

EMT – 17 MARCH 2015
AUDIT COMMITTEE – 27 MARCH 2015

INTERNAL AUDIT CHARTER, ASSURANCE FRAMEWORK AND INTERNAL AUDIT PLAN 2015/16

1 Introduction

- 1.1 The purpose of this report to outline the Internal Audit Charter, Assurance Framework and Internal Audit Plan for 2015/16.
- 1.2 The main functions of the Internal Audit Charter, Assurance Framework 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. The first year assessment and action plan of conformance to the PSIAS, has been reported to Committee with a further reassessment presented to Committee in June 2015.
- 2.2 The Internal Audit Charter has been reviewed to ensure it is update to date. There are no proposed changes.

3 Internal Audit Plan 2015/16 and Assurance Framework

- 3.1 The Internal Audit Plan 2015/16 (Appendix 1) is compiled following an evaluation of the risks to the Council and local factors as recorded in the Internal Audit Charter. The audit plan 2015/16 has been discussed with all Heads of Service and 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 The Counter Fraud time has been extended to cover new requirements under the CIFA Code of Practice but to also ensure there are effective counter fraud processes in place across the Council.
- 3.4 Additionally, time has been increased surrounding procurement to ensure the risks of the Council following the introduction of the new Regulations are sufficiently covered.
- 3.5 To provide additional service to the Council, time has been specifically set aside to support corporate projects and undertake Value for Money reviews.
- 3.6 Fee earning work is estimated to be £56,500 for 2015/16. This audit partnership work provides for the NFDC Internal Audit team to act as the Internal Auditor for 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).
- 3.7 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, saving external audit fees.
- 3.8 The plan will be reassessed at least quarterly with any recommended changes reported to Audit Committee. Progress and outcomes of completed audits will be reported back to Committee quarterly. Any high priority audit recommendations which become overdue will also be reported to Committee.

5.0 FINANCIAL IMPLICATIONS:

- 5.1 There are no financial costs arising directly arising from this report. The audit plan has been complied 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. RECOMMENDATIONS:

- 8.1 It is recommended that the Audit Committee approves;
1. Internal Audit Plan 2014/15

For Further Information Contact:

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Audit Class and Titles	Allocated Time (Days)	Total Number of Days per audit class	% of Audit Class by Total NFDC Audit Days	Total Number of Days per audit class 14/15
Main Financial Audits		137	17%	165
Main Accounting System inc bank reconciliation	15			
Treasury Management	2			
Accounts Payable	10			
Accounts Receivable	10			
Income	15			
Payroll (inc NFNPA testing) (Inc T&S, Members Allowances & Expenses)	25			
Council Tax	10			
National Non Domestic Rates	15			
Benefits & Fraud Investigation	15			
Landlord services (Rent Accounting)	10			
Asset Management	10			
IT Audit		35	4%	25
IT Audit (PSN/Security/DR) Network and Other systems	20			
IT Audit (Inventory/Purchases/Contracts/Maintenance/Licences etc)	15			
Contract Audit		75	9%	30
Procurement Strategy and Corporate Process and Waivers	30			
Procurement - Contract Management audit	15			
Procurement - Contract Payments and Financial Assessments	30			
Governance		30	4%	30
Information Governance (DPA/FOI/Performance/Data Quality/Transparency/Retention & Disposal/Information Assets)	15			
Governance and corporate risks inc new standards	15			
Compliance		46	6%	50
Health and Leisure Income Returns	10			
Car Park Income Reconciliation	4			
Keyhaven Income Returns	2			
Creditors exception testing	20			
Stock takes, cash ups & Petty cash	10			
Other Services		210	26%	193
Estates and Valuation	10			
Central Purchasing/Stores	15			
Development Control (inc planning enforcement and appeals)	15			
Housing Development inc Affordable Housing & Private Sector Leasing & Empty Properties	15			
Building Control	15			
Estates Management	15			
Health and Safety	15			
Environment Health - Pollution	15			
Licensing	15			
Community Grants/Ward Budgets/Other Grants	15			
The Design Room	10			
Electoral Services	15			
Coastal & Regional Monitoring	10			
Clinical Waste	10			
Landscape and Open Space	10			
Customer Access - Contact Centre/Helpdesk/Support Service etc	10			
Fraud		70	9%	20
Counter Fraud; Policy review, training, prevention work, NFI overview, general monitoring tools	20			

Counter Fraud Work inc NFI and Analytics (separate action plan being developed)	30			
Counter Fraud Investigation	20			
Consultancy/VFM		140	18%	130
S151 Requests and Contingency	30			
H&L Queries	10			
Projects/Consultancy work/VFM	50			
Advisory (Financial Regulations)	50			
Work with Partners		57	7%	52
Benefit Subsidy (for external audit)	45			
Leader (on third party behalf)	2			
Safeguarding reviews	10			
Total NFDC Audit Days		800		725
Management and Training		282		277
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	282			
Fee Earning		236		229
Fee Earning Third Party Work (NFNPA/Dorset/T&P Councils)	236			
Total Resource Days		1318		1231