h&f
putting residents first

AUDIT AND PENSIONS COMMITTEE

15 March 2012

CONTRIBUTORS

Chief Internal Auditor
Internal Audit Manager
Deloitte & Touche LLP
Departmental
 Management Teams

Draft 2012/13 Internal Audit Plan

This report sets out the Internal Audit Plan for 2012-13, for the Committee's approval.

**WARDS
All**

RECOMMENDATION:

To approve the draft 2012/13 Internal Audit Plan

1. The audit plan attached as Appendix A based on the current risks facing the work of the Council and has been produced by considering the most Council's recent corporate, departmental and thematic risk registers.

2. It has then been refined through discussions with departments, senior management and other key stakeholders. These discussions remain ongoing.

3. Additionally we continue to develop the plans with respect to developing tri-borough and bi-borough arrangements. We will also be sharing the plans with the other tri-borough audit services in order to continue exploring the possibilities of providing coordinated plans and shared assurances across jointly delivered services.

4. This plan is likely to be subject to change throughout 2012/13 following further discussions with departments and other key stakeholders as well as currently unforeseen developments. Any further changes will be reported to the Audit and Pensions Committee at the next available meeting.

5. In addition to the plan shown in Appendix A, we have also developed a reserve plan to facilitate the effective and efficient substitution of audits should that become necessary during the year.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/ Copy	Department/ Location
1.	Departmental and Corporate Risk Registers	Risk Consultant extn. 2587	Finance and corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU
2.	Record of meetings with departments and senior management	Head of Internal Audit extn. 2529	Finance and corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

London Borough of Hammersmith and Fulham
Draft Internal Audit Plan 2012/13

Department	Subject	Timing	Coverage / miniscope	Notes
Corporate/ Cross departmental				
	Corporate & Partnership Governance	Q4	To cover the following areas taken from a 3-year rolling scope: - Governance Framework - Roles and Responsibilities - Capacity and Capability - Partnership Organisations	
Tri-borough	**Tri-borough working**	Q2	Scope dependent on subject (to be determined)	
	Bi-borough working	Q2	Scope dependent on subject.	*Coverage to be identified - to include Environment and Residents Services*
Project	**Regeneration projects**	Q1/2/3/4	Coverage dependent on nature and stage of project but likely to cover: - Council and Service Objectives - Programme Management Arrangements and Governance - Project Management and Monitoring - Definition and Delivery of Benefits - Risk Management	*To include consideration of the issues raised from Edward Woods, perhaps including follow up on implementation of the action plan for that project*
Risk	**Risk Management**	Q4	- Risk Management Framework and Governance - Roles and Responsibilities - Identification of Risk - Assessment of Risk - Management of Risk - Monitoring and Reporting of Risk	*Audit work to underpin reliance on risk management processes for audit and business planning*

Department	Subject	Timing	Coverage / miniscope	Notes
Corporate Services				
	Core Financials - Council Tax	Q3	- Legislation, Policies and Procedures - Council Tax Transactions and Records - Valuation - Tax Setting - Liability - Billing - Collection - Refunds - Debt Recovery and Enforcement - Management Reporting	*Dependent on outcome of discussions with new External Auditor*
	Core Financials - NNDR	Q3	- NNDR Transactions and Records - Valuation - Liability - Billing - Collection - Refunds - Debt Recovery and Enforcement - Management Reporting	*Dependent on outcome of discussions with new External Auditor*
	Core Financials - On-street parking	Q3	- Applications for Permits - Issue of Permits - Income and Banking - Return of Permits and Refunds - Public Notices and Enforcement - Management Information	*Dependent on outcome of discussions with new External Auditor*

Department	Subject	Timing	Coverage / miniscope	Notes
	Core Financials - Penalty Charge Notices	Q3	- Policies, Procedures and Legislation - Contract Management - issue of PCNs - Reconciliations, Interfaces and Payments - Appeals - Monitoring of Income Collection	*Dependent on outcome of discussions with new External Auditor*
	Core Financials - Schools (SIMS)	Q3	Full audit and testing for external audit: - Monitoring and Review of Schools Financial Returns - Reconciliations to Council Records	*Dependent on outcome of discussions with new External Auditor* *Not sure if this is still needed in current context (subject not covered in past 3 years by external audit)*
	Core Financials - preliminary testing	Q2	Preliminary testing of relevant systems' key controls to prepare for external audit testing	*Dependent on outcome of discussions with new External Auditor*
	Core Financials - other systems	Q2	Light-touch testing of all other identified Core Financial systems to ensure continued compliance with required controls	*Possibly to be done (at least in part) using CRSAs currently being developed by Deloitte for Croydon Partnership*
	Financial Accounting system ledger - Cedar	Q1	- Accounting Records - Accounting Transactions and Manual Adjustments - Year-End Procedures - Financial and Performance Management Reporting	
	Development of Finance Systems WCFM	Q1	Likely to take the form of risk and control advice where finance systems and procedures are due to change significantly.	
IT				
	Network Infrastructure + WiFi + Laptop and Mobile Devices	Q2	This audit will test the security and management of controls over the Council's Network Infrastructure; WiFi governance, risk, usage and arrangements; and will test controls over the risk management and security of Laptops and Mobile Devices used by staff.	

Department	Subject	Timing	Coverage / miniscope	Notes
	IT Strategy including Tri-Borough	Q1	This audit assesses the controls applied to integrating the overall corporate strategy into the strategic route map for IT activities and investments by review of controls for example; Roles and responsibility for ICT strategy is clearly defined; A current integrated and appropriate ICT strategy has been developed and formally approved; and management and monitoring arrangements.	
	Starters Movers Leavers (SML) - Post Implementation	Q3	Post Implementation audit. This audit will test controls over: Risk management of any ongoing residual project risks; Post implementation methodology to assess and quantify business achievements and delivery of strategic goals; and Post implementation knowledge management learning initiatives for ongoing continuous improvements.	
	PCI DSS Audit	Q1	An audit of PCI DSS, but not giving Assurance over the accreditation to PCI DSS. Controls will be tested over PCI Governance within the Council (Responsibility); Monitoring arrangements to maintain compliance (PCI changes, internal change control); Regular Compliance checks (Internal and external); Regular Pen Tests; and Action plans to remedy issues identified in compliance checks.	
	iCasework - Application	Q1	Application audit. This will include testing controls over access, input, data processing, output, interfaces, management trails, support arrangements, backup and recovery, and supplier management. Also to consider the value of further audit coverage.	
	Tri-Boro IT Security Audit of Adult Social Services	Q1	Scope to be determined.	
	Tri-Boro IT Security Audit of Children's Services	Q2	Scope to be determined.	

Department	Subject	Timing	Coverage / miniscope	*Notes*
Contracts				
Contracts	**Recently tendered contracts**	Q2	To cover: - - market testing - Letting of - Section of contractors - Tender Receipt, evaluation and reporting - e-tendering (where appropriate) Possible extensions of scope could cover: - • Defining the procurement strategy • Pre-qualification. • Inviting tenders • Invitation to tender (ITT) • Evaluating and refining tenders • Awarding the contract • Putting the contract in place • Contracts, terms and conditions • Managing the contract • Review and testing • Feedback	*Themed audit to cover testing across 6 recently tendered contracts. Specific individual contracts to be proposed to and agreed with Competitions Board. Deliverables - 6 management letters & one overall report (with assurance level) to be issued to the Competitions Board. Jane West - Consider passenger transport, facilities management, schools catering*
Contracts	**Extended contracts**	Q1	To cover: - • The frequency that Extensions of Time are used? • Contractors notification • CA/Project Manager assessments • Relevant events (type and use of) • Resulting effect on LADs and Contractors recovery of cost • Contract compliance	*Themed audit to cover testing across 6 recently tendered contracts. Specific individual contracts to be proposed to and agreed with Competitions Board. Deliverables - 6 management letters & one overall report (with assurance level) to be issued to the Competitions Board.*

Department	Subject	Timing	Coverage / miniscope	Notes
Contracts	**Delivering a cost reduction programme for the LB Hammersmith & Fulham. -**	Q1	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
Contracts	**Resurfacing and Road Marking – Colas**	Q1	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
Contracts	**Housing Repairs Water Systems – Seven Trent**	Q1	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
Contracts	**Provision of Penalty Charge Notice Software – TSMP**	Q1	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
Children's Services				
School	**Avonmore Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**Brackenbury Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**Fulham Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	

Department	Subject	Timing	Coverage / miniscope	Notes
School	**Greenside Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**New Kings Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**Pope John Catholic Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**St Mary's Catholic Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**St Stephen's CE Primary School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**Hurlingham & Chelsea School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**Lady Margaret School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**Cambridge School**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
School	**The Bridge Academy PRU**	Q1	Governance, Financial Management, Procurement, Maintenance & Business Continuity and School Meals Income.	
	Customer Referral Management	Q2	- Service Level Agreements - Service Provision (portfolio of services and provision of those services) - Billing and Income Recovery - Performance Management	
	School performance monitoring	Q1	To cover the systems in place to monitor schools financial and academic performance and how poor performance is identified and addressed.	

Department	Subject	Timing	Coverage / miniscope	Notes
Contracts	**West London Alliance Home Support Framework Agreement 2011/12 Social Community Care Support Services**	Q3	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
	Themed schools audit - *Head Teacher's Pay and incentive payments*	Q1	To cover whether: - - Headteacher's spinal point is within the acceptable range based on number and age of pupils - Any payments above the allowed level are only allowed when School is a school causing concern, if the School has substantial difficulties recruiting/retaining the Headteacher, or the Headteacher is running more than one school (This provision should not be used simply to pay the Headteacher more money based on his performance). - Approval and annual review of pay scale by Governing Body - Check if any additional payments are made to the Headteacher and if they are appropriate and approved - That schools aren't paying Inner London Supplement of £822 per year any more as this provision ceased in 2008 - The above could also be expanded to leadership team pay	
	Themed schools audit - *Leasing*	Q1	To cover: - - Appropriate lease (i.e. operating not finance lease) - Advice sought and Approval obtained to enter into lease - Value for money sought	

Department	Subject	Timing	Coverage / miniscope	Notes
	SEN Transport	Q2	- Management of Bookings and Requests - Vetting and Security - Payments to Transport Providers - Internal Recharges - Monitoring and Management Information	
Contracts	**Social Enterprise contract management**	Q2	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
Adult Social Care				
Project	**Disability equipment**	Q2	Coverage likely to cover: - Council and Service Objectives - Programme Management Arrangements and Governance - Project Management and Monitoring - Definition and Delivery of Benefits - Risk Management	
Project	**Transfer to sheltered housing/ continuity of care**	Q1	Coverage likely to cover: - Council and Service Objectives - Programme Management Arrangements and Governance - Project Management and Monitoring - Definition and Delivery of Benefits - Risk Management	*To be identified by Director/ DMT*
Contracts	**West London Housing Related Support Joint Framework Tender**	Q1	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	

Department	Subject	Timing	Coverage / miniscope	Notes
	CSD departmental governance	Q3	- Governance Structure - Roles and Responsibilities - Management Information and Reporting	
Tri-borough	**Adult Social Care (Tri-borough working)**	Q2	Scope dependent on subject (to be determined)	
	Outsourcing	Q3	To cover the outsourcing process with proactive work to feed into identified projects. May cover: would expect to cover: - Decision to Outsource - Development of Service Specification - Payments - Contract Monitoring - Financial Management	*Possibly to include: -* *Meals* *Transport* *Removals* *Learning Disability*
Transport & Technical Services				
Contracts	**Planned preventative maintenance - passenger lifts and goods lifts Lot no 2 Housing Properties**	Q2	- Contract Formalities - Contract Management and Performance Management - Payments - Budget Management - Value for Money	
	Parking Enforcement	Q2	To refer to and extend the coverage of the audit being carried out in relation to External Audit as a core financial	
Housing and Regeneration				
Project	**BPM programme**	Q2	Coverage dependent on nature and stage of project but likely to cover: - Council and Service Objectives - Programme Management Arrangements and Governance - Project Management and Monitoring - Definition and Delivery of Benefits - Risk Management	

Department	Subject	Timing	Coverage / miniscope	Notes
	Regeneration Governance	Q1	audit of Regeneration governance (programme/projects). Scope likely to include: - Governance Structure - Roles and Responsibilities - Management Information and Reporting	
	Income collection	Q2	More detailed work than the standard core financial audit work to cover timely rent account set up, collection, arrears collection, and including segregation of duties/controls in regional offices; to undertake early in the year	
Contracts	**Repairs and Maintenance**	Q1	contract management including use of management information (eg tracking repeat visits), 'resolve first time' visiting, lessons to learn for new contract, accruals process	
Environment, Residents & Leisure Services				
	Neighbourhood Wardens	Q2	Possible scope - Allocation and Monitoring - Investigations - Issue, Collection and Monitoring of Fixed Penalty Notices - Management Information and Performance	*Tasking and briefings*
	Neighbourhood Wardens	Q2	*To be clarified by department*	*Wardens Database*
Other				
	Verification of Priority 1 audit recommendations implementation	Q1/2/3/4	Verification of P1 recs not included in follow-ups for quarterly reporting to FSB and possibly APC	*To include all P1s - P2s to be included as requested by in-house team.*
	End of year reports	Q1	To produce year end reports on schools, IT, projects/project management, Finance (including a section on procurement) and others as agreed	
	Follow-up audits	Q1/2/3/4	Estimate based on 1.5 days each for an estimate of 8 follow-ups required. Additional budget to be requested and agreed as justified.	
	Audit and Pensions Committee Training	Q2		