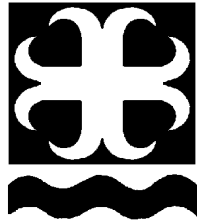


CORPORATE FINANCE & ICT  
DEPARTMENT



**Sefton Council**

**Internal Audit**

**Plan**

**2012/13**



## Internal Audit Annual Plan 2012-2013

### Legal Framework

The Accounts and Audit (Amendment) Regulations 2006 require that the Council must “maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. The Council has determined that the Head of Corporate Finance and Information Services has responsibility for Internal Audit and is the “Responsible Officer” under Section 151 of the Local Government Act 1972 for making arrangements for the proper administration of the Council’s financial affairs. The Internal Audit Section fulfils the Council’s requirements in respect of the Internal Audit function.

The Regulations also place a requirement for each local authority to compile an Annual Governance Statement (subsuming the previous Statement on Internal Control) with its Annual Accounts. The work of Internal Audit provides an important contribution to this.

### How the Plan was Compiled

The Audit Plan for 2012/13 is drawn up in accordance with the CIPFA Code of Practice for Internal Audit 2006. The Chief Internal Auditor has adopted a revised approach to the compilation of the plan in order to meet with the Councils changing priorities in the current climate. The revised approach comprises 2 stages:-

**Stage 1** – the plan has been split into strategic areas comprising;

- Annual Requirements
- Probity / Compliance
- ICT
- Value For Money
- Anti Fraud/NFI
- Project Support Work
- Transformation / Financial Support

This is presented to the Audit & Governance Committee to approve the framework in order that the Chief Internal Auditor can progress to Stage 2 with that approval;

Where areas for review are known to be high risk and require audit in the coming financial year these have been included in the plan.

**Stage 2** – the Chief Internal Auditor will consult with Strategic & Service Directors and Heads of Service to negotiate the detail of the Annual Plan (this will include those areas already included);

**Stage 3** – once the detail of the plan is agreed with officers the finalised plan will be presented to the Audit & Governance Committee to inform and seek approval of the plan and thus outline to Members the direction for audit.

This will ensure that Members are assured that the plan will meet their strategic requirements and the strategic objectives of the Council.

The Plan is intended to be flexible and responsive to the changing needs and demands for audit services and will be reviewed throughout the year. There is regular liaison and

consultation with our External Auditor (PriceWaterhouseCoopers) to ensure a good working relationship, maximise use of overall audit resource and enable them to place reliance on, and take assurance from, the work of Internal Audit.

Audit staffing resources are identified and allocated in terms of estimated planned days for audit work. The resource within the Section will be reduced as part of the larger review of Corporate Finance & ICT; the number of Auditors is to reduce from 10 to 8 (excluding the Chief Internal Auditor). Further the Section is to reduce from 2 Audit Managers to 1 Audit Manager, however, a Computer Audit post is to be established. In 2012/13 there is 1 Senior Auditor on extended shared maternity leave until end of August 2012. The plan has been adopted to account for these resources and therefore the number of planned days has reduced from 1958 to 1525.

The Section is staffed with a suitable mix of professionally qualified, part qualified, accounting technician, and experienced staff appropriate to the requirements of the Plan.

### **How Does Audit Work With Its Clients?**

Directors and their Departmental Managers are responsible for ensuring that their services are operating within the Council's control environment.

The control environment comprises the policies, procedures and operations in place to:

- establish and monitor achievement of objectives
- identify, assess and manage risks to achieving objectives
- facilitate policy and decision making
- ensure economic, effective and efficient use of resources
- ensure compliance with policies, procedures, laws and regulations
- safeguard assets and interests from losses of all kinds
- ensure integrity and reliability of records and information.

Internal Audit is an assurance function that provides an independent and objective opinion to the Council on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Internal Audit deliver a wide range of audit work on a risk based approach. Audit reviews aimed at providing an opinion on the control environment are delivered through reviews of Value for Money, Probity and Compliance, Anti Fraud/NFI and Project Support Work. Contract Audit and Information Systems Audit are two specialist areas provided for in the Plan. Internal Audit will provide advice and consultancy services to clients and where relevant, carry out special investigations where fraud or irregularity is suspected. A small contingency provision provides a basic allowance in this respect.

This Plan has been drawn up to meet the Council's statutory requirements for Internal Audit and to contribute to the Council's Annual Governance Statement. The Plan is intended to be flexible and responsive to changing needs.

### **Operating Standards, Measuring and Reporting of Internal Audit Activity**

Internal Audit operate to standards as set out in CIPFA's Code of Practice for Internal Audit in Local Government in the UK 2006. In doing so Management can be assured that Audit reviews will be to professional standards from officers with integrity providing well considered, impartial advice and sound practical recommendations.

Audit reviews are reported directly to Directors, Heads of Service, Schools and Chairs of Governors as appropriate on a continuous basis throughout the year. There is regular liaison with constructive dialogue and a good working relationship with the External Auditor (PriceWaterhouseCoopers).

Audit and Governance Committee receive quarterly updates on Internal Audit work which would where necessary advise of any significant issues requiring to be addressed by them or any failure or undue delay by Departments to respond to significant audit issues. Additionally, an Annual Audit Report is submitted which summarises the Audit activity for the year and provides an opinion on the overall control environment.

As a management tool Internal Audit utilises the Audit Planning And Control Environment (APACE) system. This enables the planning, recording, monitoring and reporting of all audit activity. Throughout the year the Audit Plan is proactively monitored by the Chief Internal Auditor and Audit Managers to review progress against the Plan. .

The section has a number of performance measures in place including client satisfaction surveys which are undertaken on an ongoing basis. The latest returns from these show a very high level of client satisfaction with Audit work with 94% of clients sampled considering overall audit services to be in the categories of Very Good/Good.

## **Contacts**

Should you require any further information or need any help or advice on this plan or Internal Audit issues please use the contacts below:

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**INTERNAL AUDIT PLAN 2012/13****April 2012 - March 2013****SEFTON COUNCIL  
CORPORATE FINANCE & ICT  
DEPT  
INTERNAL AUDIT SECTION****Department/ Service: SUMMARY SHEET**

<b>Service/ Activity</b>	<b>Apr 12 - Mar 13 Planned Annual Audit Days</b>
<b>Annual</b>	
Contract Audit	<b>30</b>
Grant Certification	<b>15</b>
Advice, Consultancy & Investigations (Unallocated)	<b>250</b>
Contingency (Unallocated)	<b>100</b>
Corporate Governance	<b>60</b>
<b>People</b>	<b>190</b>
<b>Place</b>	<b>112</b>
<b>Chief Executives</b>	<b>220</b>
<b>ICT</b>	<b>15</b>
<b>Transformation/Financial Support</b>	<b>160</b>
<b>To be Allocated Following Consultation</b>	<b>373</b>
<b>Split Between :</b>	
<b>Probity and Compliance</b>	<b>45</b>
<b>ICT</b>	<b>75</b>
<b>Value For Money</b>	<b>145</b>
<b>Anti-Fraud/NFI</b>	<b>50</b>
<b>Project Support Work</b>	<b>58</b>
<b>TOTAL</b>	<b>1525</b>

# INTERNAL AUDIT PLAN 2012/13

April 2012 - March 2013



SEFTON COUNCIL  
CORPORATE FINANCE & ICT  
DEPT.  
INTERNAL AUDIT SECTION

Department: PEOPLE

Service / Activity	Audit Risk Assessment		Audit Days Proposed Apr 12 - Mar 13
<b><u>Young People &amp; Families</u></b>			
Leasing for Schools	H		25
Adoption	H		25
Schools - Payments to Self Employed	H		15
Schools Information to Governors	H		10
Schools Medium Term Financial Planning	H		10
<b><u>Older People</u></b>			
Community Equipment Service Follow Up	H		5
Litherland Sports Park	H		20
Assistive Technology	H		20
Personal Budgets	H		20
Liquid Logic (Replacement of Swift) b/f	H		40
			<b>190</b>

# INTERNAL AUDIT PLAN 2012/13

April 12 - March 13



SEFTON COUNCIL  
CORPORATE FINANCE & ICT  
DEPT.  
INTERNAL AUDIT SECTION

Department: **PLACE**

Service / Activity	Audit Risk Assessment		Audit Days Proposed Apr 12 - Mar 13
<p><b><u>Built Environment</u></b></p> <p>New Homes Bonus c/f Carbon Reduction Commitment</p> <p><b><u>Street Scene</u></b></p> <p>Refuse Collection Trade &amp; Domestic b/f Skips Southport Golf Course Systems and Procedures</p>	<p>H H</p> <p>H H H</p>		<p>30 20</p> <p>30 20 12</p>
			112

# INTERNAL AUDIT PLAN 2012/13

April 12 - March 13



SEFTON COUNCIL  
CORPORATE FINANCE & ICT  
DEPT.  
INTERNAL AUDIT SECTION

Department: CHIEF EXECS

Service / Activity	Audit Risk Assessment		Audit Days Proposed Apr 12 - Mar 13
<b><u>Corporate Support Services</u></b>			
<b><u>Corporate Finance &amp; ICT</u></b>			
Cash/Income Collection	H		30
Client Management (Transactional Services)	H		40
Over £25k Payments	H		8
Debt Write-Offs	H		12
Ordering Compliance/Procurement	H		25
NFI - Single Occupancy Discount	H		15
HB Fraud & Counterfeit Documents b/f	H		15
<b><u>Corporate Personnel</u></b>			
Sickness Absence Follow-Up	H		15
Car Allowance Scheme	H		10
<b><u>Corporate Commissioning</u></b>			
Mayors Charity	H		10
<b><u>Cross Cutting Reviews</u></b>			
Review of Managing the Risk of Fraud (To be delivered by Warrington)	H		40
<b>Total</b>			<b>220</b>



# INTERNAL AUDIT PLAN 2012/13

April 12 - March 13



SEFTON COUNCIL  
CORPORATE FINANCE & ICT  
DEPT.  
INTERNAL AUDIT SECTION

Department: CORPORATE GOVERNANCE

Service / Activity	Audit Risk Assessment		Audit Days Proposed Apr 12 - Mar 13
<u>Corporate Governance</u>  Annual Governance Statement Review of Constitution Mapping Assurance Framework	H H H		15 15 30
<b>Total</b>			<b>60</b>

# INTERNAL AUDIT PLAN 2012/13

April 12 - March 13



SEFTON COUNCIL  
CORPORATE FINANCE & ICT  
DEPT.  
INTERNAL AUDIT SECTION

Department: ICT

Service / Activity	Audit Risk Assessment		Audit Days Proposed Apr 12 - Mar 13
Provision of ICT Audit to Warrington MBC	H		-50
Freedom of Information	H		25
Annual Billing Checks	H		5
Client Management (ICT)	H		35
<b>Total</b>			<b>15</b>