

## **Report to the Audit and Governance Committee**



**Report reference:** AGC-002-2013/14  
**Date of meeting:** 27 June 2013

**Epping Forest  
District Council**

**Portfolio:** Finance and Technology

**Subject:** Draft Audit Plan 2013/14

**Responsible Officer:** Brian Bassington (01992 564446).

**Democratic Services Officer:** Gary Woodhall (01992 564470).

### **Decisions Required:**

- (1) That the Internal Audit Plan for 2013/14 be approved.

### **Executive Summary:**

The Audit and Governance Committee is responsible for the approval of the annual Internal Audit plan, following consultation with the Finance and Performance Management Cabinet Committee.

Following consultation with Service Directors, the Corporate Governance Group and the External Auditors (PKF), the 2013/14 Audit Plan was presented to the Finance and Performance Management Cabinet Committee on 21 March. That Committee considered the plan but no specific issues were raised.

### **Reasons for Proposed Decision:**

To approve the Council's Annual Internal Audit Plan as required in the Audit and Governance Committee Terms of Reference.

### **Other Options for Action:**

None.

### **Report:**

1. The Annual Audit Plan 2013/14 is submitted to the Audit and Governance Committee for approval. Once approved, the Annual Audit Plan will be appended to the Office of the Chief Executive Business Plan.
2. In compiling the plan, all fundamental financial systems are included, to provide Management and Member assurance in the controls in place for good financial management. The annual audit of these systems is also a requirement of the Council's External Auditors (PKF) and the draft plan is submitted to them for comment.
3. The Corporate Risk Register was reviewed and time allocated for review of any high risk financial areas. The Annual Audit Plan contains the risk identifier to ensure that risks highlighted by the Audit Commission, the External Auditors and the Corporate Risk Register

are allocated audit time.

4. The plan contains a contingency provision for investigations and other unplanned work during the year. There is also flexibility in the Plan so that audits can be substituted during the year in order to accommodate reviews of areas that are assessed as being of higher risk to the achievement of the Council's objectives.

5. During 2012/13 publications by the Audit Commission and the National Fraud Authority have identified current fraud risks and to address concerns over these risks time has been allocated to fraud prevention and detection in the 2013/14 audit plan. The audit team consists of 4.4 (full time equivalent) staff, the part time post covering the fraud auditor function.

6. Regular meetings continue to be held with the Chief Auditors of Uttlesford, Harlow and Broxbourne Councils on various joint working practices sharing best practice, expertise and audit findings and recommendations.

7. Progress against the approved Plan is kept under review during the year and any proposed amendments, once the Plan has been approved, would be subject to the approval of the Audit and Governance Committee, who will continue to monitor progress against the plan on a quarterly basis.

8. The plan will be presented to the Audit and Governance Committee on 4 April 2013.

**Resource Implications:**

None, within existing budget.

**Legal and Governance Implications:**

No specific implications.

**Safer, Cleaner and Greener Implications:**

No specific implications.

**Consultation Undertaken:**

Corporate Governance Group, PKF and Service Directors.

**Background Papers:**

CIPFA Internal Audit Code of Practice, Audit reports, files and Corporate Risk register.

**Impact Assessments:**

Risk Management

The preparation of a risk based audit plan, as part of the audit strategy, is a key part of the Council's governance arrangements. In approving the annual programme of audits, the Audit and Governance Committee, in conjunction with the Finance and Performance Management Cabinet Committee, should be assured that there is sufficient and appropriate coverage to address any risks to the achievement of the Council's objectives.

Equality and Diversity

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
There are no equalities impacts.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*

N/A.

### AUDIT PLAN 2013/14

Audit area	Audit type	Days allocated	Completed	Risk Identifier
<b>FINANCE AND ICT</b>				
<b>Finance</b>				
Bank Reconciliation	system/follow up	15		PKF
Sundry Debtors	system/follow up	15		PKF
Creditors	system/follow up	15		PKF
Treasury Management	system/follow up	15		PKF/R26
Budgetary Control (capital and revenue)	system/follow up	10		PKF
Risk Management and Insurance	system/follow up	15		PKF
Main Accounting and Financial Ledger	system/follow up	15		PKF
Housing Benefits	system/follow up	20		PKF
Council Tax	system/follow up	20		PKF/R27/AC
National Non Domestic Rates	system/follow up	15		PKF/R27
Cash receipting and Income control	system/follow up	15		PKF
Provision for 'top up' testing	systems	30		PKF
<b>ICT</b>				
ICT Procurement	ICT	10		AC/R2
Access controls	ICT	10		PKF
Disaster recovery/business continuity	ICT	10		PKF/R8
<b>TOTAL</b>		<b>230</b>		
<b>PLANNING AND ECONOMIC DEVELOPMENT</b>				
Planning Fees	System	20		R27
Countrycare	System	10		R
<b>TOTAL</b>		<b>30</b>		
<b>ENVIRONMENT AND STREET SCENE</b>				
Waste Management and Recycling	system	20		R20
Car Parking Contract	system	10		R27
North Weald airfield	establishment	15		R27
<b>TOTAL</b>		<b>45</b>		
<b>HOUSING</b>				
Housing Rent Collection and Arrears	system/follow up	20		PKF/R27
Right to Buy	system	10		AC
Housing Repairs Service	system	20		
Housing Contracts	system	20		R2
Private Sector Housing - Grants	system	15		
Norway House	Establishment	10		
<b>TOTAL</b>		<b>95</b>		

<b>CORPORATE SUPPORT SERVICES</b>				
<b>Human Resources</b>				
Payroll	System/follow up	20		PKF
Recruitment and Selection	Follow up	5		AC
Management of Sickness absence	Follow up	5		R15
Overtime and Committee Allowances	verification	10		R
Travelling & Subsistence Claims	verification	10		R
Car Mileage claims	verification	10		R
<b>Estates/Facilities Management/Other</b>				
Commercial Property portfolio	Follow up	5		R9
Reprographics	System	10		
Fleet Operations income	system	5		R27
Facilities Management Contracts	system	10		R2
<b>Legal</b>				
Debt recovery	Follow up	10		R27
<b>TOTAL</b>		<b>100</b>		
<b>MISCELLANEOUS</b>				
Key and Local Performance Indicators	verification	15		R
Business Plans	verification	10		R
<b>FRAUD PREVENTION &amp; DETECTION</b>				
Contracts	fraud	15		AC/R20
Procurement	fraud	15		AC/R2
Council Tax Discounts	fraud	15		AC/R23
National Fraud Initiative (NFI)	fraud	20		R23
Data matching and analysis (IDEA software)	fraud	25		AC
<b>CORPORATE</b>				
Corporate Procurement	system/follow up	15		AC/R2
Gifts and Hospitality (Members & Officers)	system/follow up	10		R
Corporate Asset Register	system	5		PKF
Follow up of Priority 1 Audit recommendations	follow up	10		R23
Governance Statement	management review	5		AC/PKF
<b>TOTAL</b>		<b>160</b>		
<b>TOTAL DAYS ALLOCATED</b>		<b>660</b>		
Contingency/Spot checks/Minor investigations		50		R23
Corporate/Service Advice		65		
<b>TOTAL</b>		<b>775</b>		

<b>Key</b>	<b>Risk Identifier</b>
AC	Audit Commission External
PKF	Audit
R no.	Risk No. in Corporate Register
R	Reputation of Council