

# DRAFT INTERNAL AUDIT PLAN 2011/12

## RELIANCE/ASSURANCE REVIEWS

### Key Control Reviews

These reviews are designed to confirm the presence, or otherwise, of critical high level controls within each of the council's core financial systems. They are undertaken as part of a 3 year cycle in which each system will be reviewed at least once to satisfy the requirements of the External Auditors and to enable them to place reliance on the work of Internal Audit. Coverage of each system is assessed annually having regard to a range of risk factors including changes to systems and key personnel. For 2010/11 the following systems will be reviewed, managers will be asked to update systems notes and walkthrough tests will be undertaken to confirm systems in operation:

- **Housing Benefits**
- **Business Rates**

In addition for the following systems managers will be asked to update systems notes, undertake a controls self assessment and walkthrough tests will be undertaken to confirm systems in operation:

- **Housing Rents**
- **Corporate Accounts Payable**
- **Corporate Accounts Receivable**
- **Payroll**
- **Council Tax**
- **Treasury Management**
- **Capital Programme**

With the exception of the systems notes for the Capital Programme these reviews will be undertaken in the early part of the financial year to enable the External Auditor to utilise them to inform their risk assessment that guides the external audit approach for work on the 2010/11 accounts. At the conclusion of this work an assurance statement will be produced for the Chief Finance Officer and inclusion in the Annual Governance Statement.

### Capital Programme

Continuation of the follow-up of the implementation of the recommendations arising from the Capital Investigation including audit input into the new processes and the use of the project management toolkit.

### Assurance Mapping

Working with Risk Management and the Corporate Governance Group to complete the assurance mapping exercise. To include a review of officer, member and partner groups providing assurance on controls in place to mitigate corporate strategic and operational risks.

### Management Assurance

Revision of the management assurance exercise in light of the outcomes of the assurance mapping exercise; co-ordination of the 10/11 annual management assurance exercise; input to

the 10/11 Annual Governance Statement; follow - up of action planned and the development and instigation of the 11/12 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 and support for the Corporate Governance Group and the Governance, Audit and Risk Committee.

### **Corporate Strategic Risk Group (CSRG)**

Attendance and contribution to Strategic Risk Group

### **Information Governance Board**

Attendance and contribution to the Information Governance Board

### **Schools, Sports Partnership Grant (SSC5)**

Reconciliation of grant claim to SAP and audit sign-off.

## **CORPORATE RISK BASED REVIEWS**

### **Application of Contract Procedure Rules**

Currently consulting with Procurement on how best to approach this review with the aim of assessing compliance and the robustness of the rules and processes.

### **Purchase Cards**

A review of the adequacy, application and effectiveness of controls in place over the use of purchase cards.

### **Members and Officers Declarations of Interests and Gifts & Hospitality (SR 9 & OR 2)**

A Council wide review to ensure that declarations of interests, gifts & hospitality are being appropriately managed.

### **Complaints**

Covering both corporate and Adults & Childrens teams. Assessing the implementation of the corporate complaints system across the Council.

### **Information Management**

A review covering adequacy of and compliance with policies, mitigation of risk, communication and engagement with staff and effectiveness of controls in place.

### **Petty Cash**

A review of a sample of petty cash imprests/floats held across the Council to ensure robust financial controls in place.

### **Management of HR Policies**

A review of how HR policies are disseminated and communicated to managers and staff and action taken to ensure that they are understood and implemented.

### **Organisational Learning**

A review of how lessons learnt from good and bad experiences e.g. a tribunal case, a court case, an emergency, are cascaded throughout the Council.

### **Agency Staff**

A review of the Council's longest serving/highest paid temporary staff to ensure their employment is being actively managed and that VFM is being obtained.

## **IT REVIEWS**

**The following IT reviews are planned:**

- Bank Automated Credit System (BACS)
- Electronic Criminal Records Bureaux (ECRB) – adequacy, application and effectiveness of new processes to be introduced from May 2011
- Internet/telephone credit card payments (including refunds) (CAFT)

## **DIRECTORATE RISK BASED REVIEWS**

### **Children's Centres**

Review to assess controls in place for collection of income and banking at the Children's Centers.

### **Re-Enablement (SR 2)**

A review of the Resource Allocation System for Personal Budgets to assess the adequacy, application and effectiveness of the controls in place to ensure clients are paid the correct amount and mitigate the risk of overpayment/loss to the authority.

### **Pensions**

A review of the pensions process.

### **Transformation Programme – Implementation of Savings (SR 7, 10),**

A review looking at the success of the implementation of savings identified from transformation projects.

### **Communications (SR 6, 7, 8, 9)**

A review of the effectiveness of communication across the council.

### **Carbon Reduction Commitment (SR 3)**

A review of the governance processes for the Councils carbon reduction commitment.

### **Green Travel Plans (SR 11)**

A review of the development and application of the Council's green travel plans.

### **Social Care Petty Cash/Client Finances**

A specific review of petty cash and client finances to determine whether robust financial controls are in place.

### **Housing use of Temporary Accommodation**

A review of the use of temporary accommodation by Housing to ensure appropriate controls in place over allocation and VFM is obtained.

### **Contract Monitoring**

A review of contract monitoring processes across Community and Environment.

### **Energy Procurement**

A review of the process for procuring energy.

### **Equalities Framework**

A review of the accuracy and robustness of data collected for assessment against the Equality Framework for Local Government and an assessment of Council's likely success in achieving an 'excellent' external assessment.

## **SCHOOLS**

As the Financial Management Standard in Schools (FMSiS) has been discontinued Audit focus at schools has been changed to reflect the high risk areas identified by the FMSiS assessments, the review of Risk Registers and risks identified by management.

- **Income and Expenditure Reviews**

Review of a sample of schools to assess the adequacy, application and effectiveness of controls in place relating to income and expenditure.

- **Petty Cash**

Review a sample of schools to assess the adequacy, application and effectiveness of controls in place relating to petty cash and petty cash cheque expenditure.

- **Schools Financial Services Health Checks**

Review to assess the adequacy, application and effectiveness of procedures in place relating to the health checks carried out at schools to mitigate the risk of poor financial practices.

- **Schools Interface with Council**

A review of the interface between the schools' SIMS system with the Council's SAP system with particular emphasis on information security.

## **SUPPORT, ADVICE & FOLLOW-UP**

An allowance will be made in the plan for support and advice to managers across the Council and for the development of the Internal Audit service:

**Suspected Financial Irregularities + Control Reviews**

Guidance will be provided, in liaison with CAFT, to managers undertaking investigations and specific investigations will be undertaken on behalf of managers. Plus system control reviews will be undertaken where weakness have been identified as a result of fraud.

**Professional Advice**

Professional advice will be provided to managers, as required, on risk and control management/issues with particular emphasis being given to providing control advice for Lean Review outcomes.

**Follow-up**

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