

PROPOSED INTERNAL AUDIT PROGRAMME 2018/19

BACKGROUND AND VISION

This document sets out the approach for the delivery of Internal Audit for 2018/19.

As with previous years, the Service will continue to use an external resource to deliver individual audit assignments drawn from the annual programme. The overall management of the Service rests with the Business Assurance Manager.

Through the combined work of the external service and the work undertaken by the Business Assurance Manager, it is possible to provide an independent opinion to Management, the Strategic Management Board (SMB) and the Audit Committee as to the effectiveness of the internal control frameworks as determined in the annual programme.

The continual vision for Internal Audit is to provide a high quality cost effective service, which is capable of adapting and responding to the changing environment in which the Council operates. This will be demonstrated through compliance with its own service standards as contained in its Internal Audit Charter.

LEGAL STANDING

The Council has a statutory responsibility under the Accounts and Audit (England) Regulations 2015, which states that a local authority must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.

It is also responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

From April 2013, Internal Audit has been governed by the Public Sector Internal Audit Standards (PSIAS) which further defined “internal audit assurance and consulting services” under the definition of Internal Auditing as:

“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

This report has been compiled on the basis as business as usual; however it is cognisant that there may be changes in the way in which the audit programme is structured following the decision on Modernising Local Government. However,

where amendments are required, this will be reported to both the Strategic Management Board and the Audit Committee.

AUDIT COVERAGE

As in previous years the annual Internal Audit programme has been compiled on the basis of internal knowledge of service provision.

Requests from members of the Audit Committee, individual Heads of Service, Corporate Director, and the Chief Executive were sought, along with the review of key financial systems, with an element of the total budget set aside for corporate work.

We also intend to provide an assurance role and offer a range of services that provide a wider assurance remit. The audit programme has been compiled on the following basis:

Core financial Audits

For 2018/19, we have allocated 65 days to undertake 8 core financial audits. Table A – Part A - Core Financial Audits provides a brief summary as to the reviews that are planned.

Non-core financial audits,

For 2018/19, we have allocated 70 days to undertake 13 non-core financial audits Table A – Part B provides further details of the 13 reviews.

SUPPORTING CORPORATE INITIATIVES

Detailed below is a summary of the work that the Service will directly provide or will work with other services to deliver in 2018/19.

Corporate Governance / Assurance frameworks

The Council has adopted CIPFA's Good Governance in Local Government Framework 2016 and during 2018/19 work will be undertaken to ensure that the required assurances are in place and operating effectively as there is a direct link between the output from the Annual Assurance statement (AAS) framework which in turns contributes to the Annual Governance Statement (AGS) which is included in the annual accounts publication.

We are using a three line model of categorising assurance as follows:

Level 1 - Management - as this comes directly from those who have responsibility for managing and controlling the activity and are accountable for successful delivery.

They also set the tone from the top, develop and implement policies & procedures, establish controls and seek to demonstrate compliance.

Level 2 - Corporate functions and third parties - this comes from inspection and/or other assurance functions of the Council e.g. Audit /Scrutiny function, Risk Management, Performance Management, Health and Safety, Programme Management.

Level 3 - Internal and External Audit - as they provide independent assurance on the Councils service delivery arrangements, management of risk, design and operation of internal controls.

Counter Fraud and Corruption

The risk of fraud and corruption both committed internally by staff or externally by third parties continues to be issue for the whole of the public sector.

Following the creation of the Corporate Investigations function we have developed an approach that involves reviewing our existing arrangements covering policy, procedures and training provision in light of CIPFA's best practice guidance - Managing the Risk of Fraud and Corruption.

For 2018/19 we have allocated 15 days to undertake and formalise the Council's corporate fraud and corruption arrangements. This will involve the:

- Submission of a report to the Audit Committee "Tackling Fraud and Corruption" for its consideration and approval. The report sets out the approach that the Council intends to follow when addressing the risk of fraud and corruption.
- Reviewing service based fraud risk registers and providing an assessment as to their adequacy in the prevention of fraud.

Contract Management

For 2018/19 we have allocated 5 days to support the embedding of the Annual Contract Review Framework, the results of which are to be overseen by the Councils Strategic Management Board.

Table A - Internal Audit programme 2018/19

Set out in the table below is the Internal Audit programme for 2018/19

SERVICE AREA	Proposed frequency	Type of Review	(Days)
Part A - CORE FINANCIAL AUDITS			
Corporate Debt Management & Income To provide an assurance that income generating activities are identified and accurately invoiced; that all invoices are paid and the income is accounted for and reflected in the Councils account: the extent of debt is minimised and overdue accounts are promptly followed up.	Annual	System	10
Creditors To provide an assurance that creditor payments are valid, authorised, accurate and timely and are in respect of goods and services ordered and received by the Council.	Annual	System	6
Payroll To provide an assurance that only bona fide, authorised and accurate payments are made in timely manner, also to ensure that all payroll transactions are accurately reflected in the accounting system (Efin).	Annual	System	5
Fixed Assets and Inventories To provide an assurance as regards the ownership and control of the physical assets owned by the Council.	Annual	System	5
Treasury Management To provide an assurance that the Treasury Management function operates in with Council policy.	Every two years	System	6
Main Accounting & Budgetary Control To provide assurances over the budget setting process and that budgetary control is accurate and reliable at all levels of the Council.	Annual	System	10
Council Tax & NNDR To provide an assurance that all income due to the Council in respect of CTax and NNDR liabilities are identified and accurately billed, that all demands are paid and the income is accounted for and reflected in the Councils accounts, the extent of debt is minimised and	Annual	System	13

SERVICE AREA	Proposed frequency	Type of Review	(Days)
overdue accounts are promptly followed up.			
Council Tax Support and Housing Benefits To provide an assurance that all payments are made to bona fide claimants, in line with current legislation and that they are accurate and timely.	Annual	System	10
Total			65
PART B - NON CORE FINANCIAL REVIEWS			
Insurance To provide an assurance that the level of insurance cover is commensurate to the range of services that the Council provides.	3 year cycle	System	6
Commercial Leases To provide an assurance that the Council is correctly and accurately accounting for all of its income in relation to its Commercial property portfolio.	Annual	System	6
Parking Services To provide an assurance that all income due to the Council for parking related activity is accounted for in a timely and accurate manner.	Annual	System	4
Renovation Grants /Disabled Facilities Grants To provide an assurance that the process for awarding grants is in accordance with Council Policy and procedures.	3 year cycle	System	5
Bed and Breakfast To provide an assurance that the provision of bed and breakfast accommodation is managed effectively.	De minimus	System	4
Air Pollution Compliance with the requirements of the Environmental Act 1995	De minimus	System	4
IT Infrastructure Assurance (carried over from 2016/17) Two part review a) will examine the control framework in place to protect the Council against the loss of both personal financial information as well as commercial confidential information. b) Management of the IT network.	2 year cycle	System	6
Section 106 & Community Infrastructure Levy (CIL)	3 year cycle	System	10

SERVICE AREA	Proposed frequency	Type of Review	(Days)
To provide an assurance that all income received is correctly accounted for and expenditure is allocated in line with Council Policy. NB – this review is subject revision due to in Service changes in accounting arrangements planned for 2018/19.			
Community Grants To provide an assurance that the processes for allocating grant funding and ensuring compliance with grant conditions is equitable and in compliance with Council policy.	De minimus	System	4
Cemetery To undertake an establishment review of the Cemetery function.	De minimus	System	4
Land Charges To provide an assurance that the Council is correctly and accurately accounting for all of its income in relation to its Land Charge function and is discharging its responsibilities as regards the timeliness and completeness in dealing with land charge searches.	De minimus	System	6
Member and Officer Code of Conducts To ensure that Council policy is adhered too.	De minimus	System	6
Contract review: Grounds Maintenance contract	De minimus	Contract	5
Total			70
SUPPORTING CORPORATE INITIATIVES:			
Corporate Governance. Developing the link between the output from the Annual Assurance statement (AAS) and key assurances that are required to ensure we can demonstrate the operational effectiveness of the internal control framework in place within each Service.			15
Risk Management (Strategic and Operational risk registers) To provide oversight and support for the Strategic Risk Register process and to input into the development of Operational Risk Registers.			30
Counter Fraud and Corruption			

SERVICE AREA	Proposed frequency	Type of Review	(Days)
Develop an approach that involves reviewing the Councils existing arrangements covering policy, procedures and training provision in light of CIPFA's best practice guidance - Managing the Risk of Fraud and Corruption.			15
Contract Management To support the embedding of the Annual Contract Review Framework which is overseen by the Councils Strategic Management Board.			10
Audit Committee/SMB Providing the reporting function to the Audit Committee and the Strategic Management Board in terms of the work of Internal Audit, Risk and Corporate Investigations.			15
Follow-Ups			10
Contingency To be used to cover any requests from Management as regards internal control advice, internal investigations and complaints.			15
Total			110
Grand Total			245

NB we have made the following budgetary provision £47,000 to provide Core (65 days), and Non-Core reviews (70 days)