

INTERNAL AUDIT PLAN 2011/12

RELIANCE/ASSURANCE REVIEWS

Core Financial Systems 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**
- **Capital Programme** (new area)

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** (new area)

With the exception of the systems review of the Capital Programme, these reviews will be undertaken in Quarter 1 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. In addition testing of the checking undertaken by Corporate Finance on the Capital Programme will be undertaken in Quarter 1. At the conclusion of this work on the Council's core financial systems an assurance statement will be produced for the Chief Finance Officer and inclusion in the Annual Governance Statement. The systems review on the Capital Programme will be undertaken later in the financial year to enable the new systems currently being developed to be fully implemented.

Capital Investigation Follow-up

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. Regular reports on progress will be made to both CSB and the GARM Committee.

Assurance Mapping

Working with Risk Management and the Corporate Governance Group to complete the assurance mapping exercise begun in 2010/11. Assurance mapping facilitates the identification of any gaps in the risk management process. It is a streamlined approach that maps the assurance coverage against the organisation's risks. Assurance mapping allows risk owners to

identify if numerous different groups or individuals are repeating assurance activities. It also highlights the need for additional assurance activities for risks with inadequate coverage and provides a better understanding of the roles and scope of the work undertaken by the various assurance providers within the organisation.

Management Assurance

Review and stream-lining of the assurance areas for the 2010/11 exercise making use of alternative assurance provision; co-ordination of the 2010/11 exercise; follow - up of action planned and the revision of the management assurance exercise for 2011/12 in light of the outcomes of the assurance mapping exercise.

Corporate Governance

Organisation of the Corporate Governance Working Group; collection of governance evidence to support the annual review of governance; co-ordination and drafting of the 2010/11 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 the Strategic Risk Group, feeding into the review of the risk management process.

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

A review of orders identified by CAP/CAR as being raised after the invoice to identify why CPRs were not followed in each case to produce a report for senior management on non-compliance and feed into the corporate agenda of improving compliance across the Council.

Complaints

Covering teams in both Adult's & Children's and corporate (i.e. all other service areas). Assessing the robustness of the Corporate complaints standards and their implementation 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.

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:

- 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**

Following ad hoc advice provided during 2010/11 a request was made for audit input into controls being developed for collection of income and banking at the Children's Centres.

Personalisation

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.

Transformation Programme (c/f 2010-11).

A review of the Transformation Programme concentrating on Engagement and Culture Change to ensure that processes are robust and sufficient to meet the overall objectives/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.

Communications

A review of the effectiveness of communication within the council covering the council's branding, vision and priorities for 2011-12.

Carbon Reduction Commitment

A review of the governance processes for the Council's carbon reduction commitment.

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.

SCHOOLS

As the Financial Management Standard in Schools (FMSiS) has been discontinued Internal 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. Reviews will be undertaken on a sample of schools with 'lessons to be learned' disseminated across all schools.

- **Financial Control Reviews**

Review of a sample of schools to assess the adequacy, application and effectiveness of financial controls and governance procedures in place at schools.

- **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.

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 weaknesses 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