

Bolton Council

Report to: Audit Committee

Date: 8th^h March 2013

Report of: Head of Internal Audit & Risk

Report No:

Contact Officer: John Midlane

**Tele
No:**331620

Report Title: Internal Audit Plan 2013/14

**Confidential /
Non Confidential:**

(***Non-Confidential***) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose:

To allow committee to consider the draft internal audit plan for 2013/14

Recommendations:

Audit Committee is asked to approve the internal audit annual plan for 2013/14

Background Doc(s):

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1.1 INTRODUCTION:

- 1.1 All principal local authorities subject to the Accounts and Audit Regulations 2011 should make provision for internal audit in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. This code will be replaced by the Public Sector Internal Audit Standard (PSIAS) from 1st April 2013.
- 1.2 As an independent review function Internal Audit has a crucial role to play in securing and maintaining standards by carrying out a detailed cyclical review of the authority's systems and processes, supplemented by a programme of establishment visits and probity checks.
- 1.3 Internal audit is one of the nine sources of assurance available to "those charged with governance". The work of the section allows the Head of Internal Audit & Risk to give an opinion each year on the control environment which operates within the council. This, in turn, gives a level of assurance to Audit Committee and the Council

2 INTERNAL AUDIT PLAN 2013/14:

- 2.1 In order to provide an adequate level of assurance internal audit carries out a range of work each year based upon its terms of reference and a thorough risk assessment. The main elements of the annual plan include:

2.2 Key financial systems:

The council runs a suite of systems which manage the financial transactions of the council; these are based upon the Oracle system and other supporting processes. Part of the role of internal audit is to give assurance that these systems have adequate controls and that transactions are processed properly. In turn this helps to ensure that the annual financial statements of the council are accurate and reflect its activity. Each year internal audit carries out reviews of the key financial controls within the key financial systems.

2.3 Assurance reviews:

The basis cycle of internal audit work assumes that every activity of the authority will be reviewed every three years. In addition internal audit coverage within the authority is based on issues highlighted in the corporate risk assessment process supplemented by a more detailed assessment of risk, which evaluates each audit area on the basis of three factors:

- Materiality
- Inherent risk
- Internal control risk.

Close liaison with customers and the council's risk register ensures that key strategic areas which are identified in the Corporate Business Planning Process (CBPP) are covered.

2.4 Proactive Work;

Internal audit has a lead role in some development areas within the council. An example of this is the Anti-Fraud and Corruption Policy of the council. Part of the annual plan is a programme of work to deter fraud across the council.

2.5 External Organisations:

The internal audit section also does work for external organisations; Bolton and Home, and one academy school. The detailed work is agreed in conjunction with these organisations.

2.6 Contingency:

An allocation of approximately 10% of the total days is made to cover contingencies. This includes investigations into alleged frauds across the council and other non foreseen events.

2.7 Non Operational days:

Work that is not directly attributed to individual reviews. This includes things such as; annual leave, training, sickness and staff meetings.

2.8 The staffing establishment for internal audit for 2013/14 is 11.17 full time equivalent staff and this equates to 2904 days (11.17 x 260). In addition to this 20 days are purchased from the Greater Manchester Computer Audit Consortium to provide more specialist skills in this area. This level of resource represents an increase from 2012/13 due to staff returning from maternity leave and the recruitment of an apprentice

2.9 Based upon the process described above a draft plan has been produced for 2013/14. Using the risk assessment process for producing the plan the coverage has been matched with the available resources. This is attached as an appendix to this report. A summary of the draft plan is shown below:

Audit Area:	Planned Days:
Key Financial Systems	160
Assurance Work:	
Children's Services	421
Adults Services	115
Environmental Services	100
Development & Regeneration	59
Chief Executive's	153
Computer	188
Contracts	80
Cross Cutting Reviews	35
Contingency	121
Audit Follow Up	63
2012/13 audits	58
Anti-Fraud Work:	75
External Clients:	212
Non Operational:	1084
TOTAL DAYS	2924

3. RECOMMENDATIONS:

- 3.1 Audit committee is asked to approved the internal audit annual plan for 2013/14

APPENDIX A

INTERNAL AUDIT DRAFT PLAN 2013/14

Audit Area:	Days	Days
Key Financial Systems		
Treasury Management	10	
Receivables system	15	
Receivable - departments	10	
Receivable – write offs	2	
General ledger	15	
Payables – system	15	
Payables - departmental	10	
Payroll system	20	
Payroll - departments	10	
Council Tax/NNDR system	20	
BS/HBIS system	10	
Cashiers & bank reconciliation	17	
Central systems	6	
Total key financial systems		160
Assurance Audits:		
Adult & Community Services:		
Self Directed Support	15	
Direct payments	15	
Neighbourhood Networks	15	
Intermediary Care	15	
Home Care	15	
Equipment and Adaptations	10	
Public Health	20	
Advice & assistance	10	
Total Adults & Community Services		115
Children's Services:		
Youth centres	15	
Pupil Referral Units	12	
Shared Care	10	
Petty Cash	7	
Residential homes	15	
Assistance to Pupils - Transport	12	
High Needs – top ups	10	
Schools	300	

Out of schools provision	10	
Controc	10	
Advice & Assistance	20	
Total Children's Services		421
Chief Executive's Department:		
Insurances	5	
Car mileage	10	
Purchase Cards	15	
Blue Badges	10	
Information risk management	10	
Petty Cash	10	
Members allowances	5	
Registrar	10	
Publishing and Reprographics	5	
Marcoms framework	5	
Coroner	10	
Risk Management	10	
Fixed Assets	10	
Estates	15	
Albert Halls catering	10	
Advice & Assistance	13	
Total Chief Executive's Department		153
Environmental Services:		
Bereavement Service	5	
Heaton Nurseries	5	
Recharges to Commercial Services	15	
Markets Loyalty Cards	5	
Licensing	15	
Community Safety	10	
Waste Management	5	
Highways income	10	
Troubled Families	20	
Advice and Assistance	10	
Total Environmental Services		100
Development & Regeneration:		
Planning enforcement	10	
Dangerous properties	5	
Community Infrastructure Levy	5	
Townscape Herigate Initiative	5	
Work programme	10	
Housing & Public Health – empty properties	5	
Leisure Trust	10	
Advice & Assistance	9	
Total Development & Regeneration		59

Computer Audit:		188
Contracts Audit:		80
External Work:		
Academies:	12	
Bolton @ Home	200	
Total External Work		212
Counter Fraud		75
Cross cutting reviews		35
Follow up		63
Contingency		121
Completion of 2011/12 audits		58
TOTAL OPERATIONAL DAYS		1840