

Draft Internal Audit Plan 2017-18 to 2019-20

1. Purpose

To set out the 2017-18 Internal Audit Plan for Northampton Borough Council as well as planned coverage for 2018-19 to 2019-20.

2. Background

Many financial activities transferred from Northampton Borough Council to LGSS during 2013-14 financial year. It was agreed with the S151 Officer and the council's internal auditors (PwC) that where LGSS have the responsibility to undertake the functions, LGSS Internal Audit would complete the assurance work, whilst PwC would continue to audit those aspects which remain in the direct control of the council.

3. Internal Audit Planning Process

The audit planning process has considered the following - (a) the scope of auditable activity, (b) previous audit coverage including audit opinions and (c) emerging risks and developments. These are expanded upon below.

Scope of Auditable Activity – The scope of auditable activity is limited to the financial activities / functions that LGSS undertake on behalf of Northampton Borough Council. The only recent change that has occurred relates to responsibility for payroll transferring back to the Northampton Borough Council during 2016-17.

Previous Internal Audit Coverage Including Audit Opinions – Detailed below is a list of audits completed over the last four years for financial activities / functions that LGSS currently undertake on behalf of Northampton Borough Council.

Audit	2016-17	2015-16	2014-15	2013-14
Accounts Payable	x	x	x	x
Accounts Receivable	x	x	x	x
General Ledger	x		x	x
Bank Reconciliations	x	x	x	x
Treasury Management	x		x	
Council Tax	x			
Business Rates	x			
Housing Benefits	x			
Fixed Assets			x	x
ICON System Access	x			
IBN System Access	x			

Whilst all financial activities / functions has been audited over the period, the regularity of coverage has varied with some areas being audited on an annual basis and others only being audited once in the last four years. It is also worth noting that the scope of the Council Tax, Business Rates and Housing Benefits review in 2016-17 was limited to reconciliations and management reporting / oversight.

Additionally, whilst ad-hoc IT audit reviews have taken place, these have not included any specific reviews of key financial systems.

Across all the areas audited, the latest reviews concluded that substantial assurance could be provided that the control environment have been appropriately defined and was operating as intended.

Emerging Risks and Issues – We are not aware of any emerging risks and developments that impact on the auditable activity highlighted.

4. Draft Internal Audit Plan

In light of the planning process undertaken, we are proposing that the draft Internal Audit Plan covers a three year period 2017-18 to 2019-20. The movement from a one year plan reflect our assessment that:

- The scope of auditable activity is stable.
- Audit opinions indicate that the control environment covering these financial activities / functions are working effectively and as a result, we have determined that all activity should be audited on a cyclical rather than annual basis.

The three year plan is detailed below.

Audit	2017-18	2018-19	2019-20
Accounts Payable		x	
Accounts Receivable			x
General Ledger			x
Bank Reconciliations		x	
Treasury Management			x
Council Tax	x		
Business Rates	x		
Housing Benefits		x	
Fixed Assets	x		
IT Audit System Review			
- Agresso	x		
- Northgate		x	
- Academy			x

The focus in 2017-18 will be financial activities / functions where limited audit work has taken place in previous years. The only exception to this is in respect of Housing Benefits as this has recently been the subject of a health check review by the Department of Work and Pensions (DWP) which has identified a number of opportunities for improvement. As a consequence, we will undertake a review of Housing



Benefits in 2018-19 and within the scope consider how LGSS has responded to the DWP findings. Additionally, an IT audit review will take place in each of the next three years in respect of the three key financial systems in operation will be subject to an IT audit review.

The plan will be kept under constant review to ensure it adapts to emerging risks and development as and when they are identified.

5. Communication

The following communications will take place with senior officers (Chief Finance / S151 Officer, Interim Strategic Finance Manager and Governance and Risk Manager) and the Audit Committee in respect of the Internal Audit work in 2017-18:

- Audit Plan – The plan will be issued to senior officers for consultation and comment before being presented to the Audit Committee in September 2017.
- Terms of Reference – Senior officers will be consulted on the draft terms of reference for all reviews to provide the opportunity to highlight issues or concerns that they want to be considered within the review.
- Audit Reports – Senior officers will receive a copy of the draft report to allow them the opportunity to comment on the findings and planned management action before the report is finalised.
- Report to the Audit Committee – It is anticipated that the audit work for 2017-18 will be undertaken between October and December 2017 and that a summary of the key findings from this work will be presented to the Audit Committee at its meeting in January 2018.

Where appropriate such communications will also include Northampton Borough Council's Internal Auditors (PwC) and External Auditors (KPMG) as well as key personnel from LGSS.

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