
Audit and Standards Committee – 15th April 2015

Report of the Chief Officer, Finance and Legal Services

Audit Plan for the period 2015 / 2016

Purpose of the Report

1. To inform members of the work that the Audit Services Division plans to undertake during the period from 1st April 2015 to 31st March 2016.

Background

2. The Accounts and Audit Regulations 2015 require the Council to have “an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.” The work of the Audit Services Division enables the Council to comply with this requirement of the Accounts and Audit Regulations. The concept of “proper internal audit practices” requires compliance with the Public Sector Internal Audit Standards. As reported at the last meeting of the Audit and Standards Committee, the independent assessment of Audit Services in October 2014 found that Audit Services met the standards.
3. In addition, it provides the Council’s Section 151 officer i.e. Chief Officer, Finance and Legal Services with assurance that the financial affairs of the Council are conducted in a proper manner.
4. Over the last few years Audit Services has seen a 40% reduction in resources and a reorganisation of senior management. However the creation of the new position of Corporate Fraud Manager mitigates the reduction of one manager and actually leads to more days being available for planned audit than was originally anticipated for 2015/16.
5. In drafting the audit plan [see Appendix A] a number of factors have been taken into account :-
 - a. Cover more significant risks and material spend areas
 - b. Increase allocation for the prevention, detection and investigation of fraud
 - c. Reduction in non productive time and honorary audits
 - d. Consolidation of audits e.g. “Leisure Management” rather than separate audits covering each leisure centre and specific leisure management topics
 - e. Rationalisation of working practices within Audit Services to free time of senior management so they can contribute more to planned audits
 - f. Recognise areas which have demonstrated significant levels of assurance in the past

The draft Audit Plan provides more detail on the basis for each audit and a summary of the number of days available to the Authority for audit is attached at Appendix B

6. Audit Services carry out a risk assessment which takes account of the risks recorded on the Corporate Risk Management System, knowledge of Council services/functions and, the control environment. The Audit Plan has been prepared so as to cover what are perceived to be the key risks that the Council face. Allowance has been provided within the plan via the "Consultancy" allocations to respond to any further significant risks that may materialise during the year.
7. The frequency with which audits are carried out is dependant on the perceived risk of that area and the resources available. The time allocated to audits is a subjective judgement based on past experience of auditing that area.
8. When the independent assessment of Audit Services was undertaken in October 2014, one of the recommendations raised was "Internal Audit should aid management by identifying the various sources of assurance that are available to management regarding the level of residual risk being assessed and then use this as part of an integrated assurance assessment within the internal audit plan process". Audit Services has previously presented information on assurance mapping to the Audit and Standards Committee in the Annual Governance Statement reports and assurance sources have been considered in the planning process. Detailed maps will be developed during each audit and Audit Services will produce an assurance map of key Council objectives and risks based on traditional mapping models. This will also assist in the allocation of audit resources in future plans.
9. Audit Services has consulted with all Strategic Directors and Chief Officers on the plan to ensure that we are covering the key risks areas within their services, understand any issues that may affect audits within the plan and other areas that Directorates would like Audit Services to review.
10. In addition to the planned audits listed in Appendix A, Audit Services also carry out :-
 - a. Honorary audits to two charitable trusts
 - b. Assurance to Governors on the completion of Financial Value Standard assessment
 - c. External contract with an Academy

Finance

11. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Directorate. Audit Services budget for 2014/15 envisages an out turn of £368,000 against £456,000 for 2013/14.

Law

12. The Council has a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. This includes a duty to have effective controls and procedures in place to prevent, detect and investigate fraud.
13. The Account and Audit Regulations 2015 require the Council to have an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.

Equality Impact

14. This report does not raise any equal opportunities issues.
15. The work included in the audit plan will help to protect the interests of children and young people, albeit they were not consulted on, or involved, with the development of the plan.

Recommendation

16. That members note the content of this report and approve the Audit Plan for 2015/2016.



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Appendix A**Draft Audit Plan 2015/16**

People Directorate 328 days	Audit Risk Rating	Main Purpose
Directorate		
Business Continuity	High	To establish whether there are comprehensive business plans in place for critical services, that are regularly tested and reviewed
Information Governance	High	To ensure the requirements of the Data Protection Act and related regulation are adhered to. The focus will be on those services that hold the most sensitive information.
Procurement	Medium	To ensure that procurement is undertaken in accordance with Standing Orders Relating to Contracts and EU Procurement Directives
Performance and Risk Management	Medium	To ensure there are effective procedures in place for managing performance and risk
Safeguarding	High	To review a key element in the control framework for the protection of children and vulnerable adults.
Commissioning	High	To review how services are commissioned ensuring that cost and quality requirements are met
Health and Well Being Partnership	High	To review the governance over this key Council partnership.
Consultancy	N/A	Directorate can select areas for review that will contribute to an improved control environment
Follow up	N/A	Follow up of "High" recommendations and audit reports with a minimal assurance rating
Advice and Support	N/A	Day to Day Assistance to Directorate
Adult Social Care		
Dementia Gateways	High	To review the effectiveness of our plans in managing this significant issue. Further scoping of this review will be undertaken in liaison with the service.
Making it Real Programme	High	To review whether the programme is delivering its objectives.
Care Act	High	To review the adequacy of arrangements for the implementation of the requirements of the Care Act in April 2015.
Finance Social Care Team	High	To review the systems for referrals, assessment and ongoing management of direct payments.
Better Care Fund	High	To review the governance over the pooled budget to ensure performance targets and objectives are achieved
Children's Services		
Troubled Families Grant Claim and Programme Management	High	To approve the Troubled Families Payment by Results Claims. To assess how the Troubled Families Programme is being managed

People Directorate	Audit Risk Rating	Main Purpose
Fostering	High	To ensure the Council is recruiting and retaining appropriate carers and there is an effective support/monitoring programme in place.
Adoptions Service	High	To review the processes in place to find suitable adoptive families
School Traded Services	High	To review the Council's approach to trading with Dudley Schools and Academies
Looked after Children	High	Reviewing how the directorate are managing demand for their looked after children services and ensuring security, stability and the best outcomes.
Early Years	High	To review the effectiveness of the Early Help Offer
Catering Services	Medium	To review action taken to increase school meal uptake and implementation of free school meals for ages 5 to 7
Health and Wellbeing		
Public Health	High	To review the integration of Public Health into the Local Authority.
Archives	High	Review the implications on processes on the transfer to a new building
ICT Audit: Public Health Systems	High	To review how the information systems maintained by Public Health comply with the Data Protection Act and best practice guidance.
Resources and Transformation Directorate 335 days		
Directorate		
Consultancy	N/A	Directorate can select areas for review that will contribute to an improved control environment
Advice and Support	N/A	Day to Day Assistance to Directorate
Follow Up	N/A	Follow up of "High" recommendations and audit reports with a minimal assurance rating
Regulatory of Investigatory Powers Act	N/A	Support to Council Officers on compliance with the Act.
Corporate & Customer Services		
Housing Benefits	High	To carry out a full system review on this key financial area
Dudley Council Plus	Medium	To review the effectiveness that customer enquiries are dealt with. To confirm that there are robust processes in place for the banking of cash income collected.
Human Resources	High	To carry out a full system review on this key financial area

Resources and Transformation Directorate	Audit Risk Rating	Main Purpose
Council Tax	High	To carry out a full system review on this key financial area
Corporate Landlord	High	To review how school construction contracts are procured and managed
Asset Management	High	To review how the Council's strategically manages its land and buildings
Debtors System	High	To carry out a full system review on this key financial area
ICT Audit: Northgate Revenues and Benefits	High	To establish whether the system is secure and complies with Information Governance/ICT policies and procedures
HR Policies and Procedures	High	To establish whether key HR policies and procedures are being adhered to by Managers
Payroll Allowances	High	To carry out a full system review on this key financial area. Ensure compliance with the Collective Agreement.
Energy Management	High	To review the actions taken by the Council to reduce its carbon emissions
Finance & Legal Services		
Insurance	Medium	To review the claims management process
Bank Reconciliation	Medium	To carry out a full systems review on this key financial area
BACS Process	High	To carry out a full systems review on this key financial area
Cheque Process	High	To carry out a full systems review on this key financial area
Treasury	High	To carry out a full systems review on this key financial area
Corporate Risk Management	High	To review the processes the Council has established for the management of risk
ICT Audit: Protime Application	High	To establish whether the system is secure and complies with Information Governance/ICT policies and procedures
ICT Audit: Unix	High	To review this Operating System that underpins a number of key applications
ICT Audit: Business Continuity	High	To review the plans in place to recover in the event of an ICT failure
ICT Audit: Inventory Management	Medium	To review how hardware and software is managed
ICT Audit: Digital by Default	High	To review the action taken to move to the position where electronic means is considered first
ICT Audit: Major System Replacement	N/A	To provide advice and attendance at project groups for the replacement of key systems.

Environment, Economy and Housing (Place) 195 days	Audit Risk Rating	Main Purpose
Directorate		
Follow Up	N/A	Follow up of "High" recommendations and audit reports with a minimal assurance rating
Consultancy	N/A	Directorate can select areas for review that will contribute to an improved control environment
Advice and Support	N/A	Day to Day Assistance to Directorate
Planning & Economic Development		
Leisure Management	Medium	To review how Health and Safety and Income are managed along with how services are delivered
Development Control	Medium	Review action taken to achieve targets for determining applications.
Town Centre Regeneration	High	Review of action taken to regenerate Dudley Town Centre
Grant Administration	High	To review the process for ensuring grant terms and conditions are adhered to
Flood Management	Medium	To review how the Council manages the risk of flooding
Environmental Services		
Waste Management	High	To review action to achieve waste targets
Additional Highways Maintenance Grant	N/A	Requirement for Internal Audit approval
Housing		
Stores	High	To contribute to the review of how the new Stores Management System is being operated.
Repairs Service	High	To review how the new Mobile Repairs Management System is being operated.
Tenants Board	Medium	To review the operation of the interim Tenants Board
Estates Management	Medium	To review how the Council ensures the sustainability of its estates
Partnership Contract Review	Medium	To review a key construction related partnership
Rent Collection and Setting	High	To carry out a full systems review on this key financial area taking account the implications of Universal Credit
ICT Audit: Northgate Housing	High	To establish whether the system is secure and complies with Information Governance/ICT policies and procedures

Corporate 235 days	Audit Risk Rating	Main Purpose
Elections	Medium	Following a previous "Minimal" rating this review is to assess the operation of the service ensuring that electoral guidance is adhered to.
Corporate Data Quality	High	To establish the processes the Council has established to ensure data quality. A number of performance indicators will be reviewed for accuracy.
Community Engagement Strategy	High	Following up of a previous consultancy review.
Emergency Planning/Business Continuity	High	To review the processes the Council has established to respond to an emergency situation.
Partnership Management Framework	High	To review the overall framework established for the management of partnership arrangements.
Follow Up	N/A	Follow up of "High" recommendations and audit reports with a minimal assurance rating
Annual Governance Statement	High	Work carried out by the Head of Audit Services to produce the Annual Governance Statement
Corporate Governance	High	To review the effect of the corporate restructure on governance arrangements and co-ordinate the production of the Code of Corporate Governance.
Corporate Consultancy	N/A	An area(s) can be selected for review that will contribute to an improved control environment
Workforce Planning	High	To review how the Council is ensuring there is appropriate workforce continuity arrangements in place taking account of the corporate restructure and downsizing of the Council
Welfare Reform	High	To assess how the Council is managing implications for itself and residents of the Borough
Transformation/Change Programme	High	To review element(s) of the Council's transformation programme
Achievement of savings/income targets	High	To review the plans the Council has in place to ensure it achieves its budget savings
Procurement Strategy/Framework	High	To review the implications for procurement of the corporate restructure, change in EU procurement rules, and implementation of the procurement manual
Communication	High	To review how the Council communicates with its staff and residents
Equal Pay	High	To review how the Council's manages equal pay claims
Assurance Mapping	N/A	To establish an effective assurance map
Meeting legislative requirements	High	To review how the Council ensures compliance with new legislation

Appendix B

Audit Coverage [Days] 2011/12 to 2015/16

Audit	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Plan	15/16 Plan
People	434	272	364	335	328
Corporate	121	82	94	133	235
Resources & Transformation	384	277	370	291	335
Environment, Economy & Housing (Place)	330	247	245	218	195
Schools	381	223	210	142	150
External Contracts / Traded Services	0	159	130	141	130
Honorary Audits	17	96	68	50	10
Fraud & Investigations	145	173	235	175	255
Value for Money	343	253	150	50	0
Administration [NB1]	324	269	271	210	170
Total	2,479	2,051	2,137	1,745	1,808
Number of Audits	218	147	132	137	118

NB1 : Includes time spent on IT development, team and divisional meetings, methodology reviews, etc