

**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**Finance & Corporate Services Directorate**

**Internal Audit Service**

INTERNAL AUDIT PLAN  
FOR THE PERIOD  
1 April 2016 – 31 March 2017

Issue Date March 2016

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**STRATEGIC AUDIT PLAN IN RESPECT OF THE PERIOD  
1 APRIL 2016 TO 31 March 2017**

**1. INTRODUCTION**

- 1.1 I outline in this plan details of the Internal Audit Service involvement in Council services/functions for the period 1 April 2016 to 31 March 2017.
- 1.2 The plan has been prepared using the following assumptions and methodology.
- 1.3 The staffing complement for 2016/17 remains unchanged at 7.31(FTE). However, the number of available days has reduced from last year due to the following; 1 auditor will be on maternity leave for 10 months of the year, 1 auditor will be taking shared maternity leave and another auditor will be taking 2 weeks paternity leave.
- 1.4 Despite the fact that the service will be affected by 3 members of staff not being in work for additional periods over and above normal annual leave entitlement the reduction in the number of audit days has been kept to a minimum by the reduction in days allocated to study leave, staff training and other overhead type allowances.
- 1.5 An allowance has been made for special investigation type work i.e. fraud, theft, general malpractice issues in relation to employees and clients of Council services, along with requests for advice and guidance from service managers.
- 1.6 The risk factors noted against each audit heading are based on a formula that calculates the scores using 12 different variables. The scores against each variable are provided by Internal Audit staff based on their experience on each of the audit areas.
- 1.7 Other items of note included in the plan are:
  - Ongoing review of non-financial Corporate Governance issues, along with issues such as risk management and data protection.
- 1.8 The plan details the areas that are due to be audited during 2016/17. However, the audit plan is almost invariably subject to change as issues arise during the year. This flexibility is vital to ensure that new or increased risks are assessed and reported upon in order that assurance can be provided to Members. Any changes to the plan will be reported to Audit Committee throughout the year.

## **2. INTERNAL AUDIT SERVICE PERFORMANCE MONITORING**

Updates in line with corporate guidelines will continue to be given to the Council's Audit Committee and where required to the relevant Scrutiny Committee. Information will also be outlined in our performance indicator results. The section's work will also follow the requirements of the Public Sector Internal Audit Standards.

## **3. AUDIT COMMITTEE**

Since this Committee was established as a 'stand-alone' entity in May 2002, numerous reports on a variety of topics have been submitted and this has assisted Members' awareness of their role i.e. effective compliance with the laid down Terms of Reference of the Committee. The Committee undertakes its duties in line with the guidance given in the Public Sector Internal Audit Standards 2013 which supersede The Code of Practice for Internal Audit in Local Government in the UK. Members were advised of this change at the March 2014 Audit Committee meeting.

## **4. THE YEAR AHEAD**

As for every year to date, a number of challenges lie ahead:

- Provide an adequate level of audit coverage given the reduced resources available to the section;
- Provide assurance to Members on the adequacy and effectiveness of internal controls on systems that have been affected by the budget reductions faced by the Authority;
- The requirement to further improve the assessment of risk in audit work;
- Continuing with the progress made to date in improving and enhancing the role of the Audit Committee;
- Continuing to work closely with service managers to improve the effectiveness of audit work, particularly with regard to the increasing emphasis on corporate governance issues;
- Continuing to work closely with Wales Audit Office to maximise the effectiveness of audit work for the Authority.

In terms of ongoing requirements, there is a need to constantly monitor and review the progress being made in connection with the various assignments contained within the Audit Plan (aided by a computerised Audit Management System which has been developed in –house for our purposes). The 3 monthly progress reports will continue to be presented to Audit Committee. In addition, our External Auditor’s report on the performance of Internal Audit in terms of compliance with the Public Sector Internal Audit Standards in line with their statutory responsibility and this report in its entirety is submitted to the Audit Committee.

The service will also be externally assessed during 2016/17 in line with the requirement of the Public Sector Internal Audit Standard that each internal audit service is externally assessed every 5 years for compliance with the standards.

Finally, this Internal Audit Plan is submitted to the Audit Committee for approval at its next meeting scheduled for the 18 March 2016.

**H J Jenkins**  
**Director of Finance &**  
**Corporate Services**

**D Rees**  
**Head of Financial Services**

## **SECTION 1**

### **LEGISLATIVE REQUIREMENTS RELATING TO THE PROVISION OF THE INTERNAL AUDIT FUNCTION**

- 1.1 This section deals with the legislative question and the manner in which compliance is effected by the Authority.
- 1.2 Section 151 of the Local Government Act 1972 requires that “every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs.”
- 1.3 The responsible financial officer in this Authority is the Director of Finance & Corporate Services, and one of the more important ways in which he exercises his statutory responsibility for financial administration is through the work of the Internal Audit Service.
- 1.4 The Accounts and Audit Regulations state .... “ A Local Government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, and any officer or member of that body shall; if the body requires:-
  - a) Make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and
  - b) Supply the body with such information and explanation as that body considers necessary for that purpose.” This duty has been devolved to the Director of Finance & Corporate Services in his role as the ‘responsible financial officer’.
  - c) It is a requirement of the Public sector Internal Audit Standards that each Internal Audit service has an Audit Charter. The standards state “The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of ethics and Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” This committee approved the service’s charter at the committee meeting in December 2014.
- 1.5 These Accounts and Audit Regulations are supplemented by this Authority’s Financial Regulation No 3.4.5 and Financial Procedures Nos. 4.9.8 and 4.9.9 which state:

### Financial Regulation 3.4.5 – Audit Requirements

This states that the Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit.

### Financial Procedure Nos. 4.9.8 & 4.9.9

#### 4.9.8 Responsibilities of the Director of Finance & Corporate Services

To ensure that internal auditors have the authority to:

- a) Access Authority premises at reasonable times
  - b) Access all assets, records, documents, correspondence and control systems
  - c) Receive any information and explanation considered necessary concerning any matter under consideration
  - d) Require any employee of the Authority to account for cash, stores or any other Authority asset under his or her control
  - e) Access records belonging to third parties, such as contractors, when required
  - f) Directly access the head of paid service, the executive and Audit Committee
- To ensure that effective procedures are in place to investigate promptly any fraud, irregularity or mal practice.

#### 4.9.9 Responsibilities of Corporate Directors (Chief Officers)

- To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- To consider and respond promptly to recommendations in audit reports
- To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- To notify the Director of Finance & Corporate Services immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. Pending investigation and reporting, the Corporate Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

## **SECTION 2**

### **INTERNAL AUDIT PLAN 2016/17 CALCULATION OF AVAILABLE DAYS**

- 2.1 The total number of days included in the Plan is based on a total of 7.31 (FTE) staff.
- 2.2 A number of allowances have to be made to the total number of days available to allow for annual leave, public holidays, sickness, training etc. An estimate also has to be made for staff vacancies arising from the possibility of staff turnover occurring over the year.
- 2.3 These allowances result in a total number of 'available' days to the section of 1,324. From this is deducted a number of days to allow for the general supervision and management of the Section and other 'non-chargeable' items such as attendance at seminars, team meeting etc. The total number allocated to these overhead type areas is 210 days.
- 2.4 This leaves a total of 1,114 days available for planned work. This is a reduction of 36 days from last year.

### **SECTION 3 – INTERNAL AUDIT PLAN FOR 2016/17**

<b>Service Area</b>	<b>Days Allocated</b>	<b>Risk Factor</b>
<u>Education Leisure &amp; Lifelong Learning</u>		
<b>School based audits</b>		
Primary Schools	120	M
Secondary Schools	35	H
<b>Other education</b>		
IT replacement costs	10	M
Creditor year end cut off testing*	10	M
Education Grants	10	M
Croeserw Community Enterprise Centre	5	M

\*WAO request

**Total number of days = 190**

H=high

M= medium

L= low

<b>Service area</b>	<b>Days Allocated</b>	<b>Risk Factor</b>
<b><u>Finance &amp; Corporate Services</u></b>		
<b>Revenue Collection</b>		
Council Tax	5	L
NNDR	5	L
Sundry Debtors	5	L
Cash collection	10	H
<b>Benefit Administration</b>		
Housing Benefits	5	L
<b>Exchequer</b>		
Payroll	5	L
Creditor Payments	5	L
Creditor cut off testing	15	M
Creditors (FIS) checks	10	M
<b>Accountancy</b>		
Treasury Management	15	M
Bank Reconciliation	7	M
<b>Legal Services</b>		
Registrars	20	M
<b>Other</b>		
Contingency	34	N/A

**Total number of days=141**

<b>Service area</b>	<b>Days allocated</b>	<b>Risk Factor</b>
<b><u>Chief Executive's</u></b>		
Electoral Registration	5	M
Democratic processes	15	M

**Total number of days=20**

H=high M = medium L=low

<b>Service area</b>	<b>Days allocated</b>	<b>Risk Factor</b>
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### **Environment**

Stores/equipment	4	H
Facilities	20	H
Bus service operators grant	3	M
Workways	20	M
Asset Management	16	M

**Total number days=63**

### **Social Services, Health & Housing**

#### **Social Services**

Hillside Secure Unit	15	M
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#### **Safeguarding:**

PASMS*	10	M
DBS checks taxi drivers & escorts	10	H
DBS checks adult care staff	20	H
Medication training CCAs**	10	H
Safe recruitment (CYPS***)	15	H
Escalating Concerns protocol	10	M
Direct payments	20	M

#### **Housing**

Social Lettings Agency	15	M
Houses to homes loans & Home improvement loans	20	M

**Total number days=145**

\*Professional Abuse Strategy Meetings

\*\*Community Care Assistants

\*\*\*Children and Young People Services

H=high M=medium L=low

Service area	Days allocated	Risk Factor
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**Cross directorate**

Special Investigations	200	N/A
Advice & Guidance requests	65	N/A
Corporate Governance	20	N/A
IT Audit	20	N/A
Contract Audit	20	N/A
Officer Declarations	15	M
Petty Cash	15	H
Use of credit notes	20	M
Settlement Agreements	10	H
Risk Registers	15	M
Mobile phones/land line charges	15	M
DBS Checks	20	H
Travel & subsistence	20	H

**Total number of days= 455**

**Other Commitments**

Banking Administrator	10	N/A
Attendance at working		
Parties	20	N/A
Servicing Audit Committee	20	N/A
Vision Impaired West Glam	5	L
SWTRA	10	N/A
FOI Requests	5	N/A
Staff association/lottery	10	N/A
Contingency	20	N/A

**Total number of days = 100**

**Total number of days for 2016/17 = 1114**

H=high, M=medium, L=low