

AUDIT COMMITTEE

29 MARCH 2012

INTERNAL AUDIT WORK PROGRAMME

Report from: Internal Audit

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Summary

To advise Members of progress in delivering the approved 2010/11 and 2011/12 work programme.

1. Budget and Policy Framework

- 1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background – 2011/12 Programme

- 2.1 Members approved the internal audit 2011/12 work programme on 5 July 2011 for year ending 31 March 2012. The programme is derived from a number of sources, which are:-
- The Council's risk identification process, identified through the risk register, business and service plans,
 - Internal audit's view of risk,
 - Work requested by Members, Chief Executive, Chief Finance Officer, directors and other officers,
 - Predetermined audits that form part of an agreed arrangement with the external auditor.
- 2.2 Audit work on the key financial systems, work carried out on behalf of the external auditor, corporate governance, risk management and prevention of fraud and corruption are considered key activities and are given priority when resources are allocated. The aim is that all of the key assurance audits will be completed to meet the needs of the governance statement and external audit.
- 2.3 Delivery of the audit plan has been particularly challenging this year due to resourcing issues within Internal Audit that were reported at the November Audit Committee.
- 2.4 At the meeting proposals were presented and agreed for revising the 2011/12 Annual Plan in light of these resource issues, and the revised Annual Plan with progress to date is set out at Annex A.

- 2.5 Work on the key financial systems audits is on schedule. There is inevitably an overlap of audit work year on year as previous year audits are finalised and new year audits are initiated. The aim is to ensure all audits from the 2011/12 Audit Plan are completed by the June Audit Committee meeting
- 2.6 In addition to delivery of the 2011/12 audit plan, work has begun on the School probity audit work. An outline risk assessment for Schools has been drawn up and is currently being populated. The fieldwork of the first of the School probity reviews has been completed, and a template is being developed for the 2012/13 programme of reviews. We have continued to receive the tranche 2 of the Financial Control Self Assessments (FCSA) and have used the information contained therein to help inform the risk assessment being undertaken.
- 2.7 Officers are considering whether there is a need to continue with the FCSA, given the planned probity reviews and the changes to the review guidance provided to Schools by the Department of Education. The Schools Financial Value Standard (SFVS), the successor to the Financial Management Standard in Schools (FMSiS), was launched on 18 July 2011, and was made available to schools from September 2011. Schools that had not attained FMSiS by 31 March 2010 will be required to submit SFVS to their local authority by 31 March 2012, and annually thereafter. Other maintained schools will be required to make a submission by 31 March 2013 and annually thereafter. These returns will be used to help inform our programme of work.

3. Progress on 2010/11 Plan

- 3.1 Annex B summarises progress on the outstanding audits from the 2010/11 Plan. The audit review outcomes are reported to the Committee as part of the Internal Audit Activity report. There is one audit still to be finalised, which is now at draft report stage. The Capital Programme audit in the 2010/11 plan will now be superseded with the 2012/13 audit of capital projects.

4. Risk Management, Financial and Legal implications

- 4.1 There are no risk management, financial or legal implications arising directly from this report.

5. Recommendations

- 5.1 Members are asked to note the progress in completing the 2010/11 programme and delivering the 2011/12 audit plan and that all key assurance work will be completed to support the needs of the annual governance statement and external audit.

Lead officer contact

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Background papers

Internal Audit Work Programme 2011/12, 5 July 2011

Internal Audit Programme 2011/12				Annex A
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Key Financial Systems				
Council Tax				AC 03/12
Housing Benefits				AC 03/12
Housing Rents				AC 03/12
NNDR				AC 03/12
General Ledger				DR
Debtors Income				F
Cash and Banking Processes				F
Other Financial Systems				
Foster Payments		F		
Markets Income - follow-up			AC 03/12	
Payroll processes in satellite sites		F		
Schools Assurance Programme: ♦ Financial control self assessment (FCSA) – primary tranche 2 ♦		F		
Controls over local bank accounts - Schools		F		
Halling Primary School – Financial Control Follow Up		AC 03/12		
Risk Assessed Work				
Blue Badges				AC 11/11
Council Plan Monitoring	AC 03/12			
Personal Budgets				
Transport Procurement Unit – follow up	F			
Governance Audits				
Corporate Governance				P

Internal Audit Programme 2011/12				Annex A
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Risk Management				F
Prevention of Fraud and Corruption				DR
Additional Control Work				
All Saints School – Financial Controls		F		F
Rochester Christmas Market Follow Up			03/12	

Key

C = audit cancelled as schools do not manage capital programme (agreed by this Committee 5.7.11)

AC = month & year reported to Audit Committee

DR = draft report issued

F = fieldwork in progress

P = audit in planning stage

Bold italicised audits are reported to this Audit Committee

Internal Audit Programme 2010/11				Annex B
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Care Director Income		03/12		
Compliance with Financial Procedures: Corn Exchange (follow-up)			DR	

Key

AC = month & year reported to Audit Committee

DR = draft report issued

F = fieldwork still in progress

Bold italicised audits are reported to this Audit Committee