

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**29<sup>th</sup> June 2012**

**Report of: the Strategic Director: Corporate Services**

**Title: Internal Audit Plan 2012/13**

**Ward: Citywide**

**Officer presenting report: Melanie Henchy-McCarthy/ Alison Mullis,  
Chief Internal Auditor (Job Share)**

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**RECOMMENDATION**

The Audit Committee is recommended to approve the Annual Audit Plan coverage.

**Summary**

The report sets out the rationale behind the Internal Audit planning process, and provides details of the intended coverage for 2012/13. This report will be presented to the Deputy Leader and Executive Member for Resources.

**The significant issues in the report are:**

- the role of the Audit Committee in relation to the Internal Audit Planning process (paragraphs 1.1 to 1.3)
- the planning process (paragraphs 2.1 - 2.8)
- key features of the audit plan (paragraph 3)
- the Internal Audit Plan (Appendix A)
- a 'reserve list' of audit work to be completed should resources permit (Appendix B)

**Policy**

The Audit Committee Terms of Reference includes overseeing the activity of Internal Audit.

**Consultation**

**Internal:** Strategic Directors, Service Director: Finance

**External:** None necessary

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- 1.1 The Audit Committee's Terms of Reference includes a requirement to provide independent assurance to the Council in relation to internal audit activity.
- 1.2 The Chartered Institute of Public Finance and Accounting (CIPFA) guidance on the role of Audit Committees in relation to Internal Audit suggests that it should involve:
- formally approving, but not directing, the overall strategy to ensure that it meets the Council's overall strategic direction. This is covered by Internal Audit's Charter and Strategy which was approved by the Committee on 9<sup>th</sup> June 2006. These documents are periodically reviewed, and to date have only required minor updating which has not necessitated referral to the Committee.
  - approving the annual programme of audits (paying particular attention to whether there is sufficient and appropriate coverage.) This is the purpose of this report.
  - monitoring progress against the Plan and assessing whether adequate skills and resources are available to provide an effective audit function.
- 1.3 The CIPFA Code of Practice for Internal Audit in Local Government (2006) requires the Chief Internal Auditor to prepare a risk based audit plan. In providing guidance on audit plans, the code specifies that:
- The Chief Internal Auditor should take account of the adequacy and outcomes of the organisation's risk management, performance management and other assurance processes.
  - The plan must be flexible so that it can be adapted to meet changes in the organisation and its priorities.
  - The plan should be fixed for a period of no longer than a year and should outline the assignments to be carried out, their respective priorities and the estimated resource needed.
  - The Audit Committee should be informed where there is an imbalance between the audit plan and available resources to deliver it.
  - Significant matter that jeopardise the delivery of the plan or require changes to it, should be identified, addressed and reported to the Audit Committee.
  - Stakeholders should be consulted on the draft plan and revisions made if necessary.
- 1.4 The draft Internal Audit Plan for 2012/13 is attached at Appendix A for the Audit Committee's consideration and approval.

## 2. Formulation of the Plan

- 2.1 The Internal Audit Planning process reflects the requirements of the Code of Audit Practice and results in a risk based audit plan, delivery of which will enable the Chief Internal Auditor to provide an evidence based opinion on the control environment in support of the Annual Governance Statement (AGS). The plan was formulated after consideration of the following:
- A review of the Corporate and Directorate Risk Registers.
  - Early results of the Annual Governance Review process and the draft AGS (also being considered by the Committee).
  - Outcomes of audits in 2011/12 and ongoing work
  - An assessment of fraud risks following the publication by the National Fraud Authority of their Fraud Strategy for Local Government - Fighting Fraud Locally
  - Consultations with:
    - The Chief Executive
    - Strategic Directors
    - Service Director - Finance who is also the section 151 Officer
    - the External Auditor
- 2.2 Additionally, formulation of the plan has taken into consideration the results and requirements in work areas completed by Internal Audit on behalf of the Council as follows:
- the facilitation of risk management across the Council
  - the development of robust counter-fraud arrangements
  - the development and monitoring of the Council's Performance Management Framework and Value for Money Strategy following transfer of the Corporate Performance and Improvement Team to Internal Audit in October 2011.
- 2.3 The resulting plan prioritises tasks and assignments into areas of Statutory/Essential work and other high risk work. Statutory/Essential assignments include those tasks which Internal Audit are obliged to do on behalf of the Council or to ensure the best use is made of the available Audit resource. Examples include the Annual Governance Review process and statement, auditing claims for external funding and areas agreed where the external auditor will place reliance on our work.
- 2.4 Other high risk work includes those elements of the plan which have been assessed as essential given the level of risk associated with them. These may be in respect of services/systems across the Directorates or in respect of cross cutting, corporate work which will add value across the Council.
- 2.5 Due to reducing resources within Internal Audit for 2012/13 (further details of which are included in the Internal Audit Annual Report also being considered by the Committee) only the very highest risk areas have been included in the Audit Plan. However, other important areas where audit attention is considered beneficial have been identified and will be completed if resources become available (eg if the contingency referred to in paragraph 2.6 below is not fully required). This 'reserve' list is provided at Appendix B.
- 2.6 A flexible 'contingency' element is built into the plan to allow for:
- investigation of fraud and irregularity should it occur

- unplanned assignments which may result from new and emerging risk areas
  - unplanned assignments which result from a breakdown in the control environment.
- 2.7 Directorate plans will be shared with the appropriate Strategic Director, amended as necessary, or areas of emphasis agreed for inclusion when compiling the terms of reference for particular assignments.
- 2.8 To ensure the section continues to meet the requirements of legislation, relevant Codes of Practice, and remains up to date, the plan includes a resource to allow for research and development of new audit methodologies.

### **3. The Audit Plan - Key Features:**

- 3.1 The Audit Plan has been compiled this year with particular emphasis on those areas where it is felt there is significant audit risk to the Council:
- Financial Governance - the requirement to manage the delivery of the Medium Term Financial Plan savings in the current economic climate will heighten the need for sound financial governance. The audit plan includes a significant concentration of resource on financial systems audit and this will be agreed with the External Auditor within the joint working protocol. Additionally, resource has been included to review changes being implemented by the Finance Transformation programme.
  - Anti-fraud Agenda - the current economic climate brings an increased risk of fraud. There is greater incentive for individuals to commit fraud at a time when streamlining processes to meet financial savings may result in designing fraud prevention controls out of systems. This, coupled with the recent issue of the Local Government Fraud Strategy - Fighting Fraud Locally, demonstrates a requirement for Council's to do more to tackle fraud and review and update their Anti-fraud arrangements.
  - Change Agenda - the Council is currently facing a significant level of change sourced both internally and externally which will potentially impact on the control and governance arrangements across the Council. A specific resource for ensuring Internal Audit are consulted and involved in the design of new systems and processes has been included in the Audit Plan. Additionally, time has been allocated for Internal Audit to keep abreast of new developments affecting the Council and their affect on the Control Framework.
  - Procurement - previous audit work in this area suggests that continued audit coverage in this high spend area is essential in 2012/13 and resource has been allocated for this.
  - Follow Up - in line with the Internal Audit Follow Up and Escalation Procedure and the Audit Committee's continued support in ensuring that Internal Audit recommendations are effectively implemented, follow up has been planned for all areas where a previous audit concluded a 'significant' level of risk to the Council. Para 6 below refers in fuller detail.

- Strategic and Operational Risks identified in Corporate and Directorate Risks Registers have been covered as far as possible and appropriate. There are however areas in the Corporate and Directorate risk registers for which direct attention by Internal Audit is not considered beneficial and would not add value. Additionally, there are key risk areas which do not have a significant auditable element .

3.2 Continued reductions in Internal Audit resources will require a differing approach by Internal Audit in some areas to ensure a full programme can be delivered. These include:

- Reducing the internal audit resource input to schools by allowing an allocation for 'themed' audit work across schools rather than auditing all areas at a number of schools.
- Maximising the synergies of the work of Internal Audit and the Performance and Improvement Team (who have now transferred to Internal Audit) to deliver some areas of governance work with less impact on the resource available for audit and assurance work. In particular, Risk Management and the Annual Governance Statement process offer opportunities for more efficient working.
- Researching different audit techniques which may provide the same levels of assurance with less audit input. Examples include continuous audit and data analytic techniques.
- Development of an Investigation protocol which, it is hoped, will enable a focussed and managed approach to fraud and irregularity investigations which continue to have a significant impact on the resources available for assurance audit work.
- Continuing last years change to the follow up and escalation procedure and completing full follow up only for those areas where the levels of risk are 'significant'. Where the level of risk is 'of concern' a Control Risk Self Assessment (CRSA) approach will be utilised.
- The Internal Audit Fraud Bulletin will continue to be produced but less frequently than historically.

## 4. Plan Monitoring

4.1 Performance targets have been set around percentage completion of both 'statutory/essential' and other 'high risk' audit work and these are monitored quarterly with performance reported half-yearly and annually to the Audit Committee. Where matters arise which effect delivery of the Audit Plan, these will also be reported to the Committee along with amendments made to the Plan, either through the half-yearly and annual reports or where the effect is significant, in the form of a snapshot report to the earliest available Committee meeting.

## 5. Audit Reporting Protocol

5.1 A Risk Based Auditing process will be utilised in conducting the majority of planned audit reviews. This involves drawing up a Terms of Reference (ToR) for each assignment in consultation with the relevant manager for the area.

This document sets out the objectives and scope of the review, together with the agreed Business Objectives, Corporate Impact of the area under review and a Risk Assessment detailing the key risks within the area.

- 5.2 Following completion of the audit, an opinion is provided with each audit report within the range of 'very good' to 'poor' as described in Appendix C. This opinion is then considered in context of the corporate impact of the area under review (assessed as high, medium or low depending on the criticality, sensitivity or materiality of the area in achievement of the Council's objectives) to determine the overall level of risk to the Council as demonstrated in the grid below:

		Corporate Impact		
		Low	Medium	High
Audit Opinion	Poor	Moderate	Of Concern	Significant
	Needs Improvement	Moderate	Of Concern	Of Concern
	Satisfactory	Minimal	Moderate	Moderate
	Good	Minimal	Minimal	Moderate
	Very Good	Minimal	Minimal	Moderate

- 5.3 It is this overall level of risk which is utilised to determine the Internal Audit follow up process as detailed at 6 below.
- 5.4 For each audit completed, action plans for control improvements will be issued and agreed with relevant officers and it is anticipated that the recommendations made will be implemented. Progress against these actions plans will be monitored in line with Internal Audit's follow up procedure. Please see below for details.

## 6. Follow Up & Escalation Procedure

- 6.1 A Follow-up provision is included in the plan and this is in addition to the contingency element of the plan as detailed in 2.5 above. This provision allows for a full follow-up of all significant recommendations made following audit assignments where the risk to the Council was considered 'Significant', and a self assessment approach for audit assignments where the risk to the Council was considered 'Of Concern'. The aim of the procedure is to follow up all high and medium recommendations within six months of the agreed implementation date.
- 6.2 Details of Audit follow up work will be reported to the Committee as part of the Internal Audit half-yearly and annual reports. Additionally Directorates who fail to implement significant recommendations within the agreed timescale, will also be brought to the attention of the Committee.
- 6.3 The Escalation Procedure allows Committee members to, if appropriate, call the relevant Strategic Director or Service Director/Manager to explain the failure to implement the recommendations made.

## 7. Internal Audit Annual Plan for 2012 - 2013

7.1 Appendix A provides full details of the proposed Internal Audit coverage for financial year 2011-2012. In order to aid the Committee's understanding of the range of work covered by Internal Audit, the planned areas of work have been categorised as follows:

- Strategic/Operational Risk areas
- Fundamental Financial Systems
- Governance
- Change/Transformation
- Fraud Agenda
- Procurement
- Risk Management
- IT Audit
- Audit Standards & Professional Development
- Planned Follow Up work

7.2 Audits which have been deemed 'Statutory/Essential' have been shown in bold in the plan.

7.3 In order to aid the Audit Committees consideration of the Internal Audit Plan, an extract from the CIPFA Better Governance Forum on 'Reviewing the Audit Plan' is attached at Appendix D.

## **8. Other Options Considered**

8.1 None necessary

## **9. Risk Assessment**

9.1 An adequate and effective Internal Audit function, as well as a statutory requirement, is an integral part of good governance. A sound Internal Audit planning process therefore minimises the risk of non-compliance with statute and good practice, and at the same time maximises the value that Internal Audit adds to the Council's governance arrangements and internal control environment.

## **10. Equalities Impact Assessment**

10.1 None required for this report.

## **11. Legal and Resource Implications**

**Legal** - none sought

**Resources** - none arising from this report.

**Appendices:** Appendix A - Internal Audit Planned Coverage for 2012/13  
Appendix B - Assignments Not Included in Main Plan  
Appendix C - Standard Audit Opinions  
Appendix D - CIPFA Reviewing the Audit Plan.

**Background Papers:**

Audit planning files  
Code of Practice for Internal Audit in Local Government 2006



## Internal Audit Plan 2012/13

Source Key	
IA	Internal Audit Assessment
CRR	Corporate Risk Register
DRR	Directorate Risk Register
AGS	Annual Governance Statement
GT	External Auditor Request
Request	Requested by Strategic Director

Directorate Key	
CD/NH	Neighbourhoods & City Development
CORP	Corporate/Councils Wide
CS	Corporate Services
CYPS	Children & Young People
HSC	Health & Social Care

## Strategic/Operational

Source	Risk Register Ref	Directorate	Area	Subject
DRR	CD 008	CD/NH	Asset Management	Museum collection - new collection
IA		CD/NH	Environmental	Carbon Reduction
<b>CRR</b>	<b>CRR 004</b>	<b>CD/NH</b>	<b>Grant</b>	<b>Greater Bristol Bus Network - Annual Review</b>
<b>Request</b>		<b>CD/NH</b>	<b>Grant</b>	<b>Scambuster Grant Audit</b>
<b>IA</b>		<b>CD/NH</b>	<b>Grant</b>	<b>Financial Grants &amp; External Support - Grant Certification Process</b>
<b>Request</b>		<b>CD/NH</b>	<b>Grant</b>	<b>Illegal Money Lending Team</b>
<b>Request</b>		<b>CD/NH</b>	<b>Grant</b>	<b>URBACT Level 1 Controller Role</b>
IA		CD/NH	Housing	De-regulated Tenancies
GT		CD/NH	Housing	Tenancy Audits
Request		CD/NH	Investigation c/f	Parks
IA		CD/NH	Investigation c/f	Landlord Services
IA		CD/NH	Investigation c/f	Property Services
DRR	CD 006	CD/NH	Traffic	Enforcement Team Permit Parking (incl. Residents Permits, Blue Badges) Penalty Charge Notices C/F
CRR	CRR 008/38	CORP	Financial	Value for money reviews including mobile and landline telephones
IA		CS	Financial	Payment Card Industry Standard - Compliance Audit
Request		CYPS	Children	Safeguarding – Special Educational Needs
<b>CRR</b>	<b>CRR 016 CY004</b>	<b>CYPS</b>	<b>Children</b>	<b>Safeguarding/Child Protection c/f</b>
IA		CYPS	Children	Strategic Commissioning including Youth Links
Request		CYPS	Children	Inhouse Fostering Service c/f
DRR	CY011	CYPS	Children	Direct Payments c/f
Request		CYPS	Children	Independent Fostering Service c/f
Request		CYPS	CYPS Financial	Imprest c/f
CRR		CYPS	CYPS management	Recruitment & Selection Non Schools c/f
DRR	CY011	CYPS	Schools	Schools Financial Value Standards/School Audits/Thematic Audits Schools
IA		CYPS	Schools	Schools Outsourcing financial and payroll systems
<b>Request</b>		<b>CYPS</b>	<b>Schools</b>	<b>School Governance Arrangements/Bishop Road Funding c/f</b>
IA		CYPS	Schools	School Fund Audit Certificates
DRR	CY011	CYPS	Schools	Audit Newsletter for Schools
CRR	CRR043	CYPS	Schools	Primary Places/Schools Organisational Change Programme
IA		CYPS	Schools	Formula for Financing School c/f
IA		CYPS	Schools	School Meals c/f
<b>DRR</b>	<b>CY011</b>	<b>CYPS</b>	<b>Schools</b>	<b>Financial Regulations for Schools</b>
IA		CYPS	Schools	Services to Academies – Responsible Officer Role (Subject to selling IA Services)
IA		CYPS	Schools	Secondary School - Bridge Learning Campus ICT c/f
		HSC	Care Management	Residential care home payments
CRR	CRR	HSC	Care Management	Safeguarding Arrangements – Vulnerable Adults and Older People
DRR	HS003	HSC	Care Management	Direct Payments - Specific Cases c/f
CRR	HS003	HSC	Care Management	Direct Payments - General c/f
CRR	CRR	HSC	Care Management	Safeguarding - Private Care Home Reviews
IA	IA	HSC	Care Management	Re-ablement and Short Term Care
IA		HSC	Care Services	Independent Living Service
IA	CRR025 HS001	HSC	Care Services	Inhouse Care Homes/Day Centres
Request		HSC	Investigation c/f	Supporting People
Request		HSC	Investigation c/f	Independent Living Scheme
IA		HSC	Strategic Planning & Commissioning	Strategic Commissioning – Mental Health and Learning Difficulties

## Fundamental Financial Systems

Source	Risk Register Ref	Directorate	Area	Subject
GT		CS	Finance	Bank Reconciliation
CRR	CRR 046/11 CS 022 NH001 HS034	CS	Finance	Budgetary Control
Request	CS005 CRR004	CS	Finance	Capital Accounting
IA		CS	Finance	Corporate Main Accounting including interfaces
CRR	CRR035	CS	Finance	Corporate Payroll System
CRR		CS	Finance	General Debtors
DRR	CS005	CS	Finance	Loans/ Treasury Management
IA	CRR041	CS	Finance	Local Taxation and Benefits (including benefits on-line if live)
IA	DRR TR016	CS	Finance	Procurement, Ordering & Payment to Suppliers (formerly Creditors KC)
Request		CS	Finance	Tax & NI Deductions and Payments
IA		CS	Finance	Corporate Purchasing Cards
IA		CS	Finance	Bank Reconciliation c/f
IA		CS	Finance	Main Accounting c/f
Request	CRR 035	CS	ICT	New Payroll System c/f
DRR	CS005	CS	Finance	Treasury Management/Loans c/f
DRR	CS009	CORP	Finance	Asset Management c/f
IA		CS	ICT	Bacstel System c/f

**Governance**

Source	Risk Register Ref	Directorate	Area	Subject
Request		CD/NH	Governance	Elena Energy Company
Request		CD/NH	Governance	Neighbourhood Partnerships Governance Arrangements
IA		<b>CORP</b>	<b>Governance</b>	<b>Annual Governance Review Process and Statement</b>
CRR	CRR 031	CORP	Governance	Bristol Partnership Governance and Performance
IA		CORP	Governance	Members Code and Disclosable Interests (New Arrangements)
Request	CRR 029	CORP	Governance	Impact of Mayoral Reform
IA		CORP	Governance	Decision Making - Implementation of Decisions
CRR	CRR 031 CRR037 CD010	CORP	Governance	Local Enterprise Partnership
IA		CORP	Governance	Commissioning Governance
IA		<b>CORP</b>	<b>Governance</b>	<b>Financial Regulations Updates</b>

**Change/Transformation**

Source	Risk Register Ref	Directorate	Area	Subject
DRR	CS022	<b>CORP</b>	<b>Change Programme</b>	<b>Finance Transformation - Integrated Back Office Systems and budget setting</b>
Request		<b>All</b>	<b>Change Programme</b>	<b>Centre of Excellence - Internal Control Impact Assessments</b>
Request	CRR 031 CRR 039 CRR 044 CS006	<b>CS</b>	Change Programme	Council tax system Changes and Welfare Reform (universal credit and council tax benefit)
IA		CS	Change Programme	Business Rate Implications/Local Enterprise Zone
CRR	CRR 024/ 008	CORP	Change Programme	Centre of Excellence - Benefits Realisation
CRR	<b>CRR New</b>	<b>CYPS</b>	<b>Change Programme</b>	<b>Transfer of Public Health Responsibilities/viability of contract</b>
DRR	CY023	CYPS	Change Programme	Changes Programme/Transformation/Special Projects
DRR	HS004/011	HSC	Change Programme	Business Transformation/Special Project/Residential Futures

**Fraud Agenda**

Source	Risk Register Ref	Directorate	Area	Subject
IA		CORP	Fraud Awareness and Training	Targeted Fraud Awareness Training - Procurement and Other
IA		CORP	Fraud Awareness and Training	Review fraud training (following update of fraud policy)
IA		CORP	Fraud Awareness and Training	National Anti-Fraud Network Warning bulletins
IA		CORP	Fraud Awareness and Training	Fraud Web page maintenance
CRR	CRR011	CORP	Fraud Awareness and Training	Fraud Bulletin
IA		CORP	Fraud Measurement	Fraud Measurement - Fraud Loss Profile
IA		CORP	Fraud Measurement	Fraud Performance Measurement - how we measure the benefit of the anti-fraud activity.
CRR	CRR011	CORP	Fraud Policy/Procedure	National Fraud Authority - Counter Fraud and Corruption Manual review
IA		CORP	Fraud Policy/Procedure	Whistleblowing Policy Review (working with HR)
IA		CORP	Fraud Policy/Strategy	Audit Commission Toolkit for changing organisational culture
IA		CORP	Fraud Reporting	Annual Audit Commission Fraud Survey
IA		CORP	Fraud Reporting	Money Laundering Advice, Guidance and Reporting
IA		CORP	Fraud Risk Assessment	Fraud Risk Assessment Development
IA		CORP	Fraud Risk Assessment	Fraud Register Development (to record all types of fraud )
IA		CORP	Fraud Testing	Development of Technology in fraud prevention and detection - Data analytics and analysis, data warehousing, credit reference agency etc, continuous audit
IA		CORP	Fraud Testing	National Fraud Initiative
IA		CS	Fraud Testing	Local Taxation - Single Adult Discount (Block Provision)
IA		CS	Fraud Testing	Local Taxation - Student Exemptions (Block Provision)
IA		CS	Fraud Testing	Creditors
IA		CS	Fraud Testing	Local Taxation - Credit Card Payments (Block Provision)
DRR	NH005	CD/NH	Fraud Testing	Tenancy Fraud Initiative
CRR		HSC	Fraud Testing	Personalisation/Direct Payments Fraud Risk/Assessment of Eligibility
IA		CORP	Working with Others	South West Fraud Group /benchmarking
IA		CORP	Working with Others	Police Liaison

**Procurement**

Source	Risk Register Ref	Directorate	Area	Subject
IA		<b>CORP</b>	<b>Procurement</b>	<b>Procurement Regulations Guidance/Review &amp; Waivers</b>
CRR	CRR008	CORP	Procurement	Procurement Value for Money and data analytical review
IA		CORP	Procurement	Procurement Analysis and regulation Compliance
CRR	CRR004 TR016	CS	Procurement	Procurement Strategy/Unit
DRR	CD 001 CRR008	CORP	Procurement	Value for Money - Electricity Supply
DRR	NH002 CRR041	CD/NH	Procurement	Waste Management, Services & Street Scene
IA		CD/NH	Procurement	Passenger Framework Contracts
IA		CD/NH	Procurement	Hengrove Park - Monitoring of unitary payments
Request	CRR 004	CD/NH	Procurement	Bus Rapid Transit
IA		CD/NH	Procurement	Waste Services Disposal C/F and Landfill Tax
Request		CD/NH	Procurement	M Shed C/F
CRR	CRR 005	CORP	Procurement	Consultants C/F
DRR	CY032	CYPS	Procurement	PFI 1B Monitoring of payments

**Risk Management**

Source	Risk Register Ref	Directorate	Area	Subject
IA		CORP	Risk Management	Decision Making Risk Assessments
IA		CORP	Risk Management	Web page maintenance
IA		CORP	Risk Management	Benchmarking peer review

IA		CORP	Risk Management	Risk Management Reporting
IA		CORP	Risk Management	General Guidance
IA		CORP	Risk Management	Training roll out/monitoring
IA		CORP	Risk Management	Integration with Performance Management
IA		CORP	Risk Management	Risk Management Group
IA		CORP	Risk Management	Corporate Risk Register
IA		CORP	Risk Management	Liaison with Departmental Reps/Training and Awareness etc

### IT Audit Programme

Source	Risk Register Ref	Directorate	Area	Subject
Request		CORP	ICT	New Identity and Access Management capabilities (Citizen Account and Single sign on)
IA		CS	ICT	Electoral Registration System
IA		CS	ICT	New desktop systems security
<b>CRR</b>	<b>CRR027</b>	<b>CS</b>	<b>ICT</b>	<b>Information Assurance Board Attendance</b>
IA		CS	ICT	ICT Support Services (Service Desk & user admin/security)
DRR	CRR027	CS	ICT	Government Connect Compliance
Request	CRR027	CYPS	ICT	Information Security review (incl Youth link)
Request		CYPS	ICT	Protocol System implementation
DRR	HS002	HSC	ICT	Electronic Monitoring System
IA		HSC	ICT	Financial systems Softbox - Foster Carers/Non Residential Care) Series X (Adult Care)
IA		CD/NH	ICT	Local Taxation and Benefits (including benefits on-line if live)

### Audit Standards and Professional Development

Source	Risk Register Ref	Directorate	Area	Subject
IA		CORP	Audit Development	Staff Training
IA		CORP	Audit Development	Measuring VFM of IA Service/Performance Monitoring
IA		CORP	Audit Development	Restructure/Staff Consultations/Budget Management
IA		CORP	Audit Development	CIPFA and Core Cities Benchmarking
IA		CORP	Audit Development	Risk and Assurance Mapping Methodology
IA		CORP	Audit Development	Shared Service Option Consideration
Request		CORP	Audit Development	Internal Audit Investigations Protocol
IA		CORP	Joint Working	Networking Groups - Core Cities
IA		CORP	Joint Working	Networking Groups - Western Unitaries
IA		CORP	Joint Working	Networking Groups - West of England Chief Auditors Group, Computer Audit Group
IA		CORP	Joint Working	South West Procurement Group Meetings
IA		CORP	ICT	Intranet Update and Maintenance

### Follow Up Programme

Source	Risk Register Ref	Directorate	Area	Subject
IA		HSC	Strategic Planning & Commissioning	Supporting People
Request	HS003	HSC	Care Management	Direct Payments – High Value Case
IA	CRR025 HS001	HSC	Care Management	Safeguarding - Private Care Home Reviews
IA		CYPS	CYPS Financial	Area Services – Imprest Follow Up
IA		HSC	Care Management	Direct Payments – General Audit
IA		CYPS	Care Management	Direct Payments – General Audit
IA		CD/NH	Procurement	Events and Festivals
IA		CD/NH	Procurement	Property Services
CRR	CRR 027	CS	ICT	Information Security
CRR		CS	ICT	Business Continuity Planning/Disaster Recovery
IA		CS	ICT	Home working (ICT review)
CRR	CRR027	CS	ICT	Mobile Computing and Data Transfer
DRR	CY 024	CYPS	ICT	Business Continuity Planning/Disaster Recovery
IA		HSC	ICT	Meal System
DRR	NH003/4	CD/NH	Procurement	Parks - Major Contracts
IA		CD/NH	Procurement	Vetting of Contractors
DRR	CY020	CYPS	Procurement	LEP (Local Education Partnership)/ School Capital Projects
IA	CY011	CYPS	Education	COPS Implementation in Schools
IA		CYPS	Education	School
IA		CYPS	Education	Bristol Gateway Recruitment & Selection
IA		CD/NH	Housing	Landlord Services
IA		CD/NH	Housing	Housing Rents
IA		CD/NH	Housing	Tenancy Waiting Lists

## Internal Audit Plan 2012/13 - 'Reserve List' of Audit Work Required for Completion Should Resources Permit

Source	Risk Register R	Directorate	Area	Subject
DRR	CD004	CD/NH	Traffic	S58 Reduction in traffic loss/injury obligations
IA	IA	CD/NH	Environment and Leisure	Minor Works Assistance
IA	NH011	CD/NH	Finance	Localism Act - HRA implications
IA		CD/NH	ICT	Traffic Management System
IA		CD/NH	ICT	Emergency Control Centre
IA		CD/NH	Procurement	Sports Centre Contract
Request	IA	CD/NH	Environment and Leisure	Parks Service, Allotments, Estates & Sports Financial Management/ Administration and Concessions (Central Collection Arrangements)
IA		CD/NH	Procurement	Central Heating Installation work
IA		CORP	Fraud	Further Risk Based Anti Fraud Testing Programme
IA		CORP	Fraud	Service Level Agreement Development (Police, UKBA etc.)
IA		CORP	Fraud	Data Matching Policy and procedures
CRR	CRR 013	CORP	Governance	Civil Emergency Planning - how BCC will provide business as usual in the event of an emergency
IA	CRR 029	CORP	Governance	Localism Act - overview and audit impact
IA	CRR 005	CORP	HR	Workforce Planning - People Strategy
IA		CORP	Risk Management	Partnership Risk
IA		CORP	Risk Management	Policy review
Request	Request	CS	Benefits	HB Overpayments
IA	IA	CS	Benefits	HB - Administration & Assessment Teams
IA	IA	CS	Finance	Property Acquisition & Disposals
IA	IA	CS	Finance	Property Leases
IA	IA	CS	Finance	Value Added Tax
CRR	CRR 027	CS	ICT	Information Security - progress review
IA		CS	ICT	Change Control
IA		CS	ICT	Firewall
IA		CS	Legal	Lord Mayor's Administration - Civic Plate and Regalia
IA	IA	CS	Legal	Local Land Charges
IA		CS	Procurement	Building Practice
IA	IA	CS	Security	Security Services/ CIT
IA	IA	CYPS	Children	Children's Centres Central Arrangements + sample of Centres
IA	IA	CYPS	Governance	Partnerships/CYP Trust
CRR		CYPS	Strategic	Young People not in Education, Employment or Training
CRR		CYPS	Strategic	Raising Achievement/Excluded Pupils
IA		CYPS	ICT	Primary Schools x 2
IA	IA	CYPS	Commissioning	Extended Schools Partnership
IA	IA	HSC	HSC	Domiciliary Care
CRR		HSC	HSC	Information Sharing/Caldicott Rules/Information Security
IA	IA	HSC	HSC	Resource Allocation System
IA	IA	HSC	HSC	District Offices/Centres/Homes Financial Admin Arrangements
IA	IA	HSC	HSC	Commissioning H&SC
IA	IA	HSC	HSC	Partnerships

**INTERNAL AUDIT  
STANDARD OPINIONS**

OPINION	EXPLANATION
Very Good	The system of governance and internal control is well designed to effectively assist achievement of the identified objectives and manage the associated risks. No weaknesses were identified and management can have reasonable assurance that all areas covered by the review are effectively managed and controlled.
Good	There is a good system of governance and internal control to assist achievement of the identified objectives and manage the associated risks. Only minor weaknesses were identified and management can have reasonable assurance that areas covered by the review are effectively managed and controlled.
Satisfactory	Overall the system of internal control and governance is satisfactory and management can have assurance that many areas covered by the review are effectively managed and controlled. There are however weaknesses which put some of the identified objectives at risk.
Needs Improvement	Missing or failing controls were identified which have a substantial impact on the extent to which management can rely on the systems of internal control and governance. Only limited assurance can be given that the risk areas covered by this review are effectively managed and controlled.
Poor	Internal control and governance is weak and management can place no reliance on it. This leaves the system open to significant risk, error or abuse.

### Chartered Institute of Public Finance (CIPFA)

#### Better Governance Forum briefing paper

*The follow is an extract from the above briefing paper :  
Audit Committee update - helping audit committees to be effective.*

## Reviewing the Audit Plan

At least once a year, but possibly more frequently, both your internal and external audit teams will ask you to review their audit plans and approve them. If you aren't familiar with audit plans, you may well be asking yourself how to do this and how you can add value. In this article, I will discuss:

- Why draw up an audit plan?
- Who is involved?
- How is the audit plan produced?
- What does the audit plan cover?
- When is the audit plan written?
- Your role in relation to the audit plan

I will finish with a "dashboard" of key questions for you to ask to satisfy yourself that the plan has been drawn up appropriately and will deliver the assurance that you need as an audit committee member. While I concentrate on your role in relation to internal audit, many of these points also relate to external audit.

### ***Why draw up an audit plan?***

An audit plan is needed to ensure that your auditors address all the main areas of risk within your organisation and can provide assurance to support your Annual Governance Statement or Statement on Internal Control. At the end of each year the head of internal audit provides an opinion on the effectiveness of the control environment so it is vital that the plan is sufficient to support that opinion. It is also needed to ensure auditors use their limited resources (budget, time, people and expertise) to best effect. Almost inevitably audit needs outstrip audit resources and the plan will help your audit team set its priorities, in discussion with you.

### ***Who is involved?***

The audit plan is normally drawn up by the head of internal audit, in consultation with directors and members of the audit team. As the internal audit plans and external audit plans should be aligned, each should consult the other as part of this process.

### ***How is the audit plan produced?***

The audit plan is 'risk-based' to address the financial and non-financial risks faced by your organisation and your key priorities. Your organisation's risk register and the effectiveness of risk management will be reviewed to help develop the plan. The plan may also include work to be undertaken on behalf of your external auditor. The identified audits will be balanced against the resources available and the plan drawn up accordingly.

### ***What does the audit plan cover?***

The audit plan should show how your internal audit strategy is going to be achieved in accordance with the section's terms of reference. Plans include a combination of planned work

and allowances for reactive work. They are always flexible so that they can reflect the changing risks and priorities within your organisation. Plans will also include allowances for “non-chargeable” time.

Planned audit work consists of a series of reviews of different aspects of your organisation’s operations. The plan will include some high risk areas, for example areas of significant financial risk or high profile projects or programmes. Or they could be areas where there are concerns about poor performance, fraud or emerging risks. Some higher risk audits may feature annually in audit plans. Other areas, particularly financial systems, may be audited regularly even if they are well controlled because of their significance to the financial statements. The frequency will usually be agreed with the external auditor. Other parts of the plan will reflect the risks and priorities of the organisation and the judgement of the head of internal audit.

Reactive audit work may include investigations, giving advice, supporting working groups and other such matters. Non-chargeable time includes annual leave, training, administration, team meetings etc. A working year is approximately 260 days. A typical auditor (not a trainee or a manager) will carry out about 200 audit days/year.

### ***When is the audit plan written?***

Detailed audit plans normally cover the organisation’s financial year, although this is not mandatory. The audit plan is, therefore, generally written a few months before the start of the audit year for approval by the audit committee at the meeting before the start of that year. As the plan has to be flexible, you should be kept informed of minor changes and receive a revised plan for approval if there are any significant changes during the year.

There may also be a strategic plan that outlines the main direction for the audit team over a longer period than a year (perhaps three years). This is particularly useful to understand the wider coverage of risks and controls.

### ***The audit committee’s role***

The audit committee should be both challenging of the plan and supportive in its delivery. You need to be sure that the organisation’s risks and priorities are considered, that the plan is aligned with the audit strategy and terms of reference, that internal and external audit have liaised in drawing up their plans and that your auditors have exercised their independence and have not been unduly influenced by others in deciding what they will or (even more importantly) will not examine. You could review the audit strategy and terms of reference at the same time to ensure that they are still relevant and appropriate.

You also need to consider how the plan relates to other sources of assurance to support the Annual Governance Statement or Statement on Internal Control, for example assurance from the risk management process or management assurances. Taken as a whole, will you get the assurance you need?

Once the plan has been approved, your role is then to monitor activity and outcomes against that plan. Is it being delivered? Is the audit work delivering the expected outcome? You may also need to support your auditors, if they are struggling to get auditee engagement or experience a shortfall in resources. Above all, you are there to get action as a result of audit work.

## **Key questions to ask:**

- |  |
|--|
| <b>1. Who did the head of internal audit liaise with in drawing up this plan? Did this include external audit?</b> |
| <b>2. How does this audit plan link to our risk register and our strategic plans?</b>                              |
| <b>3. What audits have you left off this plan and why? When do you plan to carry out this work?</b>                |
| <b>4. How does the audit plan fit with other assurance work? Are there any gaps or is there duplication?</b>       |