

EXETER CITY COUNCIL
AUDIT AND GOVERNANCE COMMITTEE
12 MARCH 2014

INTERNAL AUDIT PLAN 2014/15

1. PURPOSE OF THE REPORT

- 1.1 To seek the Committee's approval of the 2013/14 Internal Audit Plan (Appendix A).

2. BACKGROUND

- 2.1 The Internal Audit Strategy including the audit rolling plan was established in line with internal control and risk management best practice, and is used to establish the Audit Plan.
- 2.2 The Council's Internal Auditors use the 'Enterprise Risk Management Approach' (ERMA) they devised to check that there are adequate internal controls and separation of duties and that risk is adequately considered throughout the Council. This approach ensures that non-financial systems (such as corporate governance, health & safety and risk management) are afforded the same 'fundamental systems' status as the traditionally important financial systems (such as creditors, housing benefits, payroll and council tax).
- 2.3 The fundamental systems are audited on an annual basis using the Council's 'Enhanced Systems Based Auditing control matrices' testing papers as required by our external auditors, whilst the remaining 'non-fundamental' systems will be audited either biennially for medium risk systems or once during the four-year rolling plan cycle for low risk systems.
- 2.4 The Audit Plan has also been linked to the Corporate Risk Register and the appropriate risk reference is shown against the relevant audit in Appendix A.
- 2.5 The three areas with the highest audit coverage are Creditors, Housing and Housing Benefits. Creditors is a high risk system as it has the potential for fraud and costly error to the Council. A significant amount of time is required to audit creditors due to the significant number of transactions processed. During 2014/15 Internal Audit conducted a review of the Housing Voids process and identified a significant number of weaknesses (as the report has not yet been finalised, details will be reported in the next quarterly report). Housing benefits is considered high risk because of the national problem of external claimant fraud and the serious financial affect that would be caused should the Council's benefits subsidy claim be reduced due to significant input or classification errors. The plan also maintains good coverage for Council Tax to allow for the new legislation relating to Council Tax support and sundry debtors as this was identified to have a fundamental weakness in the last audit report.
- 2.6 In addition to the risk analysis, the Audit Managers have also met with Assistant Directors and Corporate Managers to discuss their strategic priorities, their responsibilities under the corporate risk register, to identify any specific concerns they may have. The outcomes of these meetings have also fed into the formation of the 2014/15 Internal Audit plan

3. RECOMMENDATION

3.1 That the 2014/15 Internal Audit Plan be approved.

Audit Managers

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report: None