

Internal Audit Operational Plan 2013-14

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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 had required the Head of Internal Audit to produce a risk based plan, that was fixed for no longer than a year and was designed to implement the Audit Strategy. The Audit Committee was to approve but not direct this plan. From April 2013 this Code is succeeded by the Public Sector Internal Audit Standards, PSIAS. These standards also require the Head of Internal Audit to produce a risk-based plan and for it to be approved at a senior level.

OPTIONS AVAILABLE TO THE COMMITTEE

To approve and comment on the operational plan for 2013-14.

INFORMATION

1. Development of the Internal Audit Operational Plan 2013-14

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 new Council Tax Reduction Scheme and Local Welfare Support Scheme being introduced in 2013-14 has not been specifically included in the plan, but advice on the new processes can be taken from the Consultancy budget if necessary with a full audit in 2014-15 once the new schemes have been embedded.

1.4. The financial challenge facing the Council in 2013-14 means that we will have to continue to be responsive to change wherever it appears.

1.5. Contingency allowance was set at 11% for 2012-13 and remains the same for 2013-14. Bearing in mind that some changes result in deletions, this should still allow the service to respond to changes while allowing for the delivery of the planned work.

1.6. Specialist IT audit will be no more than 40 days in-year. We have agreed some audits but are having on-going discussions around some of the changing IT systems.

1.7. Table 1 identifies the internal resources available for 2013-14, based on all positions being filled from 1 April 2013. Productive days are calculated by deducting from the total available days firstly annual and other leave and a sickness allowance (set at the corporate target) and secondly non-audit duties carried out by the Head of Internal Audit. The total of 2,372 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, 40 days of IT audit is provided by a specialist provider, RSM Tenon.

Table 1 – Utilisation of Productive days In-house

Productive Days Available	2372	100%
Less		
Controllable overheads e.g. risk assessment, planning, management time, service development and training.*	652	27%
Chargeable days	1720	73%

* Three members of staff are being supported with professional training.

1.9. Appendix 1 is the list of identified audits for 2013-14 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. Assurance provided for other regulators or bodies.
- INV – Investigation work. This is likely to be assistance to managers or the Corporate Fraud team on investigations, or be reactive work relating to issues encountered during audits.
- PRO – Proactive work in high risk areas or promotion of good practice.

- ADV – Advice on specific queries or participation in corporate working groups.

The breakdown of audit work by Directorates and work type is shown below in Table 2:

Table 2 – Breakdown of audit days by Directorate and work type

Anti Fraud and Investigation	215
Council Wide	80
Follow up reviews and brought forward work	145
Administrative Services	65
Finance	195
Residents Services	435
Social Care and Health	270
Schools	126
ICT	40
Contingency	189
Total	1760

1.10. Appendix 1 also lists the activities expected to be undertaken as part of pro-active anti-fraud detection. The compliance nature of these audits means they may not always result in a report with recommendations, unless a universal issue is identified.

BACKGROUND PAPERS

Code of Practice for Internal Audit in Local Government in the United Kingdom (CIPFA, 2006)

Public Sector Internal Audit Standards (CIPFA and others, December 2012)

Appendix 1 Identified audits 2013-14

AUDIT TITLE	EXPECTED DAYS	REPORT TYPE
Anti Fraud and Investigation		
National Fraud Initiative (NFI)	40	TPA/INV
Fraud Awareness	5	PRO
Fraud/Irregularity Investigations	100	INV
Planned proactive work:	70	INV
Pooled Car Usage		
Use of Purchase Cards		
Extensions of Contracts		
Mobile Phones		
Access to IT Systems		
Self Directed Support and Pre-paid Cards		
Data matches		
Sub total	215	
COUNCIL WIDE		
Annual Governance Statement - Audit	20	TPA
Advice and Information (Ad hoc)	20	ADV
Consultancy Advice - Specific Projects	20	ADV
Establishments to be determined	20	RR
Sub total	80	
Follow up reviews	60	
Brought forward Audits	85	RR
Sub total	145	
ADMINISTRATION SERVICES		
HR Operations Processing	20	RR
CRB Checks	10	RR
Agency Compliance Checks	15	RR
Legal Case Management System	20	RR
Sub total	65	
FINANCE		
Housing Benefit Subsidy	75	TPA
Pensions Administration - Employers Contributions	15	RR
Debt Recovery and Bad Debts	20	RR
Income Review	25	RR
Treasury Management	20	RR
Contracts and Inspection Service	20	RR
NNDR	20	RR
Sub total	195	

Appendix 1 continued	EXPECTED DAYS	REPORT TYPE
RESIDENTS' SERVICES		
Music Service	15	RR
Performance Licences	10	RR
Children not in Education	20	RR
Building Control - Dangerous Structures	15	RR
Events	15	RR
Business Continuity	25	RR
Bridges and Other Highway Structures	20	RR
Middlesex Suite	10	RR
Metal Theft	20	RR
Fleet Management	20	RR
Waste Disposal - All Waste	20	RR
Parking Enforcement Contract	15	RR
Arts Theatre Service	15	RR
Trading Standards	20	RR
Land Charges	15	RR
Sheltered and Extra Care Housing	20	RR
Housing Rents	20	RR
Property Maintenance	25	RR
Corporate Construction	25	RR
Schools Expansion Programme (Temporary /Permanent)	30	RR
Council Garages	20	RR
Children's Centres -not school based	15	RR
Rural Activities Garden Centre	15	RR
Community Structure Levy	10	RR
Sub total	435	
SOCIAL CARE & HEALTH		
Self Directed Support Personal Budgets	25	RR
Learning Disabilities (residential to supported)	25	RR
Disabilities Services operations	20	RR
Asha Day Centre	10	RR
3 Colham Road	10	RR
Grassy Meadow	10	RR
Merrimans House	10	RR
Troubled Families Programme	20	RR
Children's Placements	20	RR
Children in Care teams 1 & 2	20	RR
Leaving Care scheme 16-25	20	RR
Looked After Children placed out of borough	20	RR
Public Health - Post Transition	25	RR
Children Social Worker Team - Referral and Assessment	20	RR
ICS and IAS Data Quality	15	RR

Sub total	270	
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Appendix 1 continued	EXPECTED DAYS	REPORT TYPE
Schools - Primary		
Harefield Infants	4.5	RR
Glebe Primary	4.5	RR
Botwell House	4.5	RR
Breakspear Junior	4.5	RR
Dr Triplets CE	4.5	RR
Field End Infants	4.5	RR
Highfield Primary	4.5	RR
Bishop Winnington-Ingram Primary CE	4.5	RR
Rabbsfarm Primary	4.5	RR
West Drayton Primary	4.5	RR
Lady Bankes Junior	4.5	RR
St Andrew's CE Primary	4.5	RR
Warrender Primary	4.5	RR
Harefield Junior	4.5	RR
Whiteheath Junior	4.5	RR
Heathrow Primary	4.5	RR
Lady Bankes Infants	4.5	RR
Oak Farm Junior	4.5	RR
Grange Park Junior	4.5	RR
Sacred Heart RC	4.5	RR
Yeading Infants	4.5	RR
Oak Farm Infants	4.5	RR
Whitehall Infants	4.5	RR
Minet Junior	4.5	RR
Newnham Infant	4.5	RR
Cherry Lane	4.5	RR
Coteford Infant	4.5	RR
St Catherine's RC Primary	4.5	RR
Sub total	126	
ICT (audit by contractor)		RR
ContrOCC		
Software licensing in schools		
Governance of external information		
Desktop Refresh Programme		
Software licensing		
Onyx upgrade		
Sub total	40	
Contingency	189	

TOTAL DAYS	1760	
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