

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



**Epping Forest  
District Council**

**Report reference:** **AGC-029-2013/14**  
**Date of meeting:** **3 April 2014**

**Portfolio:** Finance and Technology

**Subject:** Draft Internal Audit Plan 2014/15

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

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

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### **Decisions Required:**

- (1) That the Internal Audit Plan for 2014/15 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 (BDO) the 2014/15 Audit Plan was presented to the Finance and Performance Management Cabinet Committee on 20th 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:**

- The Annual Internal Audit Plan 2014/15 is submitted to the Audit and Governance Committee for approval. Once approved, the Annual Internal Audit Plan will be appended to the Governance Directorate Business Plan.
- 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 (BDO) and the draft plan is submitted to them for comment.
- The Corporate Risk Register was reviewed and time allocated for review of any high risk financial areas. The Annual Internal 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 2013/14 publications by the Audit Commission and the National Fraud Authority have continued to identify current fraud risks and to address concerns over these risks time has been allocated to fraud prevention and detection in the 2014/15 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 have continued 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.

**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, BDO and Service Directors.

**Background Papers:**

Public Sector Internal Audit Standards, 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 2014/15

Audit area	Audit type	Days allocated	Completed	Risk Identifier
<b>Resources</b>				
<b>Accountancy</b>				
Bank Reconciliation	system/follow up	15		FFS
Sundry Debtors	system/follow up	15		FFS
Creditors	system/follow up	15		FFS
Treasury Management	system/follow up	10		FFS/R4
Budgetary Control (capital and revenue)	system/follow up	10		FFS
Risk Management and Insurance	system/follow up	10		FFS
Main Accounting and Financial Ledger	system/follow up	15		FFS
Provision for 'top up' testing	systems	30		FFS
<b>Benefits</b>				
Housing Benefits	system/follow up	15		FFS
Council Tax Reduction	system/follow up	15		FFS
<b>Revenues</b>				
Council Tax	system/follow up	20		FFS/R4/AC
Business Rates	system/follow up	20		FFS/R4
Cash receipting and Income control	system/follow up	15		FFS
<b>Human Resources</b>				
Payroll	System/follow up	20		FFS
Recruitment and Selection	verification	10		R
Management of Sickness absence	verification	10		R
Overtime and Committee Allowances	verification	10		R
Travelling & Subsistence Claims	verification	10		R
Car Mileage claims	verification	10		R
Reprographics	System	10		
<b>ICT and Facilities Management</b>				
ICT Procurement	ICT	10		AC/R6
Access controls	ICT	10		R6
Facilities Management Contracts	system	10		AC
<b>TOTAL</b>		<b>315</b>		
<b>Governance</b>				
<b>Governance and Performance Mgmt.</b>				
Key and Local Performance Indicators	verification	15		R
Business Plans	verification	10		R
Equality Analysis	verification	10		R
Gifts and Hospitality (Members & Officers)	system/follow up	10		R
<b>Legal</b>				
Debt recovery	Follow up	10		R4
<b>Development Management</b>				
Planning Fees	System	20		R4

<b>TOTAL</b>		<b>75</b>		
<b>Neighbourhoods</b>				
<b>Neighbourhood Services</b>				
North Weald airfield	establishment	15		R4
<b>Technical Services</b>				
Waste Management and Recycling	system	20		R
Car Parking Contract	system	10		R4
Fleet Operations income	system	5		R4
<b>Forward Planning &amp; Economic Devel.</b>				
Commercial Property portfolio	Follow up	10		R2
<b>TOTAL</b>		<b>60</b>		
<b>Communities</b>				
<b>Housing Property</b>				
Housing Repairs Service	system	20		R
Council Housebuilding Programme	system	15		AC
Housing Contracts	follow up	5		AC
<b>Housing Operations</b>				
Housing Rent Collection and Arrears	system/follow up	20		FFS/R4
Norway House	Establishment	10		R4
<b>Private Sector Housing &amp; Comm. Support</b>				
Right to Buy	system	10		AC
Private Sector Housing - Grants	system	15		AC
<b>TOTAL</b>		<b>95</b>		
<b>FRAUD PREVENTION &amp; DETECTION</b>				
Contracts	fraud	15		AC
Procurement	fraud	15		AC
Council Tax Discounts	fraud	15		AC
National Fraud Initiative (NFI)	fraud	20		AC
Data matching and analysis (IDEA software)	fraud	25		AC
<b>TOTAL</b>		<b>90</b>		
<b>CORPORATE</b>				
Corporate Procurement	system/follow up	15		AC
Corporate Asset Register	system	5		FFS
Priority 1 Audit recommendations	follow up	10		R
Governance Statement	management review	5		R
<b>TOTAL</b>		<b>35</b>		
<b>TOTAL DAYS ALLOCATED</b>		<b>670</b>		

Contingency/Minor investigations		40		
Corporate/Service Advice		65		
<b>TOTAL</b>		<b>775</b>		

<b>Key</b>	<b>Risk Identifier</b>
AC	Audit Commission
FFS	Fundamental Finance System
R no.	Risk No. in Corporate Register
R	Reputation of Council