

## Internal Audit Operational Plan 2012-13

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### REASON FOR ITEM

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government requires the Head of Audit to produce a risk based plan, which is fixed for no longer than a year and is designed to implement the Audit Strategy. The Audit Committee should approve but not direct this plan.

### OPTIONS AVAILABLE TO THE COMMITTEE

To approve and comment on the operational plan for 2012-13

### INFORMATION

#### **1. Development of the Internal Audit Operational Plan 2012-13**

1.1. The annual audit plan takes account of the council's priorities and any associated risks. In developing the plan, a systematic risk assessment and planning methodology is used, as set out in the Audit Strategy. The methodology supports the council in delivering its strategic objectives and provides assurance on the overall internal control environment.

1.2. In addition to proactive anti-fraud awareness and detection initiatives, Internal Audit investigates specific areas of concern or irregularity as and when they arise. Allowance for this type of investigation, as well as for pro-active investigation and other areas of anti-fraud work, such as training have been included within the plan.

1.3. Work is planned for the year, but changes in service delivery during the year or newly emerging risks mean that there will be occasions when audits need to be added or deleted. This has been a challenge for the last couple of years and is likely to remain so in the coming year. As previously;

- The Business Improvement Delivery (BID) process continues to challenge service delivery models leading to fundamental changes in the structure of service delivery across the council.
- Procedural changes, service mergers and reorganisations present a risk to the existing control framework.
- The government continues to bring forward changes in policies which have a direct effect on Local Government services and service delivery.
- The slow progress of the Health and Social Care Bills means we will not have certainty of the changes that are likely to affect our joint services until later in the year but we need to plan to respond promptly.

1.4. The financial challenge facing the council in 2012-13 means that we will have to continue to be responsive to changes wherever they appear.

1.5. A greater number of audit days have been planned this year, reflecting the riskier environment in which we are operating. Contingency allowance which was set at 15% of chargeable days in 2011-12 has been reduced to 11% for 2012-13. Bearing in mind that some changes result in deletions, this should still allow the service to respond to changes while allowing the delivery of the planned work.

1.6. Specialist IT audit will be no more than 50 days in-year. We have determined the areas to be audited and will finalise the allocation of days for each at the planning stage of each audit.

1.7. Table 1 identifies the internal resources available for 2012-13, based on all positions being filled on 1 April 2012. Productive days are calculated by deducting from the total available days - annual and other leave and a sickness allowance (set at the corporate target) and non-audit duties carried out by the Head of Audit. The total of 2313 days is then adjusted for controllable time such as training, planning, reporting and management time to arrive at days directly available for specific audits.

1.8. In addition to the in-house days, 50 days of IT audit will be available from the specialist provider.

**Table 1 – Utilisation of Productive days In-house**

<b>Productive Days Available</b>	2313	100%
<b>Less</b>		
Controllable overheads e.g. risk assessment, planning, management time, service development and training.*	653	28%
<b>Chargeable days</b>	1660	72%

\* Four members of staff will be supported with professional training.

1.9. Table 2 is the list of identified audits for 2012-13, including the expected number of days for each. Some activity does not necessarily generate a report with recommendations, for example anti-fraud training, which forms part of the anti-fraud strategy or providing information for other regulators in pursuit of their fraud work, e.g. some NFI activity. I have therefore indicated what I anticipate the outcome of each piece of work to be by assigning them a category. The categories are as follows;

- RR – Standard report with recommendations.
- TPA – Third party assurance – e.g. Assurance provided for other regulators or bodies.
- INV – Investigation work. Outcomes will be reported but not necessarily with recommendations.
- PRO – Proactive work or promotion of good practice.
- ADV – Advice on specific queries or participation in corporate working groups

**Table 2 Identified audits 2012-13**

<b>AUDIT TITLE</b>	<b>EXPECTED NO. OF DAYS</b>	<b>REPORT TYPE</b>
<b>CROSS CUTTING CORPORATE ISSUES</b>		
<b>Anti Fraud and Investigation</b>		
National Fraud Initiative (NFI)	30	TPA/INV
Fraud Awareness	5	PRO
Fraud/Irregularity Investigations	100	INV
Planned proactive (see table 3)	70	INV
<b>Other Cross-Cutting</b>		
Annual Governance Statement - Audit	10	RR
Advice and Information (Ad hoc)	20	ADV
Consultancy Advice - Specific Projects	5	ADV
Employee Expenses - Automated Payments	15	RR
Insurance - Risk Mitigation	15	RR
Voluntary Organisations Support	10	RR
Supplier Viability	10	RR
Establishment Audits - to be determined	20	RR
<b>Misc Audit tasks</b>		
Follow ups	45	RR
Brought forward Audits	40	RR
<b>CENTRAL SERVICES</b>		
<b>Democratic Services</b>		
Registration Services	10	RR
<b>Finance</b>		
NNDR	10	RR
Value Added Tax	10	RR
Treasury Management	15	RR
<b>Human Resources</b>		
Personnel Records	10	RR
HR Operations Processing	20	RR
Sickness Absence	20	RR
Schools' HR	15	RR
Overtime and Standby Payments	15	RR
CRB and Professional Association Checks	10	RR
<b>Policy, Performance &amp; Partnerships</b>		
Performance Management	20	RR
<b>PLANNING, ENVIRONMENT, EDUCATION &amp; COMMUNITY SERVICES</b>		
<b>Corporate Property &amp; Construction</b>		
School Building - Project Mgt Phase 2	60	RR
<b>Education</b>		

<b>AUDIT TITLE</b>	<b>EXPECTED NO. OF DAYS</b>	<b>REPORT TYPE</b>
Childrens' Centres	15	RR
Music Service	10	RR
Rural Activites Garden Centre	10	RR
School Admissions Service	15	RR
<b>Schools - Primary</b>		
Belmore Primary	4	RR
Charville Primary	4	RR
Colham Manor Primary	4	RR
Cranford Park Primary	4	RR
Field End Junior	4	RR
Harlyn Primary	4	RR
Hayes Park Primary	4	RR
Hillingdon Primary	4	RR
Hillside Junior	4	RR
Pinkwell Primary	4	RR
William Byrd Primary	4	RR
Wood End Primary	4	RR
<b>Schools - Special</b>		
Chantry	5	RR
<b>Schools - Secondary</b>		
Abbotsfield	7	RR
Harlington Community	7	RR
Ruislip High School	7	RR
<b>ICT, Highways &amp; Business Services</b>		
CRC Efficiency Scheme	25	RR
Highways - Rhino Machines	15	RR
Harlington Road Depot - Fuel	10	RR
Energy Usage	15	RR
Facilities Mgt - Mechanical & Electrical	15	RR
<b>Planning, Sport &amp; Green Spaces</b>		
Community Infrastructure Levy	10	RR
Trees - Compensation Claims	10	RR
Golf Courses	10	RR
Blue Badge Scheme	10	RR
<b>Public Safety</b>		
Investigations Team	20	RR
Public Safety Contracts	15	RR
Commercial Waste Collection	15	RR
Waste Disposal - All Waste	20	RR
Libraries	15	RR
Licensing Services	15	RR
Application Processing Team	15	RR

<b>AUDIT TITLE</b>	<b>EXPECTED NO. OF DAYS</b>	<b>REPORT TYPE</b>
<b>Transportation &amp; Planning Policy</b>		
Chyrnalis	15	RR
<b>SOCIAL CARE, HEALTH &amp; HOUSING</b>		
<b>Access &amp; Assessment</b>		
Self Directed Support	25	RR
Assessment & Care Mgt - Adults	20	RR
Mental Health Service	20	RR
<b>Children &amp; Families</b>		
Children's Placements	15	RR
Looked After Children 21-25 Education	15	RR
Residential Services - Children	20	RR
Referral & Assessments - Children	15	RR
Youth Offending Service	10	RR
<b>Personalised Services</b>		
Homecare - External Provision	20	RR
Adult Care Scheme	15	RR
Disabilities Service - Adults	20	RR
Homecare In-House Provision	20	RR
<b>Commissioning, Contracts &amp; Supply</b>		
Contracts & Inspection Service - SCHH	20	RR
Brokerage - Social Services	20	RR
Commissioning Third Sector Providers	20	RR
<b>Other</b>		
Support to Carers	20	RR
<b>Housing Needs</b>		
Private Sector Housing	15	RR
HMO Licensing	15	RR
Housing Benefit Subsidy	60	TPA
Empty Property Management	15	RR
Council House Aids & Adaptations	15	RR
<b>Housing Maintenance</b>		
Housing Services Major Works	15	RR
Housing Gas & Other Servicing Contracts	15	RR
Housing Stock Data	10	RR
<b>Housing Management</b>		
TeleCareLine	10	RR
Caravan Site	5	RR
Caretaking Services on Estates	20	RR

AUDIT TITLE	EXPECTED NO. OF DAYS	REPORT TYPE
<b>ICT auditors - various - contractor</b>	50	RR
Disaster Recovery		
ICT Strategy		
Desktop Refresh Programme		
Web and Network Security		
Electronic Document Management - Setting up, Storage and automatic deletion of records		
Onyx upgrade		
Technical Input		
<b>Contingency</b>	183	
<b>TOTAL</b>	<b>1707</b>	

1.10. Table 3 is the activities I expect to undertake as part of pro-active anti-fraud detection with an indication of the risks to be addressed. The compliance nature of these audits means they may not always result in a report with recommendations, unless a universal issue is identified.

**Table 3 Pro-Active Anti-Fraud**

DESCRIPTION	DAYS	RISKS/POSSIBLE LOSSES
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<b>Human Resources</b>		
Professional Fees	5	Paying employees' professional fees when they are not entitled to them
<b>Travel and Subsistence</b>		
Employee Expenses	5	Non-compliance with Expenses Policy leading to losses
<b>Payments/Creditors</b>		
Use of Purchase Cards	5	Misuse of card for personal purchases
<b>Procurement</b>		
Single Tender Actions	10	Use of single tender actions to avoid complying with Procurement Standing Orders
Compliance with Quotes & Tenders	10	Close relationships with suppliers could lead to officers allocating work without obtaining quotes/tenders from other suppliers.
<b>Council Tax</b>		
Council Tax Student Exemptions	5	Student exemption entitlement not verified or student expiry date not recorded on system leading to loss of revenue
<b>Housing</b>		
Succession Tenancies	5	False claims to obtain a succession tenancy.

DESCRIPTION	DAYS	RISKS/POSSIBLE LOSSES
		Reduces available social housing.
<b>Bribery Act</b>		
Bribery Framework – specific service	5	Non-compliance with the Bribery Act. Leading to poor VFM and reputation risk.
<b>Data Matches</b>	20	
<b>TOTAL</b>	<b>70</b>	