

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL****AUDIT PLAN 2015 / 2016****1. INTRODUCTION**

- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's aims and in achieving a professional, modern audit service.
- 1.2 The Accounts and Audit Regulations 2011 stipulate that a council should maintain "*a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk*". The regulations also provide that council's "*undertake an adequate and effective internal audit of its accounting records and of its system of internal control*" in accordance with the Public Sector Internal Audit Standards. The Council's Internal Audit team are bound by the mandatory requirements of these standards.
- 1.3 Internal audit is defined 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
- 1.4 The provision of assurance is the key role for Internal Audit. This role requires the Head of Internal Audit (HoIA) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This audit opinion is provided to the Corporate Governance Committee and also feeds into the Annual Governance Statement. An overview of risk management and governance processes and key financial controls is also a significant aspect of our work.
- 1.5 Consulting services are advisory in nature and are generally performed at the specific request of management, with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

**2. AUDIT PLANS**

- 2.1 With a shared audit management, there is a potential for a dilution of resources. Every effort is made to look at minimising this. In order for the service to deliver and enhance its provision, the following actions are used:
- Robust quality control of the works conducted;

- Regular training needs assessments to ensure appropriate skills are available;
- Efficient audit processes are utilised;
- Development of audit software;
- Shared resources and knowledge; and
- Use of assurance from other providers.

2.2 The following sources of information have been used in identifying the priorities put forward for audit coverage:

- Council objectives;
- Financial Strategy;
- The Council’s strategic and operational risk registers; and
- Consultations with directors.

2.3 Resource Requirements

2.3.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed with the Executive Director (Corporate Services) as the Section 151 Officer. The current plans are based upon 1.20 FTE, i.e. a Senior Auditor full time and the Shared Head of Internal Audit at 0.20 FTE. Availability is based on the assumption that the current internal audit structure will remain essentially unaltered and intact throughout the year

2.3.2 The resource availability summarised in **Table 1** sets out the requirement of 240 chargeable days, including contingency.

<b>Table 1: AVAILABLE RESOURCES</b>				
	<b>Days</b>			<b>%age</b>
Maximum Available Resources	262	52	314	100.00
<b>Less: Non Chargeable Elements</b>				
Leave / Bank Holidays / Sickness	-40	-10	-50	
Training	-10	-2	-12	
Staffing Related (1:1 / Appraisals / Admin)	-8	-4	-12	
<b>TOTAL RESOURCES ALLOCATED</b>	<b>204</b>	<b>36</b>	<b>240</b>	

## 2.4 Allocations

2.4.1 We have attempted to map the audit activities across a series of broad areas, these being:

- **CORE SYSTEMS.** Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts
- **GOVERNANCE AND ASSURANCE FRAMEWORK.** Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements.
- **CORPORATE CROSS CUTTING AUDITS.** Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.
- **DEPARTMENTAL.** We will look to provide support and assurance of a number of the key activities across each directorate.
- **OTHER RESOURCES.** Coverage set aside for service development, follow up activities etc.

2.4.2 The overall allocation of time from the estimated 240 days available is as follows:

<b>Table 2: INTERNAL AUDIT</b>		
	<b>Days</b>	<b>%</b>
Core Systems Assurance Work	26	10.8
Governance and Assurance Framework	40	16.7
Corporate Cross Cutting Audits	30	12.5
Department Specific	74	30.8
Other Resource Provisions	70	29.2
<b>TOTAL RESOURCES ALLOCATED</b>	<b>240</b>	<b>100.00</b>

## INTERNAL AUDIT PLAN 2015 / 2016

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
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The core systems are reviewed on a three year cycle. This is a departure from previous arrangements.

CORE SYSTEM ASSURANCE WORK		
Housing Benefit	6	System testing
Accounts Payable / Creditors	7	System testing
Payroll	–	Assurance to be provided by Cambridge City Council
Accounts Receivable / Sundry Debtors	7	System testing
Housing Rents	6	System testing
<b>TOTAL</b>	<b>26</b>	

Areas excluded from 2015 / 2016 are

- Council Tax
- NNDR
- Main Accounting system
- Banking and Treasury
- Capital accounting
- BACS payments
- VAT

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
<b>GOVERNANCE AND ASSURANCE FRAMEWORK</b>		
Annual Governance Statement	2	Verification of progress on delivery of actions to address significant governance issues identified in AGS.
Annual Audit Opinion	4	Annual report to Corporate Governance Committee. HoIA opinion on the state of governance and the internal control framework in place within South Cambridgeshire.
National Fraud Initiative	12	Ongoing reviewing of matches from NFI and reporting on progress.
Corporate Fraud arrangements	5	Review of arrangements put in place following transfer of staff to the Single Fraud Investigation Services within the Department for Works and Pensions.
Risk Management	5	Review of processes for the coordination, monitoring and challenge of the risk management strategy and registers
Project Management	12	To provide assurance that the Council's projects are managed in accordance with best practice.
<b>TOTAL</b>	<b>40</b>	

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
<b>CORPORATE CROSS CUTTING AUDITS</b> Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.		
Human Resources / Staffing	7	Overview of compliance by Managers etc. with HR Policies / Practices. Focus for 2015 / 2016 will look at recruitment and selection.
Service Preparations for Growth	6	We will maintain ongoing dialogue with County in respect of the City Deal and look to provide assurance as appropriate
Corporate Governance	7	Evaluation and appropriateness of governance arrangements in place for Gifts and Hospitality; Bribery Act; Ethics and Culture.
Reorganisations / Service Delivery	10	Review of governance arrangements in relation to shared services between HDC, CCC and SCDC. (Discussions will be held with HDC to avoid duplication)
<b>TOTAL</b>	<b>30</b>	

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
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**DEPARTMENT SPECIFIC: AFFORDABLE HOMES**

Allocations / Voids	6	Review of plans for self-service arrangements / effectiveness. SCDC are the lead authority for the delivery of the Home Link Choice based lettings scheme. We will look to review arrangements for self service and its effectiveness.
HRA Business Plan	6	Review the progress on meeting the deliverables set out in the HRA Business Plan.

**DEPARTMENT SPECIFIC: CORPORATE SERVICES**

Insurance	5	Evaluation of our current provision.
Information Governance	20	Proposals are to review <ul style="list-style-type: none"> <li>• Data security; and</li> <li>• Data sharing protocols</li> </ul>
Energy / Emissions	10	Consumption and emissions. SCDC are required to establish a baseline position for future reductions to be monitoring against. Proposal to review the collation and verification of data.
Members	7	Review of payment of expenses etc.

<b>DEPARTMENT SPECIFIC: HEALTH AND ENVIRONMENTAL SERVICES</b>		
Community Right to Bid	5	As part of the Localism Act, surplus assets can be made available to communities. The review will ascertain that appropriate processes are in place to deliver.
RECAP	5	Review of the contract
<b>DEPARTMENT SPECIFIC: PLANNING AND NEW COMMUNITIES</b>		
Urban Design / Conservation	10	Following restructure within the department there is an element of internal commissioning and charging out to others. Review will focus on the charging mechanisms and how the data is captured.
<b>TOTAL</b>	<b>74</b>	



SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
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<b>OTHER RESOURCE PROVISIONS</b>		
Fraud / Irregularity Contingency	15	Incorporation of time within the plan for undertaking proactive counter fraud-work, together with reactive work where suspected irregularities have been detected.
Carry Forward Activities	15	Completion of 2014 / 2015 audits
Follow Up Provision	5	Review of implementation of agreed actions
Reviews / Management	10	Undertake reviews of works / quality checks to ensure meet required standards.
Service Development	25	Identification of time to develop IT software package for full utilisation within the team
<b>TOTAL</b>	<b>70</b>	