
Audit and Standards Committee – 17th April 2014

Report of the Treasurer

Audit Plan for the period 2014 / 2015

Purpose of the Report

1. To inform members of the work that the Audit Services Division plan to undertake during the period from 1st April 2014 to 31st March 2015.

Background

2. The Accounts and Audit Regulations 2011 require the Council to have “an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.” The work of the Audit Services Division enables the Council to comply with this requirement of the Accounts and Audit Regulations. The concept of “proper internal audit practices” requires compliance with the Public Sector Internal Audit Standards.
3. In addition, it provides the Council’s Section 151 officer i.e. Treasurer with assurance that the financial affairs of the Council are conducted in a proper manner. It also provides assurance as part of the governance/assurance framework used in preparing the Annual Governance Statement and, Head of Audit control opinion.
4. In the Interim Performance Report presented to the February meeting we reported that three members of staff left at the end of December 2013 and this has reduced our establishment to 9.7 FTE. In drafting the audit plan we have followed some basic rules which will help to mitigate the reduction in resources but also enable us to continue to provide assurance to Directors and Councillors on the overall control, risk and governance framework :-
 - a. Cover large risks and material spend
 - b. Carry on covering a broad range of audits
 - c. Consolidate audits where possible
 - d. Extend the time between audits
 - e. Recognise areas which have previously received “significant” assurance ratings
 - f. Reduction in allocations for value for money, fraud, administration and advice and support.
5. The Council’s risk management strategy is embedded across the Authority and the Head of Audit Services has reviewed the risk register to ensure all significant risks are represented in the audit plan. The Head of Audit Services has also used an additional risk assessment methodology based on our own automated audit planning system. This is consistent with the assessments used by Audit Services in previous years.

6. The plan uses risk and judgemental assessment to determine the frequency with which the various systems should be audited and the Head of Audit Services balances the need for audit coverage against the available resources. The audit plan does not, therefore, include some of the low risk aspects of the Council's operations. The systems that are assessed as high risk are audited each year whilst others are examined every two, three or four years.

The draft plan is attached as Appendix A, with a summary attached as Appendix B.

7. Audit Services has consulted with all Directors about the plan, to obtain their views and to identify new activities that should be considered for audit and any activities that are no longer taking place and can be removed from the audit plan.
8. In addition to the planned audits listed in Appendix A, Audit Services also carry out :-
 - a. Honorary audits
 - b. Traded service to schools for the audit of School Funds
 - c. Assurance to Governors on the completion of Financial Value Standard assessments
 - d. External contracts to provide audit services to two Academies.
9. We have reviewed the Audit Charter and Audit Strategy which were approved by Audit & Standards Committee in September 2013, and no changes are required at this time.

Finance

10. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Directorate. Audit Services budget for 2014/15 envisages an out turn of £367,000 against £401,000 for 2013/14.

Law

11. The Account and Audit Regulations 2011 require the Council to have an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.

Equality Impact

12. This report does not raise any equal opportunities issues.
13. The work included in the audit plan will help to protect the interests of children and young people, albeit they were not consulted on, or involved, with the development of the plan.

Recommendation

14. That members note the content of this report and approve the Audit Plan for 2014/2015.



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Iain Newman
Treasurer

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Appendix A

Audit Plan : April 2014 to March 2015

ADULTS, COMMUNITY & HOUSING SERVICES	209 days
Directorate Procurement	Safeguarding Vulnerable Adults
Hospital Access Team	Queens Cross Network
Dementia Gateways	Business Continuity
Living Independently Team	Physical & Sensory Disabilities Team
Blue Badge Team	Deaf Support Team
Disabilities Long Term Team	Falls Service
Housing Stores	Finance Social Care Team
Rechargeable Works	Housing Repair Service
Lettings policies/procedures	Rent Collection & setting
Ensuring the safety of homes and estates	Constructionline Procedures
Decoration Card	Service Quality/Tenant Satisfaction
Tenant Empowerment	Other properties (garages, shops etc)
Consultancy	Follow up
CHILDRENS SERVICES	181 days
Catering & Client Services	Children with Disabilities
Safeguarding & Review Team	Social Care Commissioning Team
Childcare Sufficiency	Early Years
Adshead Road Residential Unit	Directorate Performance & Risk Management
Counselling	Troubled Families Programme
Independent Review Service for Looked After Children	Cherry Tree Learning Centre
Maitland Road	Information Governance
Parkes Street	Youth Offending Team
St James Road	Sycamore Centre
Stourbridge Children's Centres	Tipton Road
Follow up	Consultancy
SCHOOLS	132 days
The Brier School	Old Park School
Pens Meadow School	Blowers Green
Christchurch	Colley Lane
Crestwood Park	Glynne
Greenfield	Hob Green
Howley Grange	Jessons
Kates Hill	Milking Bank
Netherbrook	Olive Hill
Quarry Bank	Redhall
Russells Hall	Thorns School & Community College
Wrens Nest	School Recruitment
Follow up	School Procurement

CHIEF EXECUTIVE	118 days
Customer Feedback/Complaints	Anti-Social Behaviour
Corporate Performance Management	Community Asset Transfer
Equality & Diversity	Public Health
Consultancy	Corporate Governance
Annual Governance Statement	Corporate Grants
Corporate Follow Up	Troubled Families Grant Certification
CORPORATE RESOURCES	276 days
Control Accounts Review	Creditors System Review
Revenues Exchequer Team Review	Business Rates Review
Treasury Review	Corporate Personnel & Payroll
Transformation - Records M'ment/Time Recording	Directorate Performance & Risk Management
Teachers Pension Scheme	BACS and Cheque Process
IT Governance	Information Governance Team
IT Systems Administration	Dudley MBC Internet & Intranet
Application review - Tribal	Application review - SWIFT
Carbon Reduction Commitment Annual Report	RIPA
National Fraud Initiative	Licensing including vehicle inspections
Mayoral/Members Allowances	Central Safety
Central Training	Follow up
Consultancy	
URBAN ENVIRONMENT	103 days
Geotech contracts [all stages]	Consultancy
Car parks	Directorate Procurement
Health and Safety Enforcement	Management of vehicles
Traffic Management (incl Strategy)	Refuse collection
Section 106 Administration	Waste Disposal
Follow up	
EXTERNAL CONTRACTS/TRADED SERVICES	141 days
Schools Financial Value Standard	Consultancy
Redhill	Earls High
TOTAL	1,160 days

Appendix B

Audit Coverage [Days] 2009/10 to 2014/15 : By Directorate

Audit	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Plan	14/15 Plan
Adult, Community & Housing	311	276	258	156	242	209
Chief Executive	99	76	121	82	94	118
Children's Services	286	297	295	205	199	181
Corporate Resources	388	329	384	277	370	276
Schools	273	253	381	223	210	132
External Contracts / Traded Services	94	68	0	159	130	141
Urban Environment	209	196	211	158	168	103
Honorary Audits	25	26	17	96	68	50
Sub Total	1,685	1,521	1,667	1,356	1,481	1,210
Fraud & Investigations	134	124	145	173	235	175
Value for Money	259	371	343	253	150	50
Advice & Support [NB1]	241	263	251	201	170	100
Administration [NB2]	341	298	324	269	271	200
Total	2,660	2,577	2,730	2,252	2,307	1,735
Number of Audits	196	178	218	147	132	127

NB1 : Includes time spent on assisting Directorates with system development, process queries, Constitution questions, etc.

NB2 : Includes time spent on IT development, team and divisional meetings, methodology reviews, etc