

	<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p style="text-align: center;">14 February 2013</p>
<p>Draft 2013/14 Internal Audit Plan</p>	
<p>Open Report</p>	
<p>For Information</p>	
<p>Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Executive Director: Jane West – Executive Director of Finance and Corporate Governance</p>	
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1. EXECUTIVE SUMMARY

- 1.1. This report presents the 2013/14 Internal Audit Plan for approval.
- 1.2. This plan is 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 and has been refined through discussions with departments, senior management and other key stakeholders.
- 1.3. The plan has been developed in conjunction with RBKC and WCC to take account of developing tri-borough and bi-borough arrangements

2. RECOMMENDATIONS

- 2.1. To approve the draft 2012/13 Internal Audit Plan

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. INTRODUCTION AND BACKGROUND

- 4.1. 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.
- 4.2. It has then been refined through discussions with departments, senior management and other key stakeholders. These discussions remain ongoing.
- 4.3. We continue to develop the plans in collaboration with the other tri-borough audit services. We will also be sharing the plans with the other tri-borough audit services in order to provide a coordinated approach and shared assurances across jointly delivered services.
- 4.4. This plan is likely to be subject to change throughout 2013/14 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.
- 4.5. 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.

5. PROPOSAL AND ISSUES

- 5.1. The internal audit plan is shown in appendix A

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. Not applicable

7. CONSULTATION

- 7.1. Not applicable

8. EQUALITY IMPLICATIONS

- 8.1. Not applicable

9. LEGAL IMPLICATIONS

- 9.1. Not applicable

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. Not applicable

11. RISK MANAGEMENT

11.1. Not applicable

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. Not applicable

**LOCAL GOVERNMENT ACT 2000-
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Departmental and Corporate Risk Registers	Risk Consultant extn. 2587	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	Corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A 2013/14 Internal Audit Plan

APPENDIX A

London Borough of Hammersmith and Fulham
Draft Internal Audit Plan 2013/14

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
Corporate / Cross Departmental				
	Risk Management	Single	To be determined in consultation with Principal Consultant Risk Management	
	Departmental Risk Register	Single	<ul style="list-style-type: none"> • Assessment of the adequacy of the stated existing controls to manage the risks; • Testing of the effectiveness of existing controls recorded against each risk; • Assessment of areas where reliance is placed on third party assurances • Identification of additional sources of assurance where appropriate; and • Identification of areas where Internal Audit can potentially place reliance on third party assurance providers 	
	Economic development/Business regeneration	Single	Schemes business cases including benefits identification; Approval and allocation of funds; Monitoring of delivery of schemes; long term monitoring of benefits delivery	
	Corporate and Partnership Governance	Single	To cover areas from three year rolling scope. Likely to cover standard of conduct and partnership governance	
	Service Demand Reduction Planning	Single	Planning to manage levels of service proactively	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	Section 106 Funding	Single	<p>To cover:</p> <ul style="list-style-type: none"> - Governance and corporate oversight and coordination of section 106 funding - Set up of agreements - Monitoring and reporting of S106 expenditure 	
Programmes and Projects				
Programme/Project	Regeneration Programmes and Projects - Earls Court	Single	<p>Programme Governance Programme Management and Monitoring Change Control Delivery of Benefits Risk Management</p>	
Programme/Project	Regeneration Programmes and Projects - King Street and Civic Offices	Single	<p>Programme Governance Programme Management and Monitoring Change Control Delivery of Benefits Risk Management</p>	
Programme/Project	Regeneration Programmes and Projects - Shepherds Bush	Single	<p>Programme Governance Programme Management and Monitoring Change Control Delivery of Benefits Risk Management</p>	
Programme/Project	Tri Borough Portfolio	Tri Borough	<p>Programme/Portfolio Governance Management and Monitoring Change Control Delivery of Benefits Risk Management</p>	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
Corporate Services				
	Budgetary Control	Single	Budget Setting Budget Upload Budget Monitoring Alterations and Virements Yearend Processes Management Reporting	<i>Operational and strategic processes</i>
	Housing Benefits	Single	Policies and Procedures Interfaces to Other Systems Claim Processing Payments Cancellations and Overpayments Debt Recovery and Enforcement Management Reporting	
	Debtors	Single	Policies and Procedures Transactions and Records Standing Data Amendments Raising of Invoices Collection Refunds Debt Recovery and Enforcement Management Reporting	
	NNDR	Single	NNDR Transactions and Records- Valuation- Liability and reliefs- Billing- Collection- Refunds- Debt Recovery and Enforcement- Management Reporting	
	H&F Direct	Single	To pick up areas of H&F Direct service not covered by other audits.	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	Corporate Gas Safety: tenancies	Single	Identification of Properties Completion of Gas Safety Checks Record Keeping Performance Management and Reporting	<i>Part of rolling programme of coverage including tenancies, temp accommodation, schools, and corporate estate plus corporate oversight</i>
	Bribery Act	Single	Gap analysis against requirements of the Bribery Act	<i>Specific elements of the bribery act to be covered to be confirmed. Confirmed in FCS DMT that come recent changes had been made to procedures.</i>
	Local taxation	Single	Charging, Collection and Performance Management, focus on maximising additional income	
	Pre Implementation Audit Work on Developing Financial Procedures	Single		<i>Checking updated systems and processes for adequacy of controls</i>
	Managed Services	Tri-Borough	Scope dependent on stage project has reached. Potential to undertake one of the following: - Programme/Project Management - Adequacy review of proposed system - Contract Management - Standard Systems audit	<i>Request in FCS DMT to undertake audit of the programme. Dependent on audit coverage by WCC in 2012/13</i>
	Managed Services - Attendance at Project board	Tri-Borough	Attendance at project board in 'critical friend' role.	
	Insurance	Tri-Borough	To include: Strategy, Policies and Procedures; Identification of Insurable risks; Administration of Insurance function; management review and reporting.	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	Property Disposals	Bi Borough	To include: Service Objectives, Corporate compliance, Option Appraisal; Income maximisation performance management Business and Management Information (including Corporate challenge of property portfolio) and Budgetary Control	<i>An audit of property disposals at each of the three boroughs and a comparison of property disposal procedures.</i>
	Pensions Investments	Tri-Borough	To include: Service Objectives and Procedures; Security of Assets; Compliance with Investment Policy; Investment Performance; Governance Arrangements; and Management Information.	
IT				
	IT Procurement	Single	The audit will cover IT procurement of key systems, hardware and software to assess that procedures are in line with formal standards.	<i>To consider including Zippora and one or more 'in flight' projects (e.g. Highways and Legal)</i>
	IT Security	Tri Borough		<i>Carried forward from 2012/13 plan</i>
	IT Security - CLCH	Tri Borough	This audit will assess the level of compliance against the ISO27001 security standard.	<i>to include coverage of the integration with CLCH (ASC) Coverage of CLCH would need to be completed before June 2013.</i>
	IT Security - Public Health	Tri Borough	This audit will assess the level of compliance against the ISO27001 security standard.	<i>to include coverage of the working arrangements with the new public health dept. in WCC.</i>
	IT Programme	Tri Borough	Audit of the arrangements for managing the programme to set up the new IT governance arrangements	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	IT Governance	Tri Borough	To review adequacy of IT governance arrangements across Tri-borough and link this with the Tri-borough IT Strategy 2012-2015 document. To include compliance with best practice, adequacy of governance structure and input from stakeholders and identification of keys risks.	<i>Scope to be based on rolling scope: IT Service Management (ITIL), IT Security Policy (ISO 27001), Data protection and Freedom of Information; IT Governance and project management standards; ICT Governance (ISO/IEC 38500)</i>
	IT Project Management Standards	Tri Borough	Audit of IT Project Management Standards and their application	<i>Scope to be based on rolling scope: IT Service Management (ITIL), IT Security Policy (ISO 27001), Data protection and Freedom of Information; IT Governance and project management standards; ICT Governance (ISO/IEC 38500)</i>
	Trent Contract Management	Single	Audit to cover management of the contract by HFBP	<i>Externally hosted and managed by Midland Trent.</i>
	Civica Purchase Ordering System	Single	Application audit to cover access controls; data input; data processing; output; interfaces; audit trails; backup and recovery; and system maintenance. Also some general audit compliance testing to provide assurance system is being used correctly.	
	BACS	Single	The audit will cover BACS security controls to cover: Creating Files for BACS IP; Loading and Sealing Files; signing and Sending Files; and Verification of BACS Processing	
	Telecommunications	Single	This audit will cover security over telecommunications and VOIP.	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	MyAccount and eServices	Single	Application audit to cover access controls; data input; data processing; output; interfaces; audit trails; backup and recovery; and system maintenance. To select a sample of areas that fall under Myaccount.	<i>Self-service system through a single environment enabling residents to create a single secure online account through which they can manage their own transactions for council services (needing only one password) including parking permit, council tax, benefits and visitor parking.</i>
	iWorld	Single	Application audit to cover access controls; data input; data processing; output; interfaces; audit trails; backup and recovery; and system maintenance.	<i>Housing application</i>
	Information Management	Bi-Borough	Code of Connection, secure e-mail (egress) and IGSOC	<i>To look at Legal, HR and Tri Borough arrangements. May be broken down into separate audits</i>
	New Social Care system (Children's and Adults)	Tri Borough	Application audit to cover access controls; data input; data processing; output; interfaces; audit trails; backup and recovery; and system maintenance.	<i>One instance of Frameworki case management system being implemented across three boroughs</i>
	New Social Care system - Attendance at Project Board	Tri Borough	Attendance at project board in 'critical friend' role.	
	Data Sharing	Tri Borough	Review robustness adequacy of arrangements and protocols for data security and sharing across the Council. Includes cross borough exchange of information, communication of protocols/ guidance on best practice and compliance with relevant legislation. Checking staff understanding and compliance with Information Governance and Information Security policies, guidance and review of training received.	<i>Main focus of audit to be Client Index. To include coverage of agreeing the purpose that the data will be used for.</i>

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	SharePoint Security	Tri Borough	<p>Application Review</p> <p>To review access / data security arrangements for document sharing on SharePoint. To include sharing of documents across the three boroughs and protocols over sharing sensitive protected data.</p>	
	Use of Mobile Applications and Devices	Bi-Borough	<p>Application Review</p> <p>To review introduction of mobile and hand held device technology within the Business Group and whether they have led to more efficient working practices. Identify scope for use of such technology within other service areas including Parking Enforcement, Noise and Nuisance, Highways Inspections and Street Enforcement Teams. Commencement of audit will be subject to sufficient use of mobile applications and devices by business group.</p>	
Contracts				
Contracts	Agilisys - Enhanced Revenue Collection	Single	<p>Contract Formalities</p> <p>Contract Monitoring and Performance Management</p> <p>Payments</p> <p>Budget Management</p> <p>Value for Money</p>	
	SERCO	Bi-Borough	Scope of audit to be determined dependent on stage of procurement process.	<i>Included on plan due to size of contract.</i>

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	Quadron Services Ltd (Grounds Maintenance)	Bi-Borough	Contract Formalities Contract Monitoring and Performance Management Payments Budget Management Value for Money	<i>Moving towards open book accounting and an increased level of self-monitoring in H&F.</i>
	Contracts Register	Bi-Borough	Systems for adding contracts to the register and also for forward planning Also include 'sense check' of register with each department.	
	Energy Procurement	Single	An audit of the system in place to procure energy, process payments to providers and monitor usage.	
	eProcurement	Single	Policies and Procedures Workflow and Document Retention Access Rights Management Oversight	
Adult Social Care				
	ASC Procurement, Commissioning and Contract Management	Tri/Bi Borough	A strategic review of the procurement, commissioning and contract management arrangements within ASC.	<i>Exact scope to be determined at time of audit.</i>
	CLCH/Operations merger - new integrated procedures	Tri Borough	2012/13 proactive pre-implementation of new procedures. This would then be a post implementation test of effectiveness of those procedures	<i>Post implementation may be undertaken in 2014/15 depending on progress of project</i>
	ASC Budgetary and Financial Management	Tri-Borough	To include service objectives and procedures, budget setting, revised estimates, year-end processes, virements, budget monitoring, reporting and VfM	

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	Supporting People (Contract)	Tri-Borough	To include procurement/commissioning under the new framework contract and contract management under existing contracts including payments, performance management. Budgetary Control and Management Information.	
	Direct Payments	Tri-Borough	Compliance with systems for managing and controlling direct payments.	
Public Health				
	Public Health - new responsibilities (Audits TBC)	Tri Borough	May include coverage of Health and Wellbeing Board (governance); health intelligence; joint strategic needs assessment; health and wellbeing strategy; commissioning plans. Consider cost shunting, control of costs.	
Children's Services				
School	Bayonne Nursery School	Single	Probity audit based on financial and governance systems	
School	Vanessa Nursery School	Single	Probity audit based on financial and governance systems	
School	Canberra Primary School	Single	Probity audit based on financial and governance systems	
School	John Betts Primary School	Single	Probity audit based on financial and governance systems	
School	Larmenier and Sacred Heart Catholic Primary School	Single	Probity audit based on financial and governance systems	
School	Lena Gardens Primary School	Single	Probity audit based on financial and governance systems	

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School	Miles Coverdale Primary School	Single	Probity audit based on financial and governance systems	
School	Old Oak Primary School	Single	Probity audit based on financial and governance systems	
School	Sir John Lillie Primary School	Single	Probity audit based on financial and governance systems	
School	St Augustine's Catholic Primary School	Single	Probity audit based on financial and governance systems	
School	St Pauls Primary School	Single	Probity audit based on financial and governance systems	
School	St Thomas of Canterbury Catholic Primary School	Single	Probity audit based on financial and governance systems	
School	Wendell Park Primary School	Single	Probity audit based on financial and governance systems	
School	Phoenix High School	Single	Probity audit based on financial and governance systems	
School	William Morris Sixth Form	Single	Probity audit based on financial and governance systems	
School	Queensmill School	Single	Probity audit based on financial and governance systems	
	Strategic Overview of Commissioning, Procurement and Contract Management	Tri Borough	A strategic review of the procurement, commissioning and contract management arrangements within ASC.	<i>Exact scope to be determined at time of audit.</i>

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
Contract	Schools/SEN Transport	Tri-Borough	To include the procurement arrangements for commissioning the service; contract management, performance measurement; income control; budgetary control and Management Information	<i>New contract being let</i>
	Troubled Families	Tri-Borough	TBC	
	Schools ELM	Single	Governance structures over management of the Employee Led Mutual (ELM)	<i>carried forward from 2012/13</i>
Housing and Regeneration				
Contract	Housing Repairs Contract	Single	Contract Formalities Contract Monitoring and Performance Management Identification of Repairs Work Orders and Variations Payments Budget Management Value for Money	<i>Possibly two audits. One shortly after mobilisation looking at financial control and one later in 2013/14 also covering operations and contract management.</i>
	Local Housing Development Company	Single	The systems of governance and performance management of the Local Housing Development Company	<i>Suggested Q2 start date</i>
	Sale of Council Housing Properties	Single	To cover sale of properties where income can be retained to spend on development of social housing.	
	Housing Applications and Allocations	Single	Application Selection and Allocation Maintenance of Property List Complaints and Appeals	<i>Possible link to iWorld IT application audit</i>

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	Leaseholder Service Charges	Single	To provide coverage of areas not included in the 2012/13 audit: - Consultation and Statutory Notification on Service Provision - Calculation of Annual Services Charges - Billing - Follow up of 2012/13 audit recommendations	
	Fixed Term Tenancies	Single	To cover changes in arrangements and controls to deal with the impact of fixed term tenancies.	
Environment Leisure and Resident Services				
	Waste Disposal	Bi-Borough	Systems in place to manage the disposal of waste to ensure this is cost efficient and effective Review process for determining the waste levy payable to Western Riverside Authority for collection and disposal of the Councils waste. To review whether calculation is based on sound principles and has been correctly determined	
	Service Reviews	Bi-Borough	TBC	<i>Suggestions of specific service reviews to be involved in to be provided by Director for Finance and Resources (TTS and ELRS)</i> <i>Scope to be confirmed but likely to include checking updated systems and processes for adequacy of controls</i>
Contract	Sports Centres Contracts	Bi-Borough	To cover contract management and statutory compliance and safeguarding	

Department	Subject	Single/Bi/Tri-Borough Audit	Coverage / miniscope	Notes
	Libraries	TriBorough	To cover financial control and governance of new tri borough libraries arrangements.	<i>Tri borough libraries service hosted by WCC. Coverage may also include management of community libraries (Avonmore and Hurlingham and Chelsea)</i>
Transport and Technical Services				
Contract	TFM	Tri-Borough	To include: Service Objectives; Contract and Performance Management; SLAs; Management Information; Budgetary Control, and Commissioning Arrangements	
Contract	Street Lighting (Contract)	Bi-Borough	To include service objectives; management of standing data; maintenance and renewals; contract management; contract tendering; management Information; Budgetary Control	
Contract	Traffic Management (Contract)	Bi-Borough	To include service objectives; contract and project management; work allocation and value for money; Management Information and Budgetary Control.	
Other				
	Verification of P1 implementation		Verification of P1 recs not included in follow-ups for quarterly reporting	
	End of year reports		To produce year end reports on schools, IT, projects/project management, Finance (including a section on procurement) and others as agreed	
	Follow-up audits		Follow up of limited assurance reports	
	Audit and Pensions Committee Training	Q2		

