/B&B		15		15
Housing Development inc Affordable Housing & Private Sector Leasing & Empty Properties	15		15	
Environment				
Domestic Refuse and Commercial Waste and Recycling - inc special collections, garden waste & Street Cleansing	20		20	
Risk Assessed - 3 Yearly Reviews				
EMT				
VAT				15
Planning & Transportation				
Building Control		15		
Land Charges			10	
Property				
Property Services and Building Works (Housing and Non Housing Stock)			15	
Engineering Design and Land Drainage		15		
Highways & Traffic Management (HCC Agency Agreement)		15		
Environment				
Vehicle and Plant Maintenance		15		
Transport & Fleet Management System		15		
Engineering Works			15	

Grounds Maintenance			15	
Parking & Enforcement	8			15
Public Health & Community Safety				
Environmental Health - Environmental Protection	15			15
Environmental Health - Commercial Licensing		15		
			15	
Communities & Employment				
Sports and Play Development and Other Community Grants			15	
Risk Assessed - 4 Yearly Reviews				
Human Resources				
Human Resources (Assurance)				15
Risk Management (Assurance) & Insurance & Health Safety	15			
Business Continuity & Emergency Planning (Assurance)			15	
Partnerships (Assurance)	10			
The Design Room & Communication				10
Legal & Democratic				
Legal & Democratic Services (external Assurance provided)		None		
Electoral Services	10			
Property				
Coastal & Regional Monitoring		10		
Caretakers, Office Cleaning & Building Security (LTH and ATC)			10	
Environment				
Keyhaven River, Moorings & Dinghy Park	15			
Beach Huts		15		
Trees (Council owned)				10
Clinical Waste		10		
Public Conveniences				10
Cemeteries and Amenities			10	
Car Loans				5
Communities & Employment				
Economic Development	10			
Tourism VIC (Lyndhurst) & Destination Management & Marketing				10
Tourism- Community and Environment	10			
Planning & Transportation				
Forward Planning - Policy and Plans (inc S106/CIL)	10			
Landscape and Open Space		10		
Conservation (listed/historic buildings) and Urban Design				10
Customer & Housing				
Customer Access - Contact Centre/Helpdesk/Support Service etc		10		
Housing Improvements & Grants	10			
Resident Involvement				5
Public Health & Community Safety				
Environmental Health - Pest Control				10
Environmental Health - Dog Wardening				10
Community Alarms/Lifelines	10			
Community Safety & CCTV (Inc Anti Social Behaviour)				10
Sub total of other audits	380	377	377	382
Counter Fraud to include; Policy review, training, prevention work, NFI overview, general monitoring tools	20	20	20	20
Contingency time; for S151 requests or Investigations	20	20	20	20
H&L Queries	10	10	10	10
Projects/Consultancy work	50	50	50	50
Advisory (Financial Regulations)	50	50	50	50
Section 151 Officer support (Contract Waivers/Annual Governance Statement)	30	30	30	30

NFDC Productive Total	725	722	722	727
Audit Management (inc Performance Management, Planning, Supervision/signing off of audits, Meeting and Committee attendance, annual reporting, liaison with external audit etc) and Team training and development, office routine, meetings and Contingency	277	280	280	275
Total NFDC Days	1002	1002	1002	1002
Third Party Work	229	229	229	229
Total Days	1231	1231	1231	1231