
Audit and Standards Committee – 29th March 2017

Report of the Chief Officer Finance and Legal Services

Internal Audit Plan for 2017/2018

Purpose of the Report

1. To inform members of the proposed Internal Audit Plan for the period from 1st April 2017 to 31st March 2018.

Background

2. The Accounts and Audit Regulations 2015 require the Council to undertake:
 - An effective audit to evaluate the effectiveness of its risk management, control and governance processes
 - Ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk
 - Conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement”

Section 151 of the Local Government Act 1972 requires the Council to “make arrangements for the proper administration of their financial affairs”

3. The work of the Audit Services Division and the fulfilment of the audit plan enables the Council to comply with these requirements and enables the Head of Internal Audit (as required by the public sector internal audit standards) to deliver an internal audit opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.
4. Public Sector internal audit functions are required to have an external assessment to confirm compliance with the public sector internal audit standards every five years. Dudley Audit Services had their assessment in October 2014 and was found to meet the standards. The outcome of the external assessment was reported to a previous meeting of this Committee.
5. Over the last few years Audit Services has seen a significant reduction of resources and resources in 2017/18 will be reduced again by the loss of a Senior Auditor post.

6. In producing the audit plan for 2017/18 the following approach has been undertaken :-
 - Ensure the audit universe (list of auditable areas) is complete and includes new functions and services
 - Update the audit risk assessment for each entity within the universe to produce an audit priority score. The audit risk assessment would include our knowledge of the control environment, the sensitivity/importance of the service/function and risks recorded within the Corporate Risk Register
 - Services/functions would be ranked based on their priority score. The priority score would then determine the frequency the audit would be undertaken
 - Establish what assurance (internal and external) can be relied upon in order to reduce Audit Services input into particular areas.
 7. As part of the process Audit Services has met with the Strategic Directors, Chief Officers and a number of Heads of Service to understand their risks and areas of concern. Although there is a formula to calculate the priority scores, there is still a significant amount of professional judgement involved.
 8. The resulting plan should focus Audit Services finite resources on those areas of greatest risk that require the most pressing need for assurance. The audit plan for 2017/18 is included in Appendix A. The reduction of resources has meant that some areas that have previously been audited won't be audited in future because they are rated as low priority, whilst others will be done less frequently.
 9. Within the audit plan there are allocations for Advice and Support. These allocations are to assist Strategic Directors/Chief Officers in managing changes to their services/functions to ensure effective controls are in place and risks are being managed appropriately. It would also be used to review any emerging risks that may arise during the year.
 10. The time allocated to each audit is based on past experience of auditing that area. Where an area has not been reviewed previously then professional judgement was used.
 11. In addition to the planned audits listed in Appendix A, Audit Services also plan to carry out :-
 - 14 School Audits
 - Honorary audits for two charitable trusts
 - 56 School Financial Value Standard Assessment (*)
 - Work for three Academies (*)
 - Work on Fraud prevention, detection, investigation and resolution in line with the Fraud Action Plan
- (*) External income is generated

12. If a planned audit cannot be undertaken for any reason agreed with the appropriate Strategic Director/Chief Executive then a replacement audit would be selected from the reserve list.

Finance

13. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Council.

Law

14. 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.
15. The Account and Audit Regulations 2015 includes a requirement for the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.

Equality Impact

16. This report does not raise any equal opportunities issues.
17. 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

18. That Members note the content of this report and approve the Internal Audit Plan for 2017/2018.



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Appendix A

Audit Plan 2017/18	Days	Audit Priority Rating	Purpose
PEOPLE DIRECTORATE			
Children's Services			
Early Help/Family Centre	15	HIGH	Review the implementation of the Early Help Strategy
Corporate Parenting	10	HIGH	Review the operation of the Board and implementation of the Corporate Parenting Strategy.
Care Leavers	10	HIGH	To review the efficiency and effectiveness of the Care Leaver Service
Independent Reviewing Officers	10	HIGH	Ensure compliance with legislation and IRO's Handbook
Troubled Families Grant Claim	10	N/A	To ensure Department for Communities and Local Government (DCLG) requirements are adhered to
Adult Social Care			
Central Purchasing Team	15	HIGH	To review the efficiency and effectiveness of the Central Purchasing Team and the scope for automating processes
Adult Safeguarding Board	10	HIGH	To review the governance and effectiveness of the Board
Occupational Therapy	10	MEDIUM	To review the efficiency and effectiveness of the Occupational Therapy Team including allocations and waiting lists

Welfare Benefits Review Team	10	HIGH	To review the efficiency and effectiveness of the Team and the capacity to deliver the saving within the Medium Term Financial Strategy (MTFS)
Health & Well Being			
Role of Volunteers	15	MEDIUM	To establish how volunteers are utilised in the Council and how the volunteer offer can be improved
Education Outcomes			
Special Educational Needs	15	HIGH	To review compliance with the Special Educational Needs Strategy and Code of Practice. To review the efficiency and effectiveness of processes
Dudley Grid For Learning/RM Contract	10	HIGH	To review the management of this major contract
Integrated Commissioning, Performance and Partnerships			
Children's, Adults and Health and Well-Being Quality Monitoring	15	HIGH	To review how the Integrated Commissioning Hub monitors "quality" in contracts
Decommissioning	10	HIGH	To review how contracts are decommissioned
Directorate			
Multi-Speciality Community Provider (MCP)	10	HIGH	Review the governance of the Multi-Speciality Community Provider proposal from the Council's perspective.
Advice and Support	25	N/A	To provide day to day advice and support to the directorate
Follow Up	20	N/A	To follow up actions as agreed with Audit and Standards Committee.
People Directorate Total	220		

CHIEF EXECUTIVE'S			
Corporate Transformation and Performance			
MyICT/Service Desk	10	MEDIUM	To review the efficiency/effectiveness of MyICT/Service Desk
Management of Information Governance	15	HIGH	To review the effectiveness of the Information Governance framework with a particular focus on preparation to meet the General Data Protection Regulations
Attendance Management	15	HIGH	To review compliance with this key Human Resources Policy
iTrent implementation/exploitation	40	HIGH	To assist in the establishment of efficient and effective systems
Protime System	5	MEDIUM	To review the operation of the Council's time recording system
Transformation Governance	20	HIGH	To ensure that the transformation programme and the three strands Maximising Community Resilience, Reducing the Costs of Doing Business and One Public Estate are being managed effectively
Transformation Consultancy	25	HIGH	To provide support to the Council's transformation programme.
Finance and Legal			
Corporate Governance	15	N/A	To prepare the Annual Governance Statement on behalf of the Council and review the Code of Corporate Governance
Corporate Risk Management	15	HIGH	To review the effectiveness of the Corporate Risk Management framework

Corporate Health and Safety	15	HIGH	To review the effectiveness of the Corporate Health and Safety framework
Agresso System	10	HIGH	To review the operation of the Council's finance system
Purchase Cards	15	HIGH	To review compliance against the Purchase Card Manual
Treasury Management	10	HIGH	Full audit to check the effectiveness of processes and compliance with agreed procedures
Benefits (Key Controls)	5	N/A	To provide assurance on key controls within the system as agreed with External Audit
Council Tax (Key Controls)	5	N/A	To provide assurance on key controls within the system as agreed with External Audit
Debtors (Key Controls)	5	N/A	To provide assurance on key controls within the system as agreed with External Audit
Budget Management (Key Controls)	10	N/A	To provide assurance on key controls within the system as agreed with External Audit
General Ledger (Key Controls)	5	N/A	To provide assurance on key controls within the system as agreed with External Audit
Creditors (Key Controls)	5	N/A	To provide assurance on key controls within the system as agreed with External Audit

BACS (Key Controls)	5	N/A	To provide assurance on key controls within the system as agreed with External Audit
HR/Payroll (Key Controls)	15	N/A	To provide assurance on key controls within the system as agreed with External Audit
Directorate			
Communication and Public Affairs (CAPA)	10	MEDIUM	To review how media relations and external communications are managed
Advice and Support	25	N/A	To provide day to day advice and support to the directorate
Follow Up	20	N/A	To follow up actions as agreed with Audit and Standards Committee.
Chief Executive's Total	320		
PLACE DIRECTORATE			
Housing Services			
Rent Accounting (Key Controls)	10	N/A	To provide assurance on key controls within the system as agreed with External Audit
Lettings Policies and Procedures	15	HIGH	To review the processes for the letting of Council houses
Welfare Reform- Housing Implications	10	HIGH	To review how Housing Services are managing the impact of welfare reform
Planning and Economic Development			
New Heritage Regeneration Governance	10	HIGH	To review the governance over New Heritage Regeneration and how they demonstrate value for money. To review external funding processes

Community Infrastructure Levy	10	MEDIUM	To ensure the Community Infrastructure Levy has been implemented effectively
Carbon Reduction Commitment (CRC) Annual Report	5	N/A	To ensure that the CRC Energy Efficiency Scheme Guidance is being adhered to
Acquisition and Disposal of Land and Buildings	15	HIGH	To review the processes for the acquisition and disposal of land and buildings. To include how Public Sector Partners Limited are being used
IMPACT Programme Consultancy	10	HIGH	To support the management of this key project
Environmental Services			
Vehicle Compliance "O" licence	10	MEDIUM	To ensure Goods Vehicle Operators Licence Conditions are adhered to
Housing Maintenance Contract Management	10	MEDIUM	To review the management of key Housing Maintenance contracts
Servitor System Implementation	15	HIGH	To review how the Servitor System is operating
Directorate			
Robustness of Commercial Business Cases Consultancy	10	HIGH	To ensure robust business cases have been prepared
Advice and Support	25	N/A	To provide day to day advice and support to the directorate
Follow Up	20	N/A	To follow up actions as agreed with Audit and Standards Committee.
Place Directorate Total	175		
DIRECTORATE PLAN TOTAL	715		

Audit Management	180	N/A	Planning, review and preparation of reports for Audit and Standards Committee
Schools	100	N/A	To ensure Schools have effective governance and financial management (14 School Audits)
Schools Financial Value Standard (SFVS)	100	N/A	To ensure Schools are adhering to the requirements of the SFVS (approximately 56 Schools)
Fraud	260	N/A	To undertake prevent, detect, investigation and resolution in accordance with the Fraud Action Plan.
Honorary	10	N/A	To complete two honorary final accounts audits.
External Contracts	40	N/A	Contracts with three Academies
Other Total	690		
OVERALL DAYS	1405		