

AUDIT COMMITTEE

22 MARCH 2012

REPORT OF HEAD OF INTERNAL AUDIT

A.1 TERMS OF REFERENCE, INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT PLAN 2012/13

(Report prepared by Steve Blake)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the approval of the Audit Committee for updated Terms of Reference for Internal Audit and the Internal Audit Strategy.

To seek the approval of the Audit Committee for the Internal Audit Plan for 2012/13, and arrangements for delegated authority for plan amendments that become necessary during the course of the year.

EXECUTIVE SUMMARY

The Terms of Reference for Internal Audit, the Internal Audit Strategy and the Internal Audit Plan for 2012/13 have been produced in accordance with the requirements of the CIPFA Code of Practice for Internal Audit 2006.

The plan is considered to provide adequate audit coverage of all key systems of the Council, and sufficient coverage elsewhere to enable the Head of Internal Audit to be in a position to provide an opinion to the Audit Committee on the control environment of the Council. The plan has been produced to reflect the level of coverage included in the successful in house bid for the provision of internal audit services to the Council.

The plan will be kept under review throughout the year, and will be amended as necessary to reflect changing circumstances, and to provide a flexible approach to service delivery.

RECOMMENDATION(S)

- (a) That the Terms of Reference for Internal Audit and the Internal Audit Strategy be approved.**
- (b) That the Internal Audit Plan for 2012/13 be approved.**
- (c) That the Head of Internal Audit continue to be given delegated authority to adjust the plan during the year to reflect changing Authority activity and operational needs, and to provide flexibility of service delivery, significant amendments to be reported to this committee as part of the periodic Internal Audit reporting arrangements.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Provision of adequate and effective internal audit helps demonstrate the Council's

commitment to corporate governance matters.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The 2012/13 Internal Audit Plan can be resourced from the 2012/13 budget.

Risk

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

LEGAL

The Council has a statutory responsibility to maintain adequate and effective internal audit.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Internal Audit activity assists the Council in maintaining a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006) (the code) requires that the purpose, authority and responsibility of Internal Audit must be defined by the organisation in terms of reference that are consistent with the CIPFA Code.

The CIPFA Code requires that the Head of Internal Audit produces an audit strategy that determines how the internal audit function will be delivered and developed in accordance with the terms of reference and how it links to the organisational objectives and priorities.

The CIPFA Code requires both documents to be subject to regular review and approval.

The CIPFA Code requires the Head of Internal Audit to prepare a risk based Internal Audit Plan designed to implement the Internal Audit Strategy. The CIPFA Code requires that: -

- a) The Head of Internal Audit consults with stakeholders on the draft plan, and to revise the plan if appropriate.
- b) The plan be fixed for a period no longer than one year.
- c) The plan outline the assignments to be carried out, their respective priorities and the estimated resources needed.

- d) The plan differentiates between assurance and other work.
- e) The plan be flexible to be able to reflect the changing risks and priorities of the organisation.
- f) The Audit Committee be informed of any imbalance between the planned work and resource availability, and of proposed solutions.

The code requires the Audit Committee to approve, but not direct the Internal Audit Plan.

CURRENT POSITION

Internal Audit Terms of Reference and Internal Audit Strategy

These were last approved by this committee on 16th December 2010, and are subject to an annual review. As reported previously the 2011/12 review has been delayed pending determination of the future delivery of the Internal Audit function. Updated versions of the Terms of Reference and the Internal Audit Strategy are attached at Appendix A.

These documents have been refreshed to reflect the requirements for the function arising from the successful in house tender bid for Internal Audit services, and to allow more flexible and innovative approaches to be adopted to increase added value to the organisation.

Previously the Terms of Reference and the Internal Audit Strategy have been submitted for approval annually by this committee. The separate periodic report on the Internal Audit function to this meeting makes reference to CIPFA's proposed public sector internal audit standards from 1st April 2013. Arrangements for future review of the Terms of Reference and Internal Audit Strategy will need to reflect the requirements of those standards from that date.

Internal Audit Plan 2012/13

The plan has been produced taking into account the revised versions of the Terms of Reference and Internal Audit Strategy.

The plan provides an outline of the work currently proposed to be undertaken during the 2012/13 financial year. In order to provide a more proactive and flexible approach the plan should be considered indicative of the work currently intended. The Council is currently going through a period of substantial change and the Internal Audit Plan needs to be far more flexible than in the past to ensure that internal audit resources are directed where they are most needed, and add as much value as possible to the organisation.

The plan will be kept under review throughout the year, in consultation with senior management, to enable this process. In addition the scope and size of each audit will need to be subject to review during the consultation period prior to each audit to ensure that the work is appropriate, adds value, and provides the level of assurance required.

Current practice is for the Head of Internal Audit to consider and approve any routine changes to the plan necessary, this arrangement having previously been approved by the Audit Committee. In order to provide the flexibility to deliver the service proposed it is proposed that these arrangements continue. The Audit Committee will be made aware of material changes made as part of the regular Internal Audit reporting arrangements.

The plan has been structured and sized taking into account the successful tender bid for internal audit services by the in house team.

	2012/13 Plan (Days)	Comments
Assurance Work		
Key Systems	135	Appendix B 130 days plus 5 days follow up audit
Other Systems	280	Appendix C 265 days plus 15 days follow up audit
Computer Audit	30	Appendix D 28 Days plus 2 Days follow up audit
Contract Final Account Audit	0	Contracts now covered using systems risk approach within Other Systems
Carry Forward of Work in Progress at 31 st March 2012	20	
Total Assurance Work	465	
Other Work		
Proactive Anti Fraud Audits and Initiatives	45	
Ad Hoc	120	Consultancy and Advice, Requested and Unplanned Audits, Investigations, Corporate
Total Other Work	165	
Total Days	630	

The following factors have been taken into account in producing the plan: -

1. The key systems have been subject to risk assessment, whereas previously these were considered compulsory audits. Time has however been allowed in the plan for some coverage of each system. The level of audit undertaken will vary from system to system with some, based upon previous audit history, receiving light touch audits of key controls and areas of previous concern. In other instances more extensive work will be undertaken on all or selected processes. Resources will also be targeted to areas of significant change. The level of audit coverage will be maintained at a level that enables an opinion to be formed.
2. Other systems audits are included in the plan taking account of risk assessment, and timing of previous audits. The audit universe from which these have been drawn has been reviewed and updated to reflect changes in the structure of the Council and activities that have occurred or been approved. In addition any audits requested by Heads of Department have been included. Changes in activities, methods of service delivery, emerging risks may result in the schedule of audits included and the resource allocated evolving during the year.
3. Due to the impact of vacancies in 2011/12 on the Internal Audit function there are a number of audits that will not now be undertaken in that year. Where still relevant they have been rolled forward into the 2012/13 plan. The timing of these audits in 2012/13 will need to take account of changes arising from Fundamental Service

Reviews to ensure that as much added value from the audit as possible can be provided. It may not therefore be in all cases appropriate to give these audits priority in the early part of the plan year. Indicative timings for these, and all other audits, will be considered in consultation with Heads of Department following approval of the plan, but may be subject to later change to take account of emerging issues.

4. Whilst the tendered bid considered alternatives to the currently outsourced arrangements for Computer Audit, the existing arrangements will be continued for 2012/13 and alternative arrangements put in place for subsequent years.
5. Specific proactive anti fraud and corruption audits have not been identified at this time. This provides the opportunity to take into account emerging fraud risks during the year and target resources to these areas as appropriate.
6. All ad hoc work, including consultancy and advice, unscheduled audits and investigations of fraud and irregularities has been included as one total. A more proactive approach is being developed to encourage greater use of the knowledge and skills of the function.
7. The plan also reflects the impact of development of new and innovate audit techniques to aid in service delivery and provide a more effective and efficient function, whilst ensuring that the work undertaken is sufficient to provide the level of assurance required.
8. The Internal Audit Plan has been produced taking into account the staffing establishment and structure required to deliver the service levels tendered in the In House bid to provide the Internal Audit service to the Council, and the restructure process is now underway. Action has been taken at this time to mitigate the impact of a vacant post at the commencement of the plan year by the extension of arrangements for a part time member of staff to work additional hours and by the action taken regarding computer audit. The situation regarding vacancies will be kept under review and action taken as appropriate to mitigate the impact on the level of audit coverage provided within the budget available.
9. Each year when the audit plan is drawn up there is an identified need for more audit coverage than resources available permit. The level of coverage proposed is based upon that tendered, which took into account an acceptable risk based needs gap. The needs gap identified at this time is below that level and the plan has been scaled to fit that level of resource by excluding audits within the audit universe that are of low risk or small scale. There have been no significant areas of activity where an audit is due excluded from the plan.

Appendices B - D provide details of the audits included in the plan.

BACKGROUND PAPERS FOR THE DECISION

Audit Plan Working Papers

APPENDICES

- A.1 Appendix A – Terms of Reference and Audit Strategy
- A.1 Appendix B - Internal Audit Plan – Key Financial Systems
- A.1 Appendix C - Internal Audit Plan – Other Systems
- A.1 Appendix D - Internal Audit Plan – Computer Audit

TENDRING DISTRICT COUNCIL INTERNAL AUDIT

TERMS OF REFERENCE AND INTERNAL AUDIT STRATEGY 2012/13

1. INTRODUCTION

The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code of Practice) requires that the Head of Internal Audit to produce Terms of Reference for Internal Audit and an Internal Audit Strategy, both of which need to be consistent with the Code of Practice.

The Terms of Reference describe the purpose, authority and responsibility of the Internal Audit function.

The Internal Audit Strategy is a high-level statement of how the Internal Audit function will be delivered and developed in accordance with the Terms of Reference and how it links to the organisational objectives and priorities.

The Code of Practice requires the Terms of Reference and Internal Audit Strategy to be approved and regularly reviewed by the organisation. This role is undertaken by the Audit Committee annually.

These Terms of Reference and Internal Audit Strategy supersede the previous version approved by the Audit Committee on 16th December 2010.

2. REQUIREMENT FOR INTERNAL AUDIT

The Accounts and Audit (England) Regulations 2011 requires **“a relevant body must 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.”**

Tendring District Council is a relevant body, as defined by the Regulations.

Compliance with the requirements of the Code of Practice fulfils the proper practices requirement in the Regulations.

3. COMPLIANCE WITH THE CODE OF PRACTICE

Arrangements shall be made to ensure that the Internal Audit function operates in accordance with the Code of Practice as far as is practicable.

Where circumstances prevent full compliance, appropriate equivalent safeguards or measures will be adopted, or the Audit Committee made aware.

The Head of Internal Audit (Audit Manager) will make arrangements once a year for a review to be undertaken, in accordance with statutory requirements, and for the results of that review to be reported to the Audit Committee, together with any actions necessary to return to full compliance.

TERMS OF REFERENCE FOR INTERNAL AUDIT

1. DEFINITION AND OBJECTIVES OF INTERNAL AUDIT

Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment, by evaluating its effectiveness in achieving the organisations 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.

The objective of the Internal Audit function is to deliver an effective, cost effective and innovative function that meets the needs of the Council, is compliant with the Code of Practice, and adds value to the organisation.

2. RESPONSIBILITIES OF INTERNAL AUDIT

Internal Audit activities will be conducted in compliance with the Council's policies and procedures, and the CIPFA Code of Practice for Internal Audit 2006 (or any subsequent codes).

The key responsibilities for the Internal Audit function are: -

- To fulfil the statutory responsibilities for Internal Audit as specified in the Accounts and Audit Regulations.
- To contribute to the review of the Council's governance, risk and assurance arrangements
- To undertake independent risk based reviews to provide assurance on the efficiency and effectiveness of management and service delivery arrangements
- To undertake ad hoc reviews as requested by management
- To provide advice and support both on major projects and on an ad hoc basis
- To undertake / participate in investigations including those in relation to potential fraud, corruption or irregularity

Consideration will be taken, in determining where Internal Audit activity should be focussed, of the Council's assurance and monitoring mechanism's including risk management arrangements.

Heads of Department have responsibility for internal control within the systems that they have delegated authority to operate. They are responsible for providing and maintaining an environment where resources are properly applied, value for money secured, fraud and other losses prevented, and compliance with the Council's Constitution, other Council policies and procedures, and statutory requirements is achieved.

3. ORGANISATIONAL INDEPENDENCE OF INTERNAL AUDIT

The Internal Audit function shall be sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner that facilitates impartial and effective professional judgements and recommendations.

A mechanism will be maintained that enables each Internal Auditor to declare any conflicts of interest that may arise. Internal Auditors will not be allowed to undertake a part of an audit where any conflict of interest exists.

Arrangements will be maintained to ensure that any staff transferring into Internal Audit from other functions of the Council are not permitted to audit the function they previously worked on for a minimum of 12 months.

The Head of Internal Audit has other operational responsibilities, primarily with regard to risk management, the Independent Remuneration Panel, and servicing the Audit Committee. Arrangements will be maintained that enable audits of such functions to be undertaken by Internal Auditors who have not been involved operationally in those activities.

4. ACCOUNTABILITY, REPORTING LINES AND RELATIONSHIPS

The Internal Audit function is located within the Resource Management Department. The Head of Internal Audit's line manager is the Finance and Procurement Manager. The Head of Internal Audit has a right of direct access to the Head of Resource Management (s151 officer). In addition the Head of Internal Audit has a right of direct access to the Chief Executive, all other Heads of Department, and Members.

The Head of Internal Audit has the right to meet privately with the Audit Committee, when necessary.

The arrangements for working relationships with elected members shall follow the requirements of the Protocol on Member / Officer relations within the Council's Constitution.

The Head of Internal Audit will report to the relevant Head of Department on the results of each audit undertaken. Issues above a specified materiality level will be drawn to the attention of the Head of Resource Management. A summary of issues raised will be reported to the Audit Committee.

Heads of Department are responsible for ensuring that appropriate action is taken to resolve issues reported by Internal Audit. The Internal Audit function will have in place mechanisms to obtain assurance that actions have been appropriately implemented.

The Council's Audit Committee has responsibility for receiving reports on Internal Audit from the Head of Internal Audit. Reports will be produced in formats that meet any criteria laid down by the Code of Practice. These will include:

- The Head of Internal Audit's Annual Report
- Periodic reports on Internal Audit at regular intervals
- Annual Audit Plan

The Head of Internal Audit will maintain a working relationship with Heads of Department to ensure that emerging risks, and operational changes, are reflected in the work programme for Internal Audit.

The Head of Internal Audit will develop and maintain relationships with the Council's external auditors and other review bodies.

5. INTERNAL AUDIT'S REMIT

The scope of the Internal Audit function's remit includes the Council's entire control environment. It also extends to any services provided through partnership arrangements, or by external providers.

The Head of Internal Audit will ensure that the Internal Audit Universe embraces in its content the entire control environment of the Council including all its operations, resources, services, and responsibilities in relation to other organisations. The Internal Audit Universe will include outsourced and partnerships arrangements where the Council is exposed by operational or other risk.

6. CONTRIBUTION TO THE REVIEW OF THE EFFECTIVENESS OF THE CONTROL ENVIRONMENT

The Head of Internal Audit will in determining where Internal Audit's effort should be concentrated, take account of the Council's assurance and monitoring mechanisms for achieving the Council's objectives.

The Head of Internal Audit will aim to ensure that the planned Internal Audit work in any financial year provides sufficient coverage of the key financial, and other, systems to enable an opinion on the effectiveness of the Council's control environment to be formed.

7. ANNUAL AUDIT OPINION

The Head of Internal Audit will following the completion of each financial year produce an Annual Report, which contains: -

- An opinion on the overall adequacy and effectiveness of the Council's control environment
- Disclosure of any qualifications to that opinion, together with reasons for the qualification
- A summary of the audit work from which the opinion was derived, including details of any reliance placed on work undertaken by other review bodies

8. FRAUD AND CONSULTANCY WORK

The Internal Audit plan each year will make provision for proactive anti fraud and corruption audits to be undertaken, and any other proactive anti fraud activities appropriate to promote an effective anti fraud and corruption culture throughout the Council.

Financial Procedure Rules, and the Council's Fraud and Corruption Policy, require the Head of Internal Audit to be notified of all suspected or detected fraud.

Internal Audit will investigate where the Head of Internal Audit deems it appropriate to do so.

The Internal Audit function will provide consultancy and advice on major projects, and ad hoc advice upon demand.

9. INTERNAL AUDIT RESOURCE REQUIREMENTS

The Accounts and Audit Regulations and the Code of Practice are not prescriptive regarding the level of Internal Audit resource required. The Code of Practice merely states that the function should be appropriately resourced to meet its objectives and that the Audit Committee be informed of proposed solutions where any resource imbalance exists.

The level of resources available has been determined by a successful in house tender bid, and the function will be staffed to reflect this. Any changes to the functions of the Council, the risks the Council is exposed to, the requirement for ad hoc work, and the development of audit techniques may change this baseline position.

As part of the Annual Internal Audit Plan process, the level of resources required to deliver an adequate level of audit coverage will be calculated taking account of the content and complexity of each audit and past experience. Any significant imbalance will be reported to the Audit Committee, together with proposed solutions.

10. RIGHT OF ACCESS

The right of access for Internal Audit to records, assets, personnel and premises shall be consistent with the requirements of the Accounts and Audit Regulations. The right of access is also contained within the Council's Constitution.

The right of access shall extend to any resources bought in to supplement the in house team, in undertaking audits.

Internal Audit shall have the right of access to all establishments operated by the Council, all records held by the Council, all assets and personnel. Where the Council enters into partnership arrangements, or outsources functions, the contractual arrangements shall include provision for the right of access by the Council's Internal Auditors to all records and assets that relate to the Council. The Council's Internal Auditors shall have authority to obtain such information and explanations as are considered necessary to fulfil their internal audit responsibilities.

INTERNAL AUDIT STRATEGY

1. INTERNAL AUDIT OBJECTIVES AND OUTCOMES

It is important, notwithstanding the statutory responsibilities for Internal Audit, to ensure that the resources of the Internal Audit function are directed at areas of the Council's activities where value can be added. Given the rapid and continual ongoing change within the Council it is essential that the approach to be taken has a far higher degree of flexibility embedded than has historically been the case, to ensure that a robust and effective control environment is maintained whilst contributing towards savings and efficiencies.

This will be achieved by: -

- Developing a more flexible approach to audit planning, both in terms of the Annual Audit Plan, and when scoping each individual audit
- Improving the alignment of Internal Audit and Risk Management
- Developing innovative Internal Audit techniques, taking account of lean auditing principles, to add value.
- Refining and developing reporting techniques
- Refining follow up techniques

The in house team successfully bid to continue to provide the Internal Audit service to the Council during 2011/12. There is an ongoing commitment to develop and improve the team to deliver an improving cost effective high quality and professional service to the Council.

The Head of Internal Audit will continue to liaise with the Council's external auditors, to ensure that they are able to place reliance on the work of the Internal Audit function. Relationships will be developed / maintained with other internal auditors, regulators and inspectors. Where appropriate the opportunity to place reliance on each others work will be explored, to avoid unnecessary duplication of effort.

The Head of Internal Audit will produce an Annual Audit Plan. This will be produced using a risk based approach, and in consultation with the Council's S151 Officer, and senior management. The planning process will take into account organisational objectives and priorities. The plan will contain sufficient coverage to enable the Head of Audit to be able in due course form an opinion for assurance purposes. The Audit Plan will be subject to agreement by the Audit Committee.

The plan will be structured to include the following activities: -

Assurance work

- **Fundamental Systems**

Audit of the key financial systems of the Council which would have a material impact on the Council if they were to fail. Whilst these audits will be included in the plan each year, the level and content of the audits undertaken will vary considerably each year. Processes will typically be reviewed periodically taking account of risk, with key controls being subject to annual testing.

- **Other Systems**
Audit of all other systems operated by the Council. These audits will be undertaken on a frequency determined by risk assessment. This will include reviews of services provided through partnership arrangements, or by external providers.
- **Computer Audit**
Reviews of the IT environment and major systems will be undertaken on a frequency determined by risk assessment.
- **Pro Active Anti Fraud work**
The Internal Audit function has a role in the promotion of an effective anti fraud and corruption culture across the Council. Audits will either be undertaken as stand alone activities on specific fraud risks, or embedded within assurance audits. The function will also promote the anti fraud culture using initiatives such as newsletters.

Ad Hoc Work

- **Consultancy and Advice**
The Internal Audit function will make provision for involvement in key projects across the Council, on the basis that it is good practice to ensure that the control environment is sound at commencement. Provision will also be made for one off consultancy and advice upon request.
- **One Off Audits / Investigations**
Provision will be made to undertake any one off audits requested or required during the year, and to undertake or participate in any investigations into irregularities.

In order to provide flexibility the plan will be subject to review throughout each year, in order to reflect changing priorities and emerging risks. Regular liaison meetings with Heads of Department will assist in facilitating this.

The content and time required for each review will be considered at the point each audit is scoped to be as flexible and proactive as possible regarding the needs of the organisation, and to ensure that as much value as possible can be added by each audit undertaken. This will be undertaken in consultation with senior managers.

The techniques to be used in undertaking each audit will normally include risk based techniques, except where the nature of the work requires an alternative approach. The techniques used will be appropriate to the scope of the audit to be undertaken.

The Head of Internal Audit will produce periodic reports for the Audit Committee providing updates on the Audit Plan and progress against it. the assurance obtained from each audit undertaken and brief details of findings identified. The Head of Audit will also produce an Annual Report.

The Head of Internal Audit will maintain a performance management framework, in accordance with best practice and the requirements of the Code of Practice, to ensure that the required level of service is delivered.

2. HEAD OF INTERNAL AUDIT'S OPINION

The Account and Audit Regulations require the Head of Internal Audit to provide assurance annually on the overall control and governance arrangements of the Council.

The Head of Internal Audit will each year produce an annual report, which will include such an opinion. The opinion will be formed taking account of the work of the Internal Audit function throughout the year, the results of any external reviews, and any other relevant information available. This opinion will then support the Annual Governance Statement.

The Head of Internal Audit will, in addition, provide an opinion for each audit undertaken, where the scope of the work makes it appropriate to do so.

3. SIGNIFICANT LOCAL AND NATIONAL ISSUES AND RISKS

The Head of Internal Audit when preparing the Internal Audit Plan will factor in known significant local and national issues and risks. These issues and risks will be identified through appropriate levels of research and consultation. This may result in a changed priority for an audit based upon risk assessment, and revision to the timing, scale and content of that audit. The plan will be sufficiently flexible to allow amendment during the year, if appropriate, to reflect changing issues and risks.

Arrangements will be made to ensure that known significant local and national issues and risks are taken into account in the planning and undertaking of each audit assignment.

Following completion of each audit, an Internal Audit report will be produced and issued to the relevant Head of Department by the Head of Internal Audit. The report will identify issues found during each audit, and the action agreed with the relevant officers to satisfactorily resolve those issues. The Head of Internal Audit will bring to the attention of the Head of Resource Management any issues above a specified materiality issue. The Audit Committee will be provided with a summary of issues identified, and their attention drawn to any of significant materiality.

Monitoring of progress in the resolution of issues reported will be monitored and evidence sought from Departments to provide assurance that appropriate action has been taken. Follow up audits will be undertaken where appropriate. An escalation process will be followed where adequate action has not been taken.

Where a risk or issue is identified that might impact on other activities of the Council, the Head of Internal Audit will make arrangements to circulate information to enable departments to implement appropriate measures.

4. PROVISION OF THE INTERNAL AUDIT SERVICE

The Internal Audit function was subject to a competitive tendering exercise during 2011/12, and is to be provided by an in house team.

The bid submitted included provision to buy in specialist resources, either internally or externally, on a limited scale to support the function as and when required.

5. RESOURCES AND SKILLS REQUIRED TO DELIVER THE STRATEGY

The level of resources available is primarily determined by the Internal Audit staffing establishment, and funding available to buy in specialist resources.

The level budgeted for is based upon the successful in house tender bid. This bid was based upon delivery of an adequate level of audit coverage, and took into account expected volumes of ad hoc work.

In order to provide the audit coverage required, staff need a mixture of generic internal auditing skills and specialist knowledge of local authority activities. Whilst existing team members have a wide range of such skills the opportunity will be taken wherever possible to broaden the knowledge base of each team member to ensure that the skill set maintained is sufficient to effectively deliver the service required. Any skills gaps will be identified and addressed using the Council's MDPP process.

Specialist assistance will be sought where skills gaps cannot be addressed within the required timescale to deliver the work required, or where it is not cost effective to maintain specialist skills within the Internal Audit function.

INTERNAL AUDIT PLAN 2012/13 – KEY SYSTEMS

Appendix B

Audit	Risk Score	Days	Comments	Risk Register Ref
Main Accounting System	79	10		
Treasury Management	74	5	Light touch only	
Sundry Debtors	59	5	Light touch only	
Departmental Procurement	73	15	Departments / functions to be reviewed to be determined during year	
Bank Account	80	5	Light touch only	
Payroll	75	10		
Housing and Council Tax Benefits	103	20		
National Non Domestic Rates	76	10		
Housing Rents	81	10		
Creditors	72	5	Light touch only	
Cashiers / Income Control	90	15	Major changes to function – Full audit of revised system	
Corporate Governance and Risk Management	78	10		
Council Tax	76	10		
Total		130		

INTERNAL AUDIT PLAN 2012/13 – OTHER SYSTEMS

Appendix C

Audit	Risk Score	Days	Comments	Risk Register Ref
Theatres and Entertainments	80	14	Carried Forward from Previous Plan	
Departmental Staffing	77	15	Includes audit of timesheets / allowances – Departments / functions selected to be determined during year	
Housing Repairs and Maintenance	76	20	To include one off requested Contract Final Account audit	
Regeneration	72	15	Carried Forward from Previous Plan	
Development Management	72	10		
Household Waste and Recyclable Materials	71	10	Carried Forward from Previous Plan	
Clacton Leisure Centre and Lifestyles	71	12		
Licensing	68	10		
Coastal Projects and Engineering Services	67	10	Audit of procurement arrangements requested	
Corporate / Cross Cutting Projects	67	20		
V A T	66	8		
Emergency Planning	64	7		
S 106	64	10	Requested	
Housing Allocations	62	10		

INTERNAL AUDIT PLAN 2012/13 – OTHER SYSTEMS

Appendix C

Planning Enforcement	61	10	Carried Forward from Previous Plan
Performance Management	61	10	
Human Resources	61	10	Carried Forward from Previous Plan
Tourism and Events	58	7	
Tending Careline / CCTV	57	10	Requested
Telephony / Switchboard	57	5	
Housing Strategy and Development	56	10	
Public Relations	56	5	
Street Sweeping	55	10	
Facilities Management	55	10	
Information Management	47	7	Requested
Total		<hr/> 265 <hr/>	

INTERNAL AUDIT PLAN 2012/13 – COMPUTER AUDIT

Appendix D

Audit	Risk Score	Days	Comments	Risk Register Ref
Disaster Recovery		10		
I T Change Management		9		
Northgate Benefits and Revenues Application Review		9		
Total		<hr/> 28 <hr/>		

The Computer Audit universe was separately risk scored by the Computer Auditor contractor at the commencement of the current 3 year contract, and the above audits are those identified from that risk assessment as due for 2012/13.