

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - RESOURCES**  
**20 MARCH 2013**

**INTERNAL AUDIT PLAN 2013/14**

**1. PURPOSE OF THE REPORT**

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

**2. BACKGROUND**

- 2.1 The Internal Audit Strategy was established in line with internal control and risk management best practice, and was 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 information 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, whilst the remaining 'non-fundamental' systems will be audited either biennially for medium risk systems or once during the four-year cycle for low risk systems.
- 2.4 The two main risk areas are Housing and Housing Benefits. The plan maintains good coverage for Council Tax to allow for the new legislation relating to Council Tax support.. During 2012/13 Internal Audit conducted a review of the Housing Private Sector Leasing Scheme and identified a significant number of weaknesses (details are included in the Internal Audit half yearly report). Management accepted the majority of the audit recommendations and have used the Internal Audit report to assist with the review of the Housing service. However, Private Sector Leasing is only one part of the Housing system and the time allocated during 2013/14 will be used to review other aspects of the Housing system. 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.
- 2.5 In addition to the risk analysis, the Senior Auditors have also met with Assistant Directors and Corporate Managers to discuss their strategic priorities, any specific concerns they may have and to enable the audit plan to feed into the system review process. The outcomes of these meetings have fed into the 2013/14 Internal Audit plan.

**3. RECOMMENDATION**

- 3.1 That the 2013/14 Internal Audit Plan be approved.

**ASSISTANT DIRECTOR FINANCE**

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

**Background papers used in compiling the report:**

None