

HAMBLETON DISTRICT COUNCIL

Report To: Audit, Governance and Standards Committee
27 March 2013

From: Director of Resources

Subject: **INTERNAL AUDIT PLAN 2013/14**

All Wards

1.0 **PURPOSE AND BACKGROUND:**

- 1.1 The Audit, Governance and Standards Committee has responsibility for overseeing the work of internal audit, and agreeing the plan of work to be undertaken on its behalf by the Council's Internal Auditors in line with good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government.
- 1.2 In accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards (which apply to all public sector bodies from 1 April 2013), internal audit is required to prepare an audit plan on at least an annual basis.
- 1.3 For the first time, the plan is explicitly aligned to the Council's risk register(s). This accords with commonly accepted good practice and will enable members of the Audit Committee and the management team to satisfy themselves that internal audit activity is focused on the main risks to the Council.
- 1.4 The plan has a total value of 285 days for 2013/14.

2.0 **DECISIONS SOUGHT:**

- 2.1 The Audit, Governance and Standards Committee is asked to approve the proposed Internal Audit Plan for 2013/14.

3.0 **RISK ANALYSIS:**

- 3.1 There are no risks associated with the recommendations in the report.

4.0 **FINANCIAL IMPLICATIONS:**

- 4.1 There are no financial implications associated with the recommendations in the report.

5.0 **LEGAL IMPLICATIONS:**

- 5.1 There are no legal implications associated with the recommendations in the report.

6.0 **RECOMMENDATIONS:**

- 6.1 It is recommended that the Internal Audit Plan 2013/14 be approved.

JUSTIN IVES

Background papers: Internal Audit Plan 2013/14

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Hambleton District Council

Internal Audit Plan 2013-14

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Circulation List:

Member of the Audit, Governance & Standards Committee
Chief Executive
Director of Resources - S151 Officer
Management Team

Date: February 2013

Introduction

- 1 This document sets out the planned 2013/14 programme of work for internal audit, counter fraud and risk management provided by Veritau for Hambleton District Council.
- 2 In accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards (which apply to all public sector bodies from 1 April 2013), internal audit is required to prepare an audit plan on at least an annual basis.
- 3 For the first time, the plan is explicitly aligned to the Council's risk register(s). This accords with commonly accepted good practice and will enable members of the audit committee and the management team to satisfy themselves that internal audit activity is focused on the main risks to the Council. Veritau also uses its own risk based assessment in developing the audit plan. The audit plan is a working document and changes are made throughout the year to reflect changes in risk and any issues that arise.
- 4 The content of the audit plan has been subject to consultation with directors and other senior officers and is submitted for formal approval by the Audit, Governance and Standards Committee who are also responsible for monitoring progress against the plan. Changes to the plan are agreed through the Council's client management arrangements and are notified to the committee. Proposed audit work is also discussed with the Council's external auditors to ensure there is no duplication of effort.
- 5 The plan has a total value of 285 days for 2013/14, a reduction of 6% from 2012/13.
- 6 In previous years the 'material' systems review work has been completed for all key systems. It has been agreed with the Council's external auditors that these systems will only need to be reviewed every other year, unless there are significant changes, which might be in the form of legislation, software or process changes.

2013/14 Audit Plan

- 7 The content of this audit plan for 2013/14 is intended to reflect the pressure placed upon Hambleton District Council by the current financial position and also reflects the particular assurance needs from the repatriation of services.
- 8 The Audit Plan for 2013/14 is intended to reflect the impact of the savings that the Council needs to make over the coming years. Where possible, it also seeks to identify areas where further savings can be made by aligning operational controls more closely with the identified risk appetite and to provide assurance that the controls used to reduce risk to within the risk appetite are effective.
- 9 It is important to note that the planned ICT work for 2012/13 has been deferred to 2013/14. The IT service is currently being repatriated from the shared service with Richmondshire and it has therefore been agreed with management, that it would be more beneficial to use the 2012/13 day allocation with 2013/14 to give advice and assurance on the repatriation project.
- 10 The plan has been structured into a number of sections:-
 - **Corporate Risk Register;** this work involves reviewing the action taken, or to be taken, in managing the key risks to the Council.

- **Fundamental/Material Systems;** to provide assurance on the key areas of financial risk. This helps support the work of the external auditors and provides assurance to the Council that risks of loss are minimised.
- **Regularity Audits;** to provide assurance on those areas identified through Veritau's risk based assessment. Although not identified as a key corporate risk to the Council, they are recognised as key service risks.
- **Technical/Projects;** to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.
- **Client support & Advice;** Work we carry out to support the Council in its functions.
- **Other;** An allocation of time to allow for unexpected work and the follow up of work we have already carried out, ensuring that agreed actions have been implemented.

11 Details of the 2013/14 plan are set out in Appendix A

Internal Audit Plan 2013/14

Strategic Risk Register

Risk No	Risk	Risk Score	Ref	Audit	Scope	Days
Strategic Risk Register						
394	The Shared Service exit strategy needs to take account of difficulties faced when separating individual shared services to avoid unexpected cost and complications to both councils	25		Shared Services	Review of the repatriated services to give assurance on the risk/control environment. To also provide assurance on the robustness of the Service Level Agreements with RDC	15
442	Continued downturn in housing market leads to reduced ability to deliver affordable housing through planning, resulting in failure to achieve corporate plan target and to address housing need <i>Linked to risk 423 – Shared Services Risk Register</i>	20		Affordable Housing	To review management controls including monitoring arrangements to ensure Government and local targets set and adhered too	15
115	Market conditions or ineffective spatial planning leads to a reduction in new homes completions and results in the Council not meeting its new homes target and consequently 'new homes bonus'	15		Local Development Framework	Overview of the adoption of the core strategy with emphasis on monitoring and meeting targets which impacts upon the New Homes Bonus Grant	12
380	Setting of the Community Infrastructure Levy (CIL) rate not completed in time leading to loss of income needed for investment in			Community Infrastructure Levy Development Control	Review to ensure that the CIL charges have been correctly defined in line with set criteria Completed 2012/13	8

Risk No	Risk	Risk Score	Ref	Audit	Scope	Days
81	infrastructure Financial recession/credit crunch leads to fewer planning applications and therefore reduced income					
416	Significant reductions in government grant leading to the inability to sustain council services at the current level	12		Savings Delivery	Seek evidence that the Council's programme for ongoing service delivery and savings reviews and the Medium Term Financial Plan is robust and linked to the priorities within the Corporate Plan, with particular emphasis on the risk to the control environment	12
443	Failure to implement the Council's Information Strategy leads to violation of Data Protection Act resulting in possible fine by the Information Commissioner and/or failure to make decisions leading to legal challenge	9		Information Protection	Information Governance and data managed in line with policy and legislation	12
388	Lack of investment in ICT infrastructure causes inability to maintain systems leading to inability to deliver services effectively	8		See ICT below		
392	Failure to effectively manage the transition from a single shared IT service into separate HDC ICT services and current lack of resource leads to negative impact on service delivery	8				

Risk No	Risk	Risk Score	Ref	Audit	Scope	Days
Shared Service Risk Register						
234	Failure to develop and deliver against Council Plan targets, leading to loss of reputation	6		Performance Framework	A review of the strategy/actions taken to achieve the targets within the Council Plan including the use of TEN in the recording and monitoring of performance	12
				Performance Management	Completed 2012/13	

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Fundamental/Material Systems Audits

Ref	Audit	Scope	Days
	Council Tax/NNDR (SLA with RiDC)	To review the key risks/controls for the setting and collection of local tax	15
	Sundry Debtors	Completed 2012/13	-
	Benefits (SLA with RiDC)	To review the key risks/controls involved in awarding and paying benefits	15
	Creditors	To review the key risks/controls surrounding the payment of Creditors invoices	15
	Income/Receiving System(s)	To review the key risks/controls surrounding the receipting and balancing of monies received	8
	Payroll (SLA with RiDC)	Completed 2012/13	-
	General Ledger (budgetary control & reconciliations)	A review of the budget setting, monitoring processes and reconciliations within the General Ledger Inc Journals	12

Ref	Audit	Scope	Days
	Treasury Management	To review the risks /controls surrounding the investment and borrowing of monies	7
	Tax Management	Completed 2012/13	-
	Capital Accounting	To review the treatment of assets and capital expenditure, ensuring they are in line with established accountancy practice guidelines	8

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Regularity Audits

Ref	Audit	Scope	Days
	Equalities	To review the Council's compliance with national legislation	8

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Technical/Project Audits

Ref	Audit	Scope	Days
	ICT 15 b/fwd from 2012/13 to also include	To review the strategy for IT within the Council ensuring targets set are monitored and achieved and to support the IT Repatriation Project Team	15
	Workspace	To review the arrangements and payments made to 'partners' for admin support to the various businesses	6

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Client Support & Advice

Ref	Area	Days
	Financial Appraisals	10
	Committee Prep & Attendance inc AGS, Reg 6 review	22
	External Audit Liaison	3
	Miscellaneous Advice	4
	Member & Officer Training	3
	Corporate Issues (inc audit planning and client liaison)	20

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Other

Ref	Area	Days
	Contingency	15
	Follow Ups	13

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