

## **Internal Audit Operational Plan 2010-11**

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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 2010-11*

### **INFORMATION**

#### **1. Development of the Internal Audit Operational Plan 2010-11**

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 is required to investigate specific areas of concern or irregularity as and when they arise. Allowances for all areas of anti-fraud 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 means that there will be occasions when audits need to be added or deleted. In this respect the 2010-11 planning year is likely to present a greater challenge than usual for three main reasons;

- The Business Improvement Delivery (BID) process, in challenging the delivery of services, may lead to fundamental changes in the structure of service delivery across the council.
- Housing Management will be brought back into the council.
- The General Election, whether or not there is a change in Administration, is likely to lead to central government policy changes which will impact on local councils.

1.4. At the time of planning it is impossible to predict the likely changes resulting from BID. The only thing that is certain is that there will be change. The Internal Audit of Hillingdon Homes is currently provided by an external provider but there may be elements of reintegration that need to be considered by the council. Ultimately I anticipate incorporating the audit of Hillingdon Homes within the council plan but at this

stage the effect on the 2010-11 plan is uncertain. Central Government policy changes are more likely if there is a change of Administration but it is not possible to predict the effect this will have on local government in year. For all these reasons I am anticipating that there will be more changes than usual to the plan in-year. These will be brought to the Audit Committee at the regular update meetings.

1.5. To allow flexibility, I have maintained the contingency allowance at approximately 10% of chargeable days. This should allow the service to respond to changes while allowing the delivery of the planned work.

1.6. The appointment of the specialist ICT audit following retender awaits member approval. Although preliminary discussions have been held with the Head of ICT to discuss broad areas of audit, the detail will be discussed with the successful provider. I will therefore bring the detailed ICT audit plan to the June Audit Committee.

1.7. Table 1 identifies the internal resources available for 2010-11, based on all positions being filled on 1 April 2010. Productive days are calculated by deducting annual and other leave and a sickness allowance (set at the corporate target) from the total available days. The total of 2482 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>	2,482	100%
<b>Less</b>		
Controllable overheads e.g. risk assessment, planning, management time, service development and training.*	748	30%
<b>Chargeable days</b>	1,734	70%

\* Four members of staff are being supported with professional training. One member of staff is studying Institute of Leadership and Management.

1.9. Table 2 is the list of identified audits for 2010-11 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 2010-11**

<b>Audit Title</b>	<b>Expected Number of Days</b>	<b>Report Type</b>
<b>CROSS CUTTING CORPORATE ISSUES</b>		
<b>Anti Fraud and Investigation</b>		
Taxes Management Act	10	TPA
National Fraud Initiative (NFI)	25	TPA/INV
Anti Fraud Promotion	40	PRO
Fraud/Irregularity Investigations	80	INV
Planned proactive (see table 3)	70	INV
<b>Other Cross-Cutting</b>		
Annual Governance Statement - Audit	12	RR
Annual Governance Statement - Input	5	ADV
Advice and Information (Ad hoc)	50	ADV
Consultancy Advice - Specific Projects	20	ADV
Carbon Reduction Strategy	25	RR
IT Policy Compliance	5	RR
Records Management	20	RR
Healthy Hillingdon	15	RR
Compliance with driving policy	10	RR
<b>MISCELANEOUS AUDIT TASKS</b>		
Follow ups	70	RR
Brought forward Audits	40	RR
<b>FINANCE &amp; RESOURCES</b>		
Risk Management	5	RR
Debtors	25	RR
Debtors - ASC Protocol	5	RR
CT/NNDR - Contractor visit	10	RR
CT/NNDR - System	20	RR
LG Pension Scheme - Governance	10	RR
Online Payment Management Project	5	RR
Creditors	15	RR
Creditors - Protocol	15	RR
General Ledger	15	RR
Blue Badges	10	RR
<b>DCEO</b>		
Risk Management	5	RR
Payroll - Starter & Leaver testing	5	RR
Performance Reward Grant (LAA)	5	TPA
Economic Development	10	RR
Grants to Voluntary Organisations	10	RR

<b>Audit Title</b>	<b>Expected Number of Days</b>	<b>Report Type</b>
Learning & Development	15	RR
Establishment control and authorisation	15	RR
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>		
Risk Management	5	RR
<b>Schools - Primary</b>		
Cowley St Laurence	4	RR
Harefield Infants	4	RR
Cherry Lane Primary	4	RR
Glebe Primary	4	RR
Coteford Infants	4	RR
Botwell House	4	RR
Breakspear Junior	4	RR
Dr Triplets CE	4	RR
Field End Infants	4	RR
St Catherine's RC Primary	4	RR
Oak Farm Infants	4	RR
Highfield Primary	4	RR
Rabbsfarm Primary	4	RR
West Drayton Primary	4	RR
Guru Nanak Sikh Primary	4	RR
Lady Bankes Junior	4	RR
St Andrew's CE Primary	4	RR
Brookside Primary	4	RR
Warrender Primary	4	RR
Harefield Junior	4	RR
Longmead Primary	4	RR
Whiteheath Junior	4	RR
Heathrow Primary	4	RR
Lady Bankes Infants	4	RR
Minet Junior School	4	RR
Oak Farm Junior	4	RR
Newnham Infants	4	RR
Grange Park Junior	4	RR
Sacred Heart RC	4	RR
Belmore Primary	4	RR
Charville Primary	4	RR
Field End Junior	4	RR
Harlyn Primary	4	RR
Hillside Junior	4	RR
Wood End Park Primary	4	RR
<b>Secondary</b>		
Swakeleys	7	RR

<b>Audit Title</b>	<b>Expected Number of Days</b>	<b>Report Type</b>
<b>Special</b>		
Chantry School	4	RR
Grangewood School	4	RR
<b>Other School Related</b>		
FMSIS Certification	40	TPA
School Liaison/Newsletter/briefings	15	PRO
BS21	30	RR
Pupil Transport	25	RR
Education - Looked After Children	10	RR
Section 52	10	RR
Overpayments	10	RR
<b>CHILDREN'S SERVICES</b>		
Contact Point	10	RR
Child Protection and Reviewing	15	RR
Referral, Assessment	15	RR
Placement	10	RR
Research and Statistics	15	RR
Target Youth Support	15	RR
Children's centre's	15	RR
Extended Schools	15	RR
EMAS	10	RR
Youth Offending Service	15	RR
<b>ADULT SOCIAL CARE HEALTH &amp; HOUSING</b>		
Risk Management	5	RR
Community Transport	15	RR
Equipment and adaptations (All client groups)	15	RR
Financial Assessments	15	RR
Self Directed Support	20	RR
<b>Housing</b>		
Hillingdon Homes Dissolution	15	RR
Supporting People	15	RR
Housing & Council Tax Benefit	20	RR
Private Sector Renewal & Disability Grant	15	TPA
<b>Older People's Care</b>		
Homecare - Contract Provision	15	RR
Residential Block Contracts	15	RR
Residential Spot Contracts	15	RR
Residential to Independent living	10	RR
<b>People with Physical and Sensory Disability</b>		

<b>Audit Title</b>	<b>Expected Number of Days</b>	<b>Report Type</b>
Children with Disabilities - Transition	10	RR
Stroke Care Grant	5	TPA
<b>Other Adult Services</b>		
Safeguarding Adults	15	RR
<b>ENVIRONMENT AND CONSUMER PROTECTION</b>		
Risk Management	5	RR
Street Cleaning	15	RR
Improvement Projects	20	RR
Parking Cash Collection	15	RR
Parking Permits (Residents, Visitors & Brown Badges)	10	RR
Stray Dog Service	10	RR
Abandoned & Untaxed Vehicles	5	RR
<b>PLANNING AND COMMUNITY SERVICES</b>		
Risk Management	5	RR
<b>Major Construction Projects</b>		
Individual Project Management x 2	20	RR
<b>Property</b>		
Civic Centre Security contract	10	RR
Civic Centre Mechanical and Electrical contract	10	RR
Facilities Management Contract	15	RR
Utilities - Water	5	RR
<b>Arts, Culture, Libraries &amp; Adult Education</b>		
Adult Education	15	RR
Culture and Arts Strategy	10	RR
<b>Sport and Leisure</b>		
Fusion Management Contract	15	RR
Leisure Facilities Management Contract	15	RR
<b>Contingency</b>	182	
<b>TOTAL IN-HOUSE DAYS</b>	<b>1,734</b>	
ICT audit contract	50	
<b>TOTAL ALL DAYS</b>	<b>1,784</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**

<b>DESCRIPTION</b>	<b>DAYS</b>	<b>RISKS/POSSIBLE LOSSES</b>
<b>Payroll</b>		
Increases in pay rate	10	Unauthorised/inappropriate increases in pay
Agency Staff	10	Payments for hours/shifts in excess of approved use. Rates exceeded. Continued employment not challenged.
Consultancy Staff	10	Appointment unauthorised. Delivery not monitored.
<b>Human Resources</b>		
CRB checks and re-checks	5	CRB checks are not performed pre-appointment or no re-checks after 3 years.
<b>Travel and Subsistence</b>		
Subsistence	10	Non-compliance with Claiming Expenses Policy
Pooled car usage	5	Unauthorised/inappropriate use.
<b>Pensions</b>		
Pensioners Abroad - Life Certificates	5	Pension continues after death
<b>Payments/Creditors</b>		
Creditors	5	Collusion involving employees
<b>Council Tax</b>		
Council Tax Student Exemptions	5	Student exemption entitlement not verified / student expiry date not recorded on system
<b>Parking</b>		
Vehicle Drives Away VDA cancellations	5	Unjustified cancellation
<b>Total</b>	<b>70</b>	
<b>Annual Plan Total</b>	<b>70</b>	