

Internal Audit Operational Plan 2011-12

Contact Officer: Helen Taylor
Telephone: 01895 556132

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 2011-12

INFORMATION

1. Development of the Internal Audit Operational Plan 2011-12

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. Housing Management is now reintegrated into the council and our risk methodology has been applied to the service to incorporate it into our risk model. High risk audits have been included in this plan.

1.3. In addition to proactive anti-fraud awareness and detection initiatives, Internal Audit investigates specific areas of concern or irregularity as and when they arise. Allowances 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.

1.4. 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 was a challenge in 2010-11 and the 2011-12 planning year presents a similar challenge;

- The Business Improvement Delivery (BID) process continues to challenging service delivery models. This has already led 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 coalition government continues to bring forward changes in policy which have a direct effect on Local Government services and service delivery.
- The demise of the Primary Care Trusts and the move to GP fund holding is likely to affect some of our joint services.

1.5. The financial challenge facing the council in 2011-12 means there is a high likelihood that we will have to be responsive to changes.

1.6. To allow flexibility, I have increased the contingency allowance to 15% of chargeable days. This should allow the service to respond to changes while allowing the delivery of the planned work.

1.7. Specialist IT audit will be no more than 50 days in-year. We have firmed up some audits but are having on-going discussions around some of the changing IT systems before we finalise the plan for this time. A full plan will be brought to the June Audit Committee.

1.8. Table 1 identifies the internal resources available for 2011-12, based on all positions being filled on 1 April 2011. 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 2,329 days is then adjusted for controllable time such as training, planning, reporting and management time to arrive at days directly available for specific audits.

1.9. 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

Productive Days Available	2,329	100%
Less		
Controllable overheads e.g. risk assessment, planning, management time, service development and training.*	726	31%
Chargeable days	1,603	69%

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

1.10. Table 2 is the list of identified audits for 2011-12 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 2011-12

AUDIT TITLE	Expected Number of Days	Report type
CROSS CUTTING CORPORATE ISSUES		
Anti Fraud and Investigation		
National Fraud Initiative (NFI)	30	TPA/INV
Anti Fraud Promotion	15	PRO
Fraud/Irregularity Investigations	80	INV
Planned proactive (see table 3)	70	INV
Other Cross-Cutting		
Annual Governance Statement - Audit	15	RR
Advice and Information (Ad hoc)	30	ADV
Consultancy Advice - Specific Projects	15	ADV
Pre-Loaded Cards	15	RR
Employee Expenses - Automated Payments	15	RR
Establishment Audits - to be determined	20	RR
Misc Audit tasks		
Follow ups	90	RR
Brought forward Audits	40	RR
DCEO		
Finance		
Creditors	25	RR
Debtors	25	RR
Budgetary Control	20	RR
Capita On-Line Payments	10	RR
Human Resources		
Agency & Interim Approvals	10	RR
CRB Checks	10	RR
Employability Status - Permanent Staff	10	RR
HR Payroll Changes & Trigger Dates	10	RR
Audit & Enforcement		
Planning Enforcement	15	RR
ADULT SOCIAL CARE HEALTH & HOUSING		

AUDIT TITLE	Expected Number of Days	Report type
Adult & Older People Services		
Critical Team	15	RR
Mental Health	20	RR
Assessment & Care Management - LD & PD	15	RR
Self Directed Support	25	RR
Stroke Care Grant Certification	5	TPA
Children's Social Services		
Play Capital Grant Certification	5	TPA
Fostering	20	RR
Adoption	20	RR
Psychology Service	10	RR
Emergency Duty Team	15	RR
Behaviour Support - Financial Systems	10	RR
Hillingdon Housing Services		
Housing Repairs & Maintenance - Responsive	25	RR
Housing Repairs & Maintenance - Planned, including Major Works	20	RR
Housing Rents	20	RR
Empty Property Management	15	RR
Leasehold Management & Service Charges	15	RR
Tenancy Management	15	RR
Housing		
Housing Needs	20	RR
Private Sector Housing	15	RR
Housing Supply	15	RR
Public Health		
Public Health	20	RR
PLANNING AND COMMUNITY SERVICES		
Street Environment		
Street Lighting	15	RR
Highways - Reactive Maintenance	20	RR
Corporate Construction		
School Building Programme - Permanent	15	RR
School Building Programme - Temporary	15	RR
Construction Contracts - Final Accounts	10	RR
Green Spaces, Sport & Leisure		
Greenwich Leisure Ltd Contract	20	RR

AUDIT TITLE	Expected Number of Days	Report type
Parking Services		
Penalty Charge Notices and Appeals	10	RR
Transport Services		
Fleet Management	20	RR
Harlinton Road Depot Stores, including Fuel	15	RR
Property Services		
Utilities Contracts - Water	10	RR
Public Safety		
Investigations Team	15	RR
Consumer Protection		
Food Health & Safety Services	15	RR
Business Services		
Mortuary	5	RR
Heathrow Imported Food Unit	15	RR
Passenger Services	20	RR
Cemeteries	10	RR
Youth Services		
Youth Services	20	RR
Schools - Primary		
Bourne Primary	4	RR
Minet Infants	4	RR
Firthwood Primary	4	RR
Holy Trinity Primary	4	RR
Hillside Infants	4	RR
Hermitage Primary	4	RR
Whiteheath Infants	4	RR
Ryefield Primary	4	RR
Grange Park Infants	4	RR
Harmondsworth Primary	4	RR
Newham Junior	4	RR
Whitehall Junior	4	RR
Yeading Inf	4	RR
Yeading Jnr	4	RR
Breakespear infants	4	RR
Bishop Winnington Ingram	4	RR
Coteford Junior	4	RR
Deansfield	4	RR
Ruislip Gardens	4	RR

AUDIT TITLE	Expected Number of Days	Report type
St Bernadettes	4	RR
St Marys	4	RR
St Matthews	4	RR
St Swithun wells	4	RR
Whitehall Infants	4	RR
Special		
Meadow	4	RR
Moorcroft	4	RR
The Willows	4	RR
Hedgewood	4	RR
Nursery Schools		
Mcmillan Nursery	4	RR
Other Education		
Pupil Referral Unit	10	RR
Education Welfare	10	RR
Early Years Centres	20	RR
School Admissions Service	15	RR
ICT		
Customer Contact Centre	20	RR
ICT audit contract	50	RR
Contingency	252	
TOTAL	1,653	

1.11. 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
Compliance with Driving Policy - Non-Council Vehicle Drivers	10	Inadequate checks by management could lead to staff driving cars when they do not have a valid licence, where their vision is not to the legal standard and/or where they are not fully insured for business purposes
Payments/Creditors		
Imprest Accounts	10	Unauthorised expenditure being incurred

DESCRIPTION	DAYS	RISKS/POSSIBLE LOSSES
Income - Cash and Credit		
Write-Offs	10	Write-offs not authorised at an appropriate level
Leisure		
Leisure Link Card - over 60 and other specific categories	10	Setting up false memberships
Parking		
Disabled Parking Bays	5	Fraudulent applications for bays and continued use when no longer applicable because of address change or improved mobility.
Mayoral Services		
Expenditure and Income	5	Unauthorised expenditure, misuse of mayoral car, theft of mayoral regalia and donations not properly accounted for
Data Matches	20	
Annual Plan Total	70	