



AUDIT AND PENSIONS COMMITTEE

17 February 2011

CONTRIBUTORS

Chief Internal Auditor
Internal Audit Manager
Deloitte & Touche LLP

Subject

Internal Audit plans 2011/12 year

This report presents the plans for Internal Audit for the 2011/12 year.

**WARDS
All**

RECOMMENDATION:

That the Committee notes and approves the audit plans.

Internal Audit Plans 2011/12 year

Introduction

Draft Internal Audit plans for the 2011/12 years are provided at Appendix 1 for approval by the Audit Committee. As in previous years planning has been developed using a Risk Based Internal Audit Service approach. This involves basing them on the risk registers maintained by senior and operational managers across the council, taking into account issues and risks already known to Internal Audit, and obtaining input from first and second tier managers by presenting the draft audit plans at DMTs wherever possible, or through departmental AD Finance & Resources. This process is designed to maximise the input of departmental officers who should have most awareness of risk and control across the council. The draft plans have also been discussed with the Chief Executive.

In addition, the 2011/12 plans have been drafted to make the most efficient use of Internal Audit resources whilst continuing to provide sufficient assurance based work to support the Chief Internal Auditor's annual assurance. As a result of the current financial constraints, the new contractual arrangements and other organisational changes the overall plan has been reduced by approximately 25%

Strategic focus

The audit plans incorporate a number of key priorities and themes. These have been clarified below:

1. Key financial systems. The Audit Commission continue looking to rely on Internal Audit testing and the work in these areas follows the audit plan provided by them.
2. Contracts/procurement. This continues to be an obvious focus of audit attention given the volume and value of procurement and contracts that exist and its expected increase through market test and a general move towards outsourcing services and becoming a procurer of services. This is also a decentralised service with departments responsible for compliance and delivery which increases the risk of non-compliance with corporate procedures.
3. Projects. The council has a substantial programme of projects whose results are fundamental to the future working of the council. Internal Audit has continued to increase its coverage of projects with a focus on project management, following up with focussed work on identified areas of weakness as necessary. The aim is to provide audit coverage at a very early stage to aim for a 'right first time approach' and we are considering how this might be improved further for the future.

4. Computer audit. The focus of this audit work has traditionally been on operating systems and applications controls. For the future a greater focus is being given to higher level issues such as IT governance, and data management and control. In addition, we are hoping to develop a greater integration between IT and non-IT audit work in order to give a broader overall assurance relating to any particular area.
5. H & F Homes. With the re-integration of H & F Homes into the Council the work which in previous years has been separately managed, and approved by the H & F Homes Finance Audit and Risk Committee (FARC) is now included in the main Council audit plan under the heading of *Housing and Regeneration* which also includes areas previously dealt with by the Community Services department.

All changes to the agreed audit plan will be reported to the Audit Committee. This will include explanations of why audits have been dropped and which audits have been added.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Internal Audit planning file for the 2011/12 year	Geoff Drake Ext. 2529	Finance, Internal Audit Town Hall King Street Hammersmith W6 9JU

Appendix 1

Draft Internal Audit Plans 2011/12

Department	Subject	Timing	Coverage / miniscope
Finance & Corporate Services			
	Core Financials - Pension Administration	Q1	Completion of testing for external audit from 2010/11 audit plan
	Core Financials - Framework i	Q1	Completion of testing for external audit from 2010/11 audit plan
	Core Financials - Accounts Receivable	Q3	Full system audit and External Audit Testing. Scope to include: <ul style="list-style-type: none"> - Policies and Procedures - Debtor Transactions and Records - Raising Invoices - Income Collection - Refunds - Debt Recovery and Enforcement - Management Reporting
	Core Financials - Payroll	Q3	Full system audit and External Audit Testing. Scope to include: <ul style="list-style-type: none"> - Policies and Procedures - Payroll transactions and Records - Joiners - Leavers - Variations and Amendments to Pay - Deductions - Payments - Management Reporting
	Core Financials	Q2	Initial Testing of key controls on behalf of, and directed by, the Audit Commission
	Core Financials -self assessments	Q2	Self assessments for use with all core financials not subject to a full audit within the year. To also include follow up of recommendations raised last time system was audited.

Department	Subject	Timing	Coverage / miniscope
	Corporate & Partnership Governance	Q4	To cover a number of the following areas: Roles and Responsibilities Training and Development (possibly covered by Members Roles and Responsibilities audit) Decision Making and Risk Management Standards of Conduct and Behaviour Partnership Governance Transparency and Accountability
	Information Security and management - Partnerships	Q2	Systems and control in place with regard to sharing data with partner organisations: - Policies, procedures, agreements and communication of requirements - Release of information - Monitoring of use of information and compliance with Council requirements
	Data Handling	Q1	Relating to the use and handling of personal data - particularly use of employee data (names etc) in emails: - Policies and Procedures and Communication - Monitoring compliance - Corrective action where inappropriate use identified
Project	CEDAR upgrade Project Management (Benefits realisation)	Q2	To examine systems in place for identification, management and reporting of benefits
IT			
	IT Governance - Protection and Malicious attacks.	Q1	An assessment of the information management governance, security and business partnership data sharing control framework in place to help ensure compliance is achieved with relevant statutory requirements, and the HMG Security Policy Framework.
	CEDAR Financials	Q2	Application audit. This will include testing controls over access, input, data processing, output, interfaces, management trails, support arrangements, backup and recovery, and supplier management.
	CEDAR Unix OS	Q2	To assess the adequacy of the application server controls.
	Lynx	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.
	Council Website	Q2	Application audit. This will include testing controls over access, input, data processing, output, interfaces, management trails, support arrangements, backup and recovery, and supplier management.

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	Business Continuity Planning	Q1	Evaluation and benchmarking of the BCP over arrangements in place to recover all critical IT systems.
	Remote Working	Q1	The audit will assess the adequacy over controls for remote working. The audit will review relevant policies and procedures used to manage remote working, involving deployment, operation and maintenance of aspects, such as communications, hardware, application software, data security, systems software and security software. In addition the audit will review areas to cover device configuration, physical control, approved software and tools, application security, network security, contingency plans, backup and recovery.
	Information management and security: Personal data security	Q4	An assessment of the system security and management control framework based on an evaluation of controls established and applied over information management and security. This will focus on the secure use and control of personal information on end user systems and furthermore any third party partners and contractors to include mobile data devices.
	Development and agreement of simple self-assessments to be used in non-IT audit work prior to IT audits in order to inform non-standard content of IT audit scopes	Q1	
Projects (individual projects currently included within departmental sections)			
	Corporate Programme and Project management follow-up	Q3	To follow up recommendations raised in the 2009/10 audit visit.
Contracts			
Contracts	3 Vertical Contracts	Q1	Vertical Contract Audits. Specific contracts to be identified in discussion with Competition Board
Contracts	Market Testing	Q2	2 market testing exercises to be identified in discussion with Competition Board
Contracts	Supported Housing contracts review and (re-)negotiation	Q3	To examine these contracts that are being (re-)renegotiated, to provide assurance on the procedures and controls in the renegotiation and assess whether benefits expected from the process have been achieved.

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Cross-departmental work			
Project	Project Management (Benefits realisation)	Q1	3 key projects to be nominated by Jane West/ Jackie Hudson, FSB To examine systems in place for identification, management and reporting of benefits
	Business Continuity (non-IT)	Q2/3	Review of corporate and departmental plans and arrangements including development of plans, regularity of review and updating, periodic testing.
	Shared Services/ 3 Borough Working	Q1/2/3	Audit of departmental plans to implement shared services. Scope and nature of audit work dependent on specific service and state of transition at the time of the audit. Likely to cover governance, service maintenance/delivery and financial arrangements.
	Working with CLCH	Q2	Scope and nature of audit work dependent on specific service and state of transition at the time of the audit. Likely to cover the arrangements in place with CLCH: - Governance and Management Arrangements - Transfer of services to CLCH - Delivery and Monitoring of Services - Financial Management - Performance Monitoring and Reporting
	MTFS	Q2	Review of the identified MTFS savings to determine if the proposed saving can be supported by evidence.
	Risk Management	Q4	Annual review of risk management. To cover corporate risk management arrangements:- Risk Management Strategy, Policy and Procedure- Corporate Roles and Responsibilities- Identification of Risks and Evaluation- Embedding Risk Management and Co-ordination across the Organisation- Risk Management of Partnerships- Monitoring and Reporting on Risk Management
	Risk Management	Q2	Other risk management audits - scope to be determined in consultation with Principal Consultant - Risk Management
Children's Services			
	Bayonne Nursery School	Q1	Probity audit based on financial and governance systems
	James Lee Nursery School	Q1	Probity audit based on financial and governance systems
	Vanessa Nursery School	Q1	Probity audit based on financial and governance systems
	Randolph Beresford Early Years Centre	Q1	Probity audit based on financial and governance systems
	Addison Primary School	Q1	Probity audit based on financial and governance systems
	Bentworth Primary School	Q1	Probity audit based on financial and governance systems

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	Canberra Primary School	Q1	Probity audit based on financial and governance systems
	Flora Gardens Primary School	Q1	Probity audit based on financial and governance systems
	The Good Shepherd Catholic Primary School	Q1	Probity audit based on financial and governance systems
	Langford Primary School	Q1	Probity audit based on financial and governance systems
	Melcombe Primary School	Q1	Probity audit based on financial and governance systems
	Normand Croft Community School for Early Years & Primary Education	Q1	Probity audit based on financial and governance systems
	Queens Manor Primary School	Q1	Probity audit based on financial and governance systems
	St Augustine's Catholic Primary School	Q1	Probity audit based on financial and governance systems
	St John's CE Walham Green Primary School	Q1	Probity audit based on financial and governance systems
	St Peter's Primary School	Q1	Probity audit based on financial and governance systems
	Sullivan Primary School	Q1	Probity audit based on financial and governance systems
	Jack Tizard School	Q1	Probity audit based on financial and governance systems
Project	Family Intervention Project	Q2	Project audit focussing particularly on benefits realisation
	Children's Social Services	Q1	To be defined with Department
Community Services			
Project	Reablement	Q1	Project audit focussing particularly on definition, monitoring and reporting of benefits
	Client Affairs	Q1	Selected areas from full system (including appointeeships, deputyships and more) based on advice from Management. Audit could cover: - Referrals and assessments - Setup of appointeeships/deputyships - Financial Management and Review This is to be timed around a lean review of processes that is due to take place.
	Referrals patterns - prediction and resourcing	Q2	To audit processes to analyse and predict demand and costs (forecast are produced based on demand, income and price), set charges and manage trading accounts
Housing and Regeneration			
Project	Project Management (Benefits realisation)	Q2	Key project to be nominated by DMT To examine systems in place for identification, management and reporting of benefits
	Core Financials - Housing Rents	Q1	Completion of testing for external audit from 2010/11 audit plan
	Core Financials - Housing Repairs	Q1	Completion of testing for external audit from 2010/11 audit plan

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	Housing Options	Q2	Potential scope to review management of temporary housing services including assessment of need, alignment of contracts, contract management, etc.
	Corporate Gas Safety regime	Q1	Scope to include: <ul style="list-style-type: none"> - Identification of properties requiring checks - Completion of Safety Checks - Record Keeping - Performance Management and Reporting - compliance with Health and Safety legislation
	Tenancy Verification	Q1	Scope to Cover:- Policies and Procedures- Verification of Tenancies- Visits to Tenants- Performance Management and Reporting
	H & F Homes Follow-ups	Q1/2	Follow up on last years audits as necessary.
	Other areas formerly covered by H & F Homes	Q1/2/3/4	Possible areas include recruitment and Risk Management (where not covered by corporate risk management audits)
Environment Services			
Project	iCasework	Q2	Project Management (Benefits realisation)
	E C Harris contract	Q3	To cover financial management of the EC Harris contract. Specifically the systems and controls related to charging for services provided.
	CAMSYS	Q3	Analysis of the extent to which CAMSYS is been utilised across the Council and the strategies and plans in place to embed the use of CAMSYS across all Council departments.
	Asset Management/ Facilities Management	Q1	Scope may cover: <ul style="list-style-type: none"> - Planned maintenance - Reactive maintenance and repairs - Health, Safety and Hygiene - Security and Access Control - Management of Contractors - Performance Management
	Licensing Income	Q1	To focus on annual maintenance invoices (i.e. annual renewals) and income recovery. Scope would cover record keeping, identification and notification of renewals due, timely billing and receipt of income, revocations, Income Monitoring and Debt Recovery

Department	Subject	Timing	Coverage / miniscope
Residents Services			
	Emergency Planning	Q2	Systems audit of arrangements in place to deal with emergencies/events: - Roles and Responsibilities - Testing and review - Consultation and liaison with third parties
	Out of Hours Contact Centre	Q1	Contract Management audit. To cover systems in place to manage the Out of Hours Contact Centre contract. Scope:- Contract formalities- Contract monitoring and Performance Management- Payments- Financial Management
	Waste and Recycling (SERCO)	Q1	Risk and control advice relating to the move to open book accounting and possible risk/reward contract.
	Introduction of lean thinking	Q2	Risk and control advice relating to changes in systems arising from lean thinking. Specific systems to cover to be advised.
	Council's arrangement with the Police	Q4	To cover: - Partnership agreement and governance - Partnership working - Monitoring and Reporting
Other			
	Verification of P1 implementation	Q1/2/3/4	Verification of P1 recs not included in follow-ups for quarterly reporting to FSB and possibly PAC
	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 day each for an estimate of 8 follow-ups required. Additional budget to be requested and agreed as justified.
	Assurances for central government	Q1/2/3/4	
	Pensions and Audit Committee Training	Q1/2/3/4	
	Deloitte contract management	Q1/2/3/4	