**2010/11 INTERNAL AUDIT
INITIAL DRAFT PLAN v2**

	2010/11 RISK REVIEWS LINKED TO THE STRATEGIC RISK/OPPORTUNITY REGISTER
SR 1 Fail to Plan for adverse developments in the wider economy (recession/credit crunch) **Amber**	• Treasury Management • Budget Management/Forecasting • Transformation Programme • Small Business Relief Scheme • Pilot Mortgage Rescue Scheme • Social Care Financial Assessments
SR 2 Failure to address the funding gap in the medium term **Amber**	• Capital Programme
SR 3 Fail to actively contribute to sustaining the environment **Amber**	• Review of Harrow's Sustainability Measures
SR 4 Ineffective partnership working within our Strategic Partnership **Red**	• Risk Management Process • Partnership Governance Arrangements • Pooled Budgets
SR 5 Impact of changing demographics not anticipated **Red**	• Equality Impact Assessments • Data Quality
SR 6 High profile service failure **Red**	• IPAD Process/CREATE behaviours • Communications Strategy
SR 7 Failure to achieve a culture in the organisation that supports the Council's vision and priorities **Amber**	• IPAD Process/CREATE behaviours (as for SR 6)
SR 8 Failure to be an employer of choice **Amber**	• Temporary/Agency Staff and Consultants
SR 9 Damage to the Council Reputation **Amber**	• Communications Strategy (as for SR 6)

STRATEGIC RISK (SR) 1
Fail to Plan for adverse developments in the wider economy (recession/credit crunch)
Amber

Treasury Management (Corporate Finance) Review to include review of TM policy/strategy to ensure robust and fit for purpose, TM processes to ensure compliance with CIPFA code/guidance and a review of a sample of investments/deposits to assess the robustness of decisions made to invest soundly and spread risk. The objective of the review is to assess the adequacy, application and effectiveness of the policy/strategy/processes in place to mitigate the risk of an unsound investment strategy that enables investments/deposits to be placed that are not well researched or spread widely enough to mitigate risk to the Authority.

Budget Management/Forecasting (Corporate)
Review to cover role and responsibilities of accountants and Budget Managers, adequacy of policy/training/guidance covering budget management and budget forecasting, robustness of systems in place including processes to identify/deal with significant under/overspends and income and the impact of local budget management/forecasting on overall budget. The objective of the review is to strengthen weak budget forecasting process and ensure that falling income levels and increasing service costs are being adequately managed.

Transformation Programme (SR1 & SR2) (Corporate)
A review of the Transformation Programme to ensure that the programme is robust and sufficient to meet it's overall objective/mitigate risks identified, covers all key areas of the Council, is being progressed according to the agreed plan across all Council departments, has been communicated effectively to staff, members and the public.

Small Business Relief Scheme (Corporate Finance)
Review of Small Business Relief Scheme to ensure compliance with government legislation and to assess the success of the Authority in encouraging small business applications to mitigate the risk of local businesses failing.

Pilot Mortgage Rescue Scheme (Housing)
Review of scheme to assess controls in place and success of scheme in mitigating risk of increased homelessness within borough.

Social Care Financial Assessments (Childrens , Adults and Corporate Finance)
Objective of the review to ensure that the Authority's policy and procedures on financial assessments is fair and that contributions from clients are collected efficiently to maximise income thus reducing the financial impact of increased demand for social care.

STRATEGIC RISK (SR) 2
Failure to address the funding gap in the medium term
Amber

Capital Programme (Corporate Finance)
Review to cover adequacy/robustness of policy and procedures, in particular management and control, in place and compliance with the Prudential Code.

STRATEGIC RISK (SR) 3
Fail to actively contribute to sustaining the environment
Amber

Review of Harrow's Sustainability Measures (Environment/Corporate)
Review of corporate approach to sustainability to ensure robust joined up processes are in place to meet Government guidelines and recognised good practice.

STRATEGIC RISK (SR) 4
Ineffective partnership working within our Strategic Partnership
Red

Risk Management Process (Corporate Finance/Corporate)
A review of the Council's Risk Management policy/strategy and processes to ensure that it is robust, fit for purpose and follows best practice as determined by CIPFA with particular emphasis on risk management in relation to partnership working. The objective being to provide assurance that risk management is embedded across the Council and within Strategic Partnerships and that risks are being effectively identified and managed.

Partnership Governance Arrangements (Chief Executives)
A review of partnership governance arrangements to include a review of the adequacy of the Governance Handbook, the application of the agreed governance arrangements and the effectiveness of the governance arrangements in ensuring that Harrow Council and its Strategic Partners are doing the right things, in the right way and at the right time and a review of assurances obtained from partners.

Pooled Budgets (Childrens/Adults)
A review of any budgets pooled with the Council's Strategic Partners to ensure that roles and responsibilities of the organisations involved are clear and understood, that the basis for the pooling is fair and reasonable to all parties and that robust budget management arrangements are in place.

STRATEGIC RISK (SR) 5
Impact of changing demographics not anticipated
Red

Equality Impact Assessments (Chief Executives/Corporate)
Review to cover the adequacy and application of programme management of EIA's across the Council, the adequacy and effectiveness of reviews undertaken and the impact on services i.e. has the EIA improved the service's ability to cater for diversity.

Data Quality (Chief Executives/Corporate)
A review of the Council's policy/strategy and procedures covering data quality to ensure that they are adequate and effective in ensuring the quality and accuracy of data across the Council. The review will cover the dissemination of information on data quality requirements across the Council, the engagement of staff and the embeddedness of data quality standards.

STRATEGIC RISK (SR) 6
High profile service failure
Red

IPAD Process/CREATE behaviours (SR6 & SR7) (Corporate)
A review of the IPAD process covering adequacy of policy and guidance, application of the process across the Council (on a sample basis) to specifically ensure that they include behavioural measures to support the CREATE values, contain SMART objectives that are linked to Service and Corporate Objectives and identify training requirements. (Issues identified in 08/09 MA exercise)

Communications Strategy (+ SR 9) (Chief Executives)
A review of the Council's Communications Plan and approach to ensure adequate to minimise the risk of reputational damage to the Council in the event of a high profile service failure and to combat negative media generally.

STRATEGIC RISK (SR) 7
Failure to achieve a culture in the organisation that supports the Council's vision and priorities
Amber

IPAD Process/CREATE behaviours (as for SR 6)

STRATEGIC RISK (SR) 8
Failure to be an employer of choice
Amber

Temporary/Agency Staff and Consultants (joint with CAFT) (Corporate)
Sample testing of areas across the Council that either have a high level of temp/agency/consultancy staff or long term use of such staff to ensure compliance with Council procedures in relation to recruitment of such staff and an assessment of the reasonableness of the approach being taken and the impact on services. The same sample will be used by CAFT to review Agencies' checks on individual's right to work, CRB, qualifications and work history/references. A matching exercise will also be undertaken on addresses to identify any potential Housing Benefit/Council Tax fraud.

(Sickness Absence covered in 2008/09 + 2009/10)

Strategic Risk (SR) 9
Damage to the Council Reputation
Amber

Communications Strategy (as for SR 6)

2010/11 RISK REVIEWS LINKED TO THE CORPORATE OPERATIONAL RISK REGISTER

National Indicators (OR4) (Chief Executives/Corporate)
A review of high risk indicators to confirm robust processes for relevant indicators in place.

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Business Continuity (OR6) (Corporate Finance/Corporate)
A review of Business Continuity planning/disaster recovery arrangements to ensure resilient in the event of a business interruption causing loss of Council buildings/IT.

RISK REVIEWS IDENTIFIED VIA MEETINGS/INFORMATION FROM OFFICERS

Single Equality Scheme Action Plan (Chief Executives)
A review of monitoring arrangements to include sample testing of implemented actions to assess the robustness of monitoring arrangements and provide assurance on progress against agreed action plan.

Parking Appeals Outcome Monitoring System (Corporate Finance)
A review of the system for monitoring parking appeals to ensure that decisions made by the adjudicating body (PATAS) are picked up and actioned by the Council to minimise the risk of future successful appeals with particular emphasis on version control of forms used.

Business Rate Supplement (Corporate Finance)
A review of the system in place to cater for the administration of the GLA levy to pay for cross-rail to ensure adequate and efficient.

Housing Benefit Overpayments and Write-offs (Corporate Finance)
A review of the processes in place to identify, raise and recovery or write-off overpayments including the identification of potential fraud and referring that as necessary to CAFT.

Housing Asbestos Management (part II) (Housing)
A follow-up of the review undertaken in 2009/10 to ensure sufficient progress has been made with agreed action to improve the robustness of controls.

Schools (Childrens)
As all schools have now been assessed against the FMSiS Standard at least once the Internal Audit focus at schools will now be changed to reduce the audit support for FMSiS and reflect high risk areas identified as a result of the FMSiS assessments, the review of Risk Registers and risks identified by management. The following is therefore suggested:

- **FMSiS Awareness Session and Workshop**

Support for schools being external assessed during 2010/11.

- **Financial Controls**

A review of financial controls in schools identified as weak in this area by Internal Audit, School Financial Services or the Advisors.

- **Application of Contract Procedure Rules**

Review of a sample of schools to determine application and effectiveness of contract procedure rules (an area identified as weak from External Assessments).

- **IT Data Security (OR10)**

Review of a sample of schools to assess the adequacy, application and effectiveness of controls in place to mitigate the risk of loss/misuse of data.

- **CCTV**

Review of a sample of schools to assess the adequacy, application and effectiveness of procedures in place to manage the use of CCTV within schools. (Risk identified during review of corporate arrangements for CCTV)

Schools FMSiS External Assessments

- 21 schools (using external support) + any re-assessments – Internal Audit will manage and co-ordinate the reviews

IT Reviews

- Control and monitoring of SAP User IDs (HITS)
- IT Data Security in Legal Services (OR10) (Legal)
- Post implementation review of Data Protection/Freedom of Information System (Corporate)
- Post implementation review of Civica records management (Housing & Planning)
- Framework I interface with SAP (credits a particular issue) and input of data (OR11) (Childrens & Adults)

Contract Management
Internal Audit are currently in the process of developing an audit strategy for contract audit based on new CIPFA guidance. The strategy will outline the IA teams approach to contract audit over the next 3 years. A selection of the following contracts to be reviewed in 2010/11:

- Major Works – (Apollo) building on the work undertaken during 2009/10 on the pre-tendering, tendering and mobilisation of this contract. (Environment)
- Printing – Annodata (Corporate)
- BTP – Capita (Corporate)
- Temporary Contracts – Matrix & Per-temps (SR8) (Corporate)
- Minor Works – Kier (OR 9) (Housing/Environment)
- Highways Maintenance – Enterprise Mochelle (Environment)

Delivery Plans (c/f 09/10 plan) (Corporate)
A review of the delivery plan process across the Council to ensure a consistent and robust process is in place.

BACS (c/f 09/10 plan) (HITS)
Controls surrounding the Councils BACS system are efficient and robust for both day to day responsibilities as well as business continuity plans

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Suspected Financial Irregularities/Investigation into Control Issues referred by CAFT
Support will be provided to managers undertaking investigations, specific investigations will be undertaken on behalf of managers and control issues identified from fraud work undertaken by CAFT will be investigated.

Professional Advice
Professional advice will be provided to managers, as required, on risk and control management/issues.

Follow-up
Follow-up of Red and Amber reports to ensure implementation of agreed audit recommendations

RELIANCE/ASSURANCE REVIEWS

Core Financial Systems - Key Control reviews:
- **Payroll**
- **Council Tax**

Review of Systems notes, undertake walkthrough tests and obtain self-assessments for:
- **Housing Rents**
- **Corporate Accounts Payable**
- **Corporate Accounts Receivable**
- **Housing Benefit**
- **NDR**

Management Assurance
Co-ordination of the 09/10 annual management assurance exercise including reality checking and input to the 09/10 Annual Governance Statement plus follow - up of action planned and the development and instigation of the 10/11 exercise.

Corporate Governance
Organisation of the Corporate Governance Working Group, development of governance assurance processes, collection of governance evidence to support the Annual Governance Statement, drafting of the AGS and support for the Corporate Governance Group and the Governance, Audit and Risk Committee.

Strategic Risk Group
Attendance and contribution to Strategic Risk Group.

Information Governance Board
Attendance and contribution to the Information Governance Board

Corporate Independent Safeguarding Authority (ISA) Group
IA input into development of new arrangements for CRB checking

LAA Grant (MH)
Audit of grant outturn to verify that adequate processes in place to produce performance data.

Schools, Sports Partnership Grant (SSC5)
Reconciliation of grant claim to SAP and audit signoff

Young Peoples Learning Agency (YPLA) Grant Claim
Audit of grant return and review of assurance from College's Internal Audit providers with sample testing to be undertaken in this the first year of operation.