

## ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	<b>Meeting:</b>	Audit Committee
2.	<b>Date:</b>	25 <sup>th</sup> April 2012
3.	<b>Title:</b>	Internal Audit Strategy and Audit Plan
4.	<b>Directorate:</b>	Resources

### 5. Summary

This report refers to the Internal Audit Strategy and the draft Internal Audit Plan for 2012/13.

The report explains our approach to the development of the Plan in line with professional practice, as well as detailing specific areas of activity we intend to cover.

### 6. Recommendations

**The Audit Committee is asked:**

- To agree the Internal Audit Strategy
- To support the Internal Audit Plan for 2012/13.

## **7. Proposals and Details**

### **Internal Audit Strategy**

The CIPFA Code of Practice for Internal Audit in Local Government (Internal Audit's professional standards) requires Internal Audit to produce an Internal Audit Strategy.

The Strategy is intended to draw together details of how Internal Audit operates and delivers its terms of reference. The Audit Committee previously approved the Internal Audit Strategy in June 2011. No changes have been made since then to the Strategy, which is attached at **Appendix A**.

**The Audit Committee is asked to agree the Internal Audit Strategy for this year.**

### **Internal Audit Plan**

Attached at **Appendix B** is the 2012/13 Internal Audit Plan. There are details included in the Plan about how it is produced, the work proposed and audit resources.

In line with the CIPFA Code of Practice, the Plan has been drafted following a risk based approach and is derived from a range of sources, including:

- Review of the Council's risk registers
- Review of revenue and capital budgets
- Cumulative audit knowledge and experience
- Review of key plans, reports and press coverage
- Awareness of priorities identified by the Council's Strategic Directors and Service Directors
- Knowledge of existing management and control environments, including information relating to any system changes
- Professional judgement on the risk of fraud or error.

There are five types of work included in the plan:

- Mandatory work – work required to enable the Section 151 Officer (at Rotherham this is the Strategic Director of Resources) to fulfil his statutory responsibility to ensure the proper administration of the Council's financial affairs
- Must-do work – including the Audit Commission's National Fraud Initiative and the Certification of Grant Claims
- An allowance for follow-up work in areas where significant weaknesses were identified during the last audit
- An allocation for emerging risks / responsive work. This is work in response to requests from managers for advice and investigation work
- Risk related work.

The first four of these categories of work are prescribed either because of statutory requirements or other imperatives, outlined above. Limited scope is available to 'flex' the

plan in these areas. The fifth type of work (risk related) is shaped to reflect Members' and Senior Managers' views of the areas in which Internal Audit is likely to be able to best add value, either by objectively reviewing arrangements in place or by helping to shape new arrangements or systems by offering advice on controls or procedures. The Audit Committee is asked to note in particular the areas proposed for coverage under this 'Risk Related Work' heading in the Audit Plan (see 3.5 in the attached plan).

A summary of the areas to be covered in 2012/13 compared with 2011/12 is provided in the table below:

<b>Activity</b>	<b>Planned Days 2011/12</b>	<b>Planned Days 2012/13</b>
<b>Mandatory Work:</b>		
Corporate Systems	315	295
Directorate Systems	371	446
ICT Audit	205	135
Anti Fraud & Corruption Work	130	150
Schools	250	195
<b>sub-total</b>	<b>1271</b>	<b>1221</b>
<b>Other 'Must do' work:</b>		
National Fraud Initiative	45	40
2010 Rotherham Ltd.	15	0
Digital Region Limited	35	0
ICT Audit – Barnsley MBC	5	5
Grant Certification	40	25
<b>sub-total</b>	<b>140</b>	<b>70</b>
<b>Follow up work</b>	<b>45</b>	<b>45</b>
<b>Emerging Risks / Responsive work</b>	<b>410</b>	<b>397</b>
<b>Risk Related Work</b>	<b>290</b>	<b>298</b>
<b>TOTAL</b>	<b>2156</b>	<b>2031</b>

Main points / changes to note include:

- There is an overall planned reduction in Internal Audit activity. This has been necessary in order to achieve savings in line with Council-wide budget reductions. However, through a careful approach to risk based planning and robust performance management of our resources, this can be achieved without compromising our capacity to provide an adequate level of assurance to the Audit Committee and Strategic Director of Resources.
- We have refined our approach to Corporate Systems audits resulting in a small efficiency saving of 20 days, whilst still enabling us to meet the requirements of the Council's External Auditor.
- During the previous financial year, responsibility for housing landlord services transferred from 2010 Rotherham Limited (2010R) back to the Neighbourhoods and Adult Services Directorate of RMBC. Audit work on Housing Services is now captured within the Directorate Systems part of the Plan, where audit days have needed to increase as a result.

- Our Plan shows an increase in resources allocated to Anti Fraud and Corruption activity. This is in line with national guidance and reflects our professional judgement that the Council faces, along with many other organisations, an increased risk of exposure to fraud due to the prevailing economic conditions.
- Following a comprehensive review of our approach to the audit of schools, we have further refined our approach in recent months to improve our efficiency. This has resulted in a further reduction in the number of days required for school audit activity.
- Our Plan includes 5 and 30 days respectively relating to the provision of specialist ICT audit advice and support to Barnsley and Doncaster Councils. Our agreement with Barnsley was secured following a competitive procurement process.
- The plan includes an allocation of 45 days for follow up work. Targeted follow up is designed to maximise the benefit of the original audit work by ensuring actions have been implemented and appropriate outcomes achieved.
- A proportion of the plan is directly linked to corporate and service risks and, in particular, how these risks are being managed.
- A contingency has been made to provide for emerging risks / requests for advice / assistance that arise throughout the year. Client feedback tells us that our ability to respond promptly to unforeseen issues of this nature is highly valued.

**The Audit Committee is asked to support the Internal Audit Plan for 2012/13.**

## **8. Finance**

There are no direct financial implications. The Audit Plan can be delivered within existing resources.

## **9. Risks and Uncertainties**

The Strategic Director of Resources is required to make proper arrangements for financial administration. As part of these arrangements, Internal Audit is required to review all major financial systems and arrangements. Failure to do so will prevent the Strategic Director of Resources from meeting his and the Council's statutory responsibilities.

Failure to deliver a plan which complies with the CIPFA Code of Practice and meets the expectations of External Audit could lead to criticism from KPMG. It could also lead to additional costs where External Audit cannot rely on Internal Audit's work and needs to carry out further work itself to gain assurance about the Council's financial arrangements and control environment.

## **10. Policy and Performance Agenda Implications**

Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the objectives in the Council's Corporate Plan.

## **11. Background Papers and Consultation**

CIPFA Code of Practice for Internal Audit  
Strategic Leadership Team

### **Contact Names:**

*Colin Earl, Director of Audit and Asset Management, x22033*

*Marc Bicknell, Chief Auditor, x23297*

### **Appendices:**

**Appendix A**            **Internal Audit Strategy**

**Appendix B**            **Audit Plan 2012/13**

**APPENDIX A**  
**INTERNAL AUDIT STRATEGY**  
**(ATTACHED)**

# **AUDIT STRATEGY**

**Colin Earl MBA (Dist), CPFA**  
**Director of Audit & Asset Management**

**Marc Bicknell BA (Hons) ACA**  
**Chief Auditor**

## THE INTERNAL AUDIT STRATEGY

### Introduction

This document sets out the Council's Internal Audit Strategy.

### CIPFA Code of Practice requirements

The CIPFA Code of Practice for Internal Audit (Internal Audit's professional standards) states that:

*“7.1.1 The Head of Internal Audit must produce an audit strategy; this is the high-level statement of how the internal audit service will be delivered and developed in accordance with the terms of reference and how it links to the organisational objectives and priorities. The strategy can be presented as a document in its own right or integrated into an existing document, such as the business or service plan. It sets the context within which more detailed plans can be developed. The strategy should be kept up to date with the organisation and its changing priorities.*

*7.1.2 The strategy will communicate the contribution that Internal Audit makes to the organisation and should include:*

- (a) Internal Audit objectives and outcomes*
- (b) how the Head of Internal Audit will form and evidence his or her opinion on the control environment to support the annual Statement on Internal Control*
- (c) how Internal Audit's work will identify and address significant local and national issues and risks*
- (d) how the service will be provided, ie internally, externally, or a mix of the two*
- (e) the resources and skills required to deliver the strategy.*

*7.1.3 The strategy should be approved, but not directed, by the audit committee.”*

The ways in which Internal Audit complies with these requirements are explained below.

### Delivery and development of Internal Audit in accordance with its Terms of Reference

Internal Audit's terms of reference are included at **Appendix 1** to this strategy.

Internal Audit meets these terms of reference annually by producing and delivering an audit plan which helps the Strategic Director of Resources to fulfil his statutory and other responsibilities, and addresses the Council's key risks.

An assessment of the internal audit resources (quantity) required to deliver the audit plan is undertaken annually and on an ongoing basis thereafter, to ensure all demands can be met. An assessment of training and development needs is also completed annually, and a training plan to meet priority needs is established to ensure Internal Audit develops and adapts to changing requirements and expectations. Processes are reviewed and updated regularly to ensure they are efficient and effective in meeting audit needs.



The **Internal Audit Service Plan** includes more details of Internal Audit's objectives and its approach to monitoring performance and achieving its objectives.

### **Links to organisational objectives and priorities**

Internal Audit itself is an integral part of the Council's Governance Framework, which is wholly related to the Council's corporate priorities. Internal Audit assists the Council's achievement of its objectives and priorities by adopting a risk based approach to determining its work programme, as identified in its annual plans. By focusing on key corporate risks Internal Audit provides assurance to management that the risks of failing to deliver key objectives and priorities are being managed effectively. Internal Audit makes recommendations for improvement where necessary.

Further details of Internal Audit's approach are contained in its annual plans.

### **Local and National Risks**

Internal Audit's approach to planning, outlined above and described in full in its audit plan, takes into account all local and national risks included in the Council's risks registers.

### **Providing an opinion on the Council's control environment**

Internal Audit's core work, described in its audit plan, is directed towards giving an opinion on the Council's control environment at the end of each financial year. A summary of the opinion and matters arising from the work completed are contained in the **Annual Audit Report**.

### **Internal Audit service provision**

Internal Audit is delivered primarily by Council employed staff. However, where temporary shortfalls in resources are identified, short-term support staff are engaged to ensure the Internal Audit plan is delivered.

For any specialist areas, Internal Audit can procure, if necessary, the relevant expertise from within and outside of the Authority to ensure it can fulfil its objectives.

Details of the balance of demand and resources are contained in the Internal Audit plan.

### **Audit Committee approval**

The Audit Committee agrees the strategy and any revisions to it.

## APPENDIX 1

**INTERNAL AUDIT TERMS OF REFERENCE****Introduction**

Internal Audit is a statutory function in accordance with the provisions of the Local Government Act 1972. The Accounts and Audit Regulations 2011 requires the Council to undertake an adequate and effective 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 standard for internal audit practice is contained within the Code of Practice for Internal Audit in Local Government 2006 issued by the CIPFA (Chartered Institute of Public Finance and Accountancy).

The main criterion of the effectiveness of Internal Audit is that it is seen to be independent. To ensure this, Internal Audit will operate within a framework that allows: -

- unrestricted access to senior management
- unrestricted access to the Chair of Audit Committee
- reporting in its own name
- segregation from line operations.

Internal Audit should be sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows it to make impartial and effective professional judgements and recommendations. As such Internal Auditors will not have any operational responsibilities.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

**Objectives of Internal Audit**

As an independent appraisal function within the Authority, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to: -

- Contribute to the overall control environment of the Authority including all its operations, resources, services, and responsibilities in relation to other bodies.
- Support the Strategic Director of Resources to discharge his duties as Section 151 Officer of the Council.
- Contribute to, and support, the Strategic Director of Resources' objective of ensuring the provision of, and promoting the need for, sound financial systems.
- Comply with the 2006 edition of the CIPFA Code of Practice for Internal Audit in Local Government and any subsequent revisions.
- Contribute to the overall system of Corporate Governance within the Council.

### Scope of Internal Audit

The scope of Internal Audit allows for unrestricted coverage of the Authority's activities and unrestricted access to all records and assets deemed necessary in the course of its assurance and consultancy work, including unrestricted access to: -

- the Chief Executive
- Members
- Strategic Directors and Service Directors
- all Authority employees.

Additionally Internal Audit will provide consultancy services to management, dependent on skills and resources available, in relation to advice on specific issues e.g. the provision of relevant access rights in the drafting of contracts, service agreements etc, process design & changes, fraud and irregularity, employee disciplinary issues.

### Location of Internal Audit

Internal Audit, as recommended by CIPFA, is located within the Resources Directorate and in accordance with the Financial Regulations, under the direction of the Strategic Director of Resources in his capacity as Section 151 Officer of the Council.

### Internal Audit Responsibility

The Director of Audit and Asset Management is required to deliver an audit opinion on the control environment of the Authority. To achieve this aim it will be necessary for Internal Audit to:

1. Review, appraise and report on the policies, procedures and operations in place in the Authority relating to the: -
  - establishment, monitoring and achievement of, the Authority's objectives.
  - identification, assessment and management of the risks to achieving those objectives.
  - facilitation of decision making.
  - extent to which the assets of the Authority are properly accounted for and safeguarded from loss, including that arising from frauds, irregularity or corruption.
  - achievement of the economical, effective and efficient use of resources.
  - soundness, adequacy and application of internal controls.
  - suitability and reliability of financial and other management data, including aspects of performance measurement.
  - compliance with laws and regulations.
2. Ensure that all key financial systems are monitored and reviewed on an annual basis including verification of the integrity and reliability of accounts and data within those systems.

3. Contribute to the overall system of Corporate Governance Statement within the Council.
4. Liaise with the external auditor in the planning of work and exchange of information to ensure that the combined audit resources are used effectively.
5. Respond to requests for assistance from management in relation to situations and issues where it is felt the specialist skills of Internal Audit are needed.

### Audit Approach

The Director of Audit and Asset Management will be required to manage the provision of a complete audit service to the Authority which will include:

- Fundamental Systems and Governance Arrangements
- Core Financial Administration
- ICT Audit
- Anti Fraud and Corruption Work

In discharge of this duty the Director of Audit and Asset Management will: -

- Prepare a rolling three-year strategic risk-based audit plan in consultation with departmental senior management, for formal approval by the Strategic Director of Resources and the Audit Committee. This strategic plan will be regarded as a flexible expression of audit policy that may alter, dependent on influencing factors.
- Agree the strategic plan into annual plans for formal agreement with the Strategic Director of Resources and the Audit Committee.
- Ensure a system of close supervision of audit work, and maintain a review of audit files through the supervisory structure.
- Prepare, for agreement with the Chief Executive and the Strategic Director of Resources, an annual report to be presented to the Audit Committee.

### Audit Protocols

Audit work necessitates contact with auditors from other agencies where the Council may have either entered into a joint working partnership e.g. NHS Rotherham. In all these instances Internal Audit will have a formal written protocol outlining the respective responsibilities and contact points for each agency.

Additionally a further protocol should exist between Internal Audit and the Housing Benefit Fraud Investigation Team of the Council defining liaison between the sections including a requirement for the Fraud Team to inform Internal Audit of any identified weaknesses in the Housing Benefit control environment that has, or may result, in fraud.

## Ethics of Internal Auditors

Internal Auditors should demonstrate the following principles in relation to their standards of performance and conduct:-

- Integrity – The relationship with colleagues and external contacts should be one of fairness and honesty to establish an environment of trust.
- Objectivity – Internal auditors should act objectively without being unduly influenced by personal interest or the views of others and also should be perceived by others as acting objectively. This objectivity should be reflected when providing professional opinions, reviews and recommendations.
- Competence – The knowledge, skills and experience of an auditor should be applied in the performance of their duties. Work should not be accepted where the auditor is not competent unless under the guidance and support of a colleague with appropriate skills.
- Confidentiality – Information derived from audit work should be safeguarded and not disclosed to others unless under a legal or professional requirement to do so. Confidential information arising from audit work must not be used to affect personal gain.

## Audit Resources

The staffing structure of the Internal Audit section will comprise a mix of qualified, technician and trainee posts from a financial background with a mix of experience to reflect the varied functions of the section. Additional professional specialisms are available to the audit section for advice purposes from within other areas of the Council if needed.

Resource requirements of Internal Audit should ideally reflect the levels of work required as identified by the Director of Audit and Asset Management based on a recognised risk assessment basis. It will be the responsibility of the Director of Audit and Asset Management to report to the Section 151 Officer any significant variations between resources and identified workloads. When funding for staffing resources is determined by the Council for the year ahead, the audit plan will be adjusted, on risk based priority, to match resources available.

As far as is practicable, Internal Audit will not participate in the day-to-day operation of any systems of internal control. However, in strict emergency situations only, audit personnel may be called upon to carry out non-audit work on a short-term basis only.

## Auditor Qualifications & Training

The post of Director of Audit and Asset Management will be appointed in accordance with the job description, qualifications and person specification as determined by the Strategic Director of Resources.

The Director of Audit and Asset Management will ensure that a continuous review of the development and training needs of all audit staff is undertaken in accordance with the Council's Performance & Development Review procedure and will arrange in-service training covering both internal and external courses.

It will be expected that all audit staff complete at least one form of examinations relevant to audit work e.g. Association of Accounting Technicians, Institute of Internal Auditors, Chartered Institute of Public Finance & Accountancy (or equivalent).

The experience of staff will be kept under review and any opportunities to increase the existing knowledge of individuals will be considered including the use of job rotation or secondments as appropriate.

### Audit Reporting

All audits will be the subject of formal reports. Draft reports will be sent to the managers responsible for the area under review for agreement to the factual accuracy of findings. After agreement, the reports will be issued to the operational manager of the service reviewed and the relevant Service Director and Strategic Director. In the case of schools the audit report will be sent to the head teacher and the chair of governors. Reports will be made available to the authority's external auditors on request.

Reports containing significant weaknesses or sensitive issues are copied to the Chief Executive and Strategic Director of Resources.

The Director of Audit and Asset Management will provide quarterly reports to the Audit Committee including details of:-

- actual work carried out compared to planned work.
- necessary amendments/revisions to the annual audit plan for approval.
- Audit performance in relation to agreed benchmarking.

**APPENDIX B**  
**INTERNAL AUDIT PLAN**  
**(ATTACHED)**

## **INTERNAL AUDIT**

### **AUDIT PLAN 2012/13**

**Colin Earl MBA(Dist) CPFA  
Director of Audit and Asset Management**

**Marc Bicknell BA(Hons) ACA  
Chief Auditor**



## 1. Purpose.

- 1.1 This document provides details of the Internal Audit annual plan for 2012/13. The function of Internal Audit is set out in the CIPFA Code of Practice for Internal Audit in Local Government:

*“Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, 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.”*

- 1.2 The overall opinion issued each year by Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.
- 1.3 Internal Audit also has an important role to support the Strategic Director of Finance in discharging his statutory responsibilities, which include:
- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
  - S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.
  - Accounts and Audit Regulations 2011 – to ensure that an adequate and effective internal audit of the Council’s accounting records and of its system of internal control is undertaken in accordance with the proper practices in relation to internal control.
- 1.4 A further underlying objective of Internal Audit is to assist Rotherham MBC in achieving its key priorities. Internal Audit contributes to these aims by helping to promote a suitably secure and robust internal control environment which allows a focus to be maintained on these key priorities.

## 2. Key Aims.

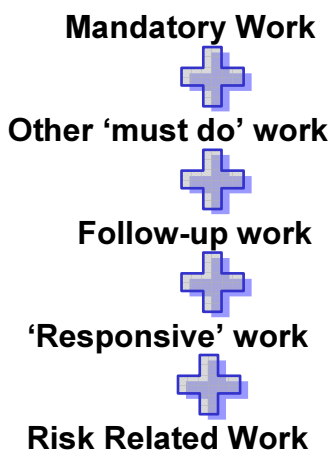
- 2.1 The key aims of Internal Audit are to:-
- Independently review, appraise and report on the adequacy of the systems of control throughout the Authority;
  - Provide assurance to management that agreed policies are being implemented effectively;
  - Provide assurance to management that adequate arrangements are in place so that internal controls mitigate risks to acceptable levels;
  - Facilitate and encourage good practice in managing risks;
  - Assist in promoting an environment and culture which will help deter and identify fraud;

- Be a source of advice on risk and control issues;
- Recommend improvements in control, performance and productivity as a contribution towards achieving corporate objectives;
- Work in partnership with the Council's external auditor.

### 3. Basis of the Plan.

The plan has been prepared in line with the requirements of the CIPFA Code of Practice for Internal Audit. The Code expects that the plan will be risk based and informed by the organisation's risk management, performance management and other assurance processes.

A schedule of work included in the annual plan is set out in **Appendix 1**. There are five main strands to the plan:



#### 3.1 Mandatory Work.

Mandatory work is work done to enable the Director of Audit and Asset Management to form his opinion on the adequacy and effectiveness of the control environment. It also helps the Strategic Director of Resources to fulfil his responsibilities to ensure the proper administration of the Council's financial affairs. This includes:

- Review of fundamental systems, including ensuring there are adequate controls in place to produce accurate and complete Statutory Accounts. This internal audit work is relied on by external audit when carrying out their audit of the Council's Statement of Accounts and reduces external audit fees.
- Risk based reviews of the adequacy of the internal control frameworks surrounding the systems of financial administration within directorates.
- Programme of ICT Audit.
- Programme of Anti Fraud and Corruption activity.
- The audit of maintained schools.

Our approach to identifying areas to be covered by the audit plan has involved reviewing a range of information emanating from:

- Analysis of income and expenditure (including revenue/capital budgets)
- Cumulative audit knowledge and experience
- Review of key plans, reports and press coverage
- Discussions with management. Internal Audit consulted Strategic and Service Directors during the audit planning process. Where appropriate Internal Audit has incorporated any relevant priorities identified within the Plan.
- Existing management and control environments, including information relating to any systems changes
- Assessment of the sensitivity of areas under consideration
- Professional judgement on the risk of fraud or error.

### **3.2 Other 'Must Do' Work.**

Other 'must do' work includes:

- Participation in the Audit Commission's National Fraud Initiative.
- Provision of specialist advice which is charged for, including the provision of ICT work at Barnsley Council.
- Auditing specific grant claims.

### **3.3 Follow-up Work**

Targeted follow up is designed to maximise the benefit of the original work, by ensuring agreed recommendations have been implemented and appropriate outcomes achieved. A specific provision has been made in the plan for follow up work. This is in line with previous recommendations made by KPMG and reflects good practice.

### **3.4 Responsive Work.**

A separate time allocation is made within the plan to deal with emerging risks and requests for advice / audit work which arise throughout the year. By definition this is difficult to plan for, and an allocation is made on the basis of our previous experience. The principal sources of responsive work arise from requests from management for support and advice, items reported under the Council's Confidential Reporting Code and issues identified during the conduct of audits. Internal Audit's ability to respond promptly to issues of this nature is highly valued and can often highlight some of the more significant items of concern.

### 3.5 Risk Related Work

Internal Audit aims to provide assurance to management, Members and other stakeholders that the Council's risks are being effectively identified and adequately mitigated.

We review the Council's Risk Registers to identify the key risks faced by the Council in delivering its objectives as set out within the Community Strategy and Corporate Plan. Account is also taken as to whether there is likely to be any external examination / assurance provided in relation to a particular risk or risks e.g. KPMG work or other external inspections e.g., OFSTED, Care Quality Commission etc. Internal Audit is mindful to avoid any possible duplication of effort in this regard.

Some areas to be covered under this part of the audit plan are shown below:

Priority	Rationale / Coverage
Housing Repairs and Maintenance Contracts	We will review the adequacy of the Council's contract monitoring arrangements with Willmott Dixons and Morrisons, focusing in particular on the processes for the sharing of risk and rewards in accordance with Open Book Accounting principles.
Developments in Local Government Finance	We will work with the Revenues and Benefits Service to help the Council prepare for the reform of the Council Tax Benefits system and the introduction of localised Business Rates.
Major Contracts	We will review the arrangements in place for the procurement and delivery of major contracts, in order to help the Council to minimise its risks in these areas. We plan to undertake specific pieces of work on the A57 road improvement and Maltby Lilly Hall Primary School.
Value For Money	This work will focus on areas where it might be possible for the Council to achieve savings through better arrangements, for example relating to procurement and / or contract management.
Budget reductions and other, related, change programmes	We will consider the implications for control arrangements of any changes resulting from the implementation of the savings (e.g. changes to structure and/or processes that could affect the internal control environment).
Risk Management Arrangements	We will perform a review of risk management arrangements both corporately and in each directorate. Depending on the degree of reliance we are able to place on the arrangements, we may need to carry out further work in specific areas to help the services manage risks.

#### 4. Audit Resources.

At the start of the 2011/12 financial year, Internal Audit had 13.3 FTE staff. For 2012/13, resources reduced to 12.9 FTE.

Should there be any further significant change in the resources available during the year, e.g. further vacant posts, then the plan will be prioritised to ensure the principal risks are addressed. Where necessary, additional resources would be sought to ensure sufficient work can be completed to fulfil Internal Audit's objectives.

In preparing the audit plan the total number of 'available audit days' is calculated by making proper and adequate provision against the total working days available for known and estimated non-productive time, e.g. annual leave, estimated sickness absence, training, management and administration, etc (**See Appendix 2**).

#### 5. Summary of 2012/13 Audit Plan.

5.1 Detailed below is the proposed allocation of resources for 2012/13 compared to 2011/12 at a summary level.

Activity	Planned Days 2011/12	Planned Days 2012/13
<b>Mandatory Work:</b>		
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#### 6. Emerging risks and revisions to the plan

There is increasing pressure on internal audit sections to manage within shorter timeframes, to have flexible plans and resources to adapt to emerging risks. Once the Internal Audit Plan is approved, it is subject to constant and ongoing review

throughout the year. This is to ensure that it reflects any new or changed priorities that may arise during the course of the year.

Progress against the plan is regularly monitored as part of Internal Audit's performance management arrangements and is reported quarterly to Audit Committee. Any significant amendments to the plan will be reported to the Audit Committee.

## **7. The benefits of Internal Audit.**

Internal Audit:

- Is a powerful aid to management and corporately helps the Council to achieve its objectives and priorities
- Ensures there is a strong control and governance framework operating within the Council
- Deters, detects and reduces frauds
- Helps minimise external audit fees.

Internal Audit also considers the external auditor's plan to co-ordinate our work and avoid any unnecessary duplication of effort.

**APPENDIX 1: DETAILED AUDIT PLAN 2012/13:**

<b>Audit Activity</b>	<b>Days</b>
<b>Corporate Systems</b>	<b>295</b>
Housing Rents	
Debtors	
Creditors	
Payroll	
Housing and Council Tax Benefits	
Council Tax	
National Non Domestic Rates	
Treasury Management	
Capital	
Procurement	
Annual Governance Statement	
<b>Directorate Systems</b>	<b>446</b>
<b>Children and Young People Services</b>	
Schools Financial Value Standard	
Special Educational Needs Services	
Children's Social Care	
Fostering	
Schools Catering Service	
Pupil Referral Units	
<b>Environment and Development Services</b>	
Parking Services	
Cultural Services	
Markets	
Highways Network Management	
Waste Services	
<b>Neighbourhoods and Adult Services</b>	
Aids and Adaptations	
Housing Asset Register	
Housing – Miscellaneous Income	
Housing Tenancy Allocation	
Learning Disabilities Service	
Mental Health (Independent Sector)	
Older People (Independent Sector)	
Older People (Care in People's Homes)	
Direct Payments	
Supporting People	
<b>Resources</b>	
Legal Services: Debt Recovery	
Acquisition and Disposal of Property	
Information Governance	
<b>Anti Fraud and Corruption</b>	<b>150</b>
Pro-active Anti Fraud and Corruption work	
Anti Fraud and Corruption Strategy	
Training, advice and guidance	
Investigations	

<b>Audit Activity</b>	<b>Days</b>
<b>ICT Audit</b>	<b>135</b>
Mobile Devices	
Network	
ICT Business Continuity Planning	
Application Controls	
Payroll Systems Development	
Electronic Storage of Invoices	
Integrated Housing System	
<b>Schools</b>	<b>195</b>
Primary Schools	
Secondary Schools	
Themed Audits	
<b>Other Must Do Work</b>	<b>70</b>
National Fraud Initiative	
ICT Audit: Barnsley MBC	
Certification of Grant Claims	
<b>Follow Up Work</b>	<b>45</b>
<b>Responsive Work / Provision of Advice</b>	<b>397</b>
<b>Risk Related Work</b>	<b>298</b>
<b>Corporate</b>	
Control implications of budget reductions	
Value for Money Studies	
<b>CYPS</b>	
CYPS Risk Management Arrangements	
Schools Major Works Contracts	
Maltby Lilly Hall Primary School Construction Work	
<b>EDS</b>	
EDS Risk Management Arrangements	
Major Contracts e.g. A57 Road Improvement	
<b>NAS</b>	
NAS Risk Management Arrangements	
Open Book Accounting Review: Housing Repair and Maintenance Contract	
Transfer of Responsibility for Public Health	
<b>Resources</b>	
Resources Risk Management Arrangements	
Implementation of Localism Act	
Reform of Council Tax Benefits Framework and Local Business Rates	
<b>TOTAL DAYS</b>	<b>2031</b>



## APPENDIX 2

### CALCULATION OF AUDIT RESOURCES 2012/13

<b>Gross days available</b>	<b>11/12</b>	<b>12/13</b>
Internal Audit Establishment following restructure	3468	3344
Less – Vacant Posts	0	0
Less – Maternity Leave	0	0
<b>Gross days</b>	<b>3468</b>	<b>3344</b>
<b>Less :-</b>		
Annual leave, statutory leave and concessionary days	545	551
Elections	10	10
Sickness	53	51
Service Development	0	20
Professional Training and CPD	134	100
Management and supervision	310	290
Administration	120	120
Professional meetings	46	42
	<b>-1218</b>	<b>-1194</b>
<b>Gross audit days available</b>	<b>2250</b>	<b>2150</b>
Less – 2011/12 work b/f	94	119
<b>Net audit days available for 2012/13</b>	<b>2156</b>	<b>2031</b>