

## REPORT TO AUDIT AND PERFORMANCE REVIEW PANEL

Title: **AUDIT AND REVIEW UNIT:  
2009/10 INTERNAL AUDIT PLAN AND STRATEGY**

Date: 28 April 2009

Member Reporting: **Councillor D McBride**

Contact Officer(s): **Catherine Hickman, Head of Audit and Review  
tel: 01628 796233**

Wards Affected: **All Wards**

### 1. SUMMARY

- 1.1 The purpose of this report is to set out the programme of work and strategy for Internal Audit over the 2009/10 financial year. It is intended to demonstrate how Internal Audit supports the overall aims and objectives of the Authority whilst maintaining its professional standards. The Plan takes account of the proposed role, objectives and approach to the service delivery of Internal Audit.

### 2. RECOMMENDATION

- 2.1 The Audit and Performance Review Panel is asked to APPROVE the strategy, role, objectives and approach to Internal Audit during 2008/09, as set out in this report, and to ENDORSE the 2009/10 Programme of Work (attached at Appendices 1 and 1(i)).

What will be different for residents as a result of this decision?
--

Residents will have an independent and objective opinion on the Council's control environment (comprising risk management, internal control and governance) and an evaluation of the Council's effectiveness in achieving its objectives and as a contribution to the proper economic, efficient and effective use of resources.
--

### 3. SUPPORTING INFORMATION

#### BACKGROUND

- 3.1 The statutory basis for Internal Audit in local government is provided in the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, which state that "*a local authority shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control*". In addition, under S151 of the Local Government Finance Act 1972, the Council's Head of Finance (as S151 Officer) has a statutory duty to maintain an appropriate framework of controls over the Council's financial affairs. The Council has recognised these statutory requirements in its Finance Rules F3.25 – 3.39.

- 3.2 In order to discharge these duties, the Head of Audit and Review prepares annually, Audit Plans comprising of an Operational Plan, setting out the Unit's work for the ensuing year and a Strategic Plan for a predetermined time period. In determining these Plans, the whole of the Council's services are subject to a risk assessment and this takes account of various factors that affect risk, such as the levels of expenditure and income, the number of transactions, complexity and robustness of systems, the response to previous audit reviews and change factors.
- 3.3 In addition to the legislative requirement to provide an adequate internal audit service, with effect from 2007/08, the Accounts and Audit Regulations 2006 require all local authorities to publish an Annual Governance Statement with their annual financial statements. This is a mandatory requirement and the Statement is required to be signed off by the Leader of the Council and the Chief Executive.
- 3.4 The content of the Statement will be informed, partly, by the work of Internal Audit on the adequacy in operation of internal control systems and the Strategic Internal Audit Plan has been prepared to assist in providing this assurance.
- 3.5 The 2009/10 Internal Audit Plan is shown at Appendix 1(i) to the attached main report. The Plan allows some flexibility to be given to the Head of Audit and Review to deploy resources to special projects or investigations, should the need arise.
- 3.6 The Audit Plan aims to integrate the individual audit reviews with other reviews e.g. inspectorate or internal reviews, in order that Internal Audit work can be performed alongside and complement these reviews, thereby ensuring that there is no duplication of work and to ensure that adequate audit controls are put in place during the developmental stage / changes to any system.
- 3.7 The Internal Audit Plan also incorporates key financial systems work which allows External Audit to place assurance on the adequacy of these systems in giving their formal opinion on the RBWM published financial statements.

#### 4. OPTIONS AVAILABLE AND RISK ASSESSMENT

##### 4.1 Options

	Option	Comments	Financial Implications
1.	Endorse the risk based 2009/10 Internal Audit Plan and approve the Strategy, role, objectives and approach to Internal Audit, thereby ensuring that the Authority fulfils its statutory obligations.  Recommended Option	This will enable:- <ul style="list-style-type: none"> <li>the Authority to discharge its statutory functions in relation to audit and control.</li> <li>Internal Audit to provide assurance to Members, the S151 Officer and directorate managers that the Authority's</li> </ul>	Revenue Officer time in dealing with provision of the Internal Audit Service. Capital None

	Option	Comments	Financial Implications
		<p>financial systems are secure and are designed to minimise potential loss arising from mismanagement, error, negligence or fraud and to provide an independent opinion on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.</p> <ul style="list-style-type: none"> <li>the Internal Audit Team to undertake audit work to assist business units to identify risks and recommend an adequate internal control framework to mitigate those risks to the Council e.g. financial, reputational, human resources, environmental and legislative risks.</li> </ul>	
2.	Endorse the risk based Strategic Internal Audit Plan in the main and approve the Strategy, role, objectives and approach to Internal Audit but reprioritise Internal Audit resources at the margins, ensuring that the Authority fulfils its statutory obligations.	As above.	<p>Revenue Officer time in dealing with provision of the Internal Audit Service.</p> <p>Capital None</p>
3.	Significantly reprioritise Internal Audit resources, which may result in the Authority not fulfilling its statutory function and not sufficiently reviewing key risk areas.	<ul style="list-style-type: none"> <li>Reduce the ability of the Authority to discharge its statutory functions in relation to audit and control and thereby not comply with the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit</li> </ul>	<p>Revenue Officer time in dealing with provision of the Internal Audit Service.</p> <p>Capital None</p>

	Option	Comments	Financial Implications
		<p>(Amendment) (England) Regulations 2006 and Section 151 Local Government Finance Act 1972.</p> <ul style="list-style-type: none"> <li>• Reduce the ability of Internal Audit to provide assurance to Members, the Section 151 Officer and directorate managers that the Authority's financial systems are secure and are designed to minimise potential loss arising from mismanagement, error, negligence or fraud and to provide an independent opinion on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.</li> <li>• May expose the Authority to unnecessary risks e.g. financial, reputational, human resources, environmental and legislative by not having an adequate internal control framework.</li> </ul>	

## 4.2 Risk Assessment

Risk	Uncontrolled Risk	Controls	Controlled Risk
1. Failure to discharge statutory obligations leads to catastrophic breach of legislation resulting in fines, investigation and reputation damage.	High	Use risk based Strategic Internal Audit Plan	Low
Risk	Uncontrolled Risk	Controls	Controlled Risk
2. Failure to provide necessary assurances that the Authority's systems are secure leads to major event, fraud and/or mismanagement of monies.	High	Use risk based Strategic Internal Audit Plan	Low
3. Failure to have suitable systems in place to reduce potential losses and inefficiencies leads to wasted resources or duplication of work.	High	<ul style="list-style-type: none"> <li>- Integrate individual audit reviews with other reviews.</li> <li>- Use risk based Strategic Internal Audit Plan.</li> </ul>	Low

## 5. CONSULTATIONS CARRIED OUT

- 5.1 Consultations on service priorities and risk management took place with the Chief Executive, Section 151 Officer, the reporting Member, the new Directorate Management Teams and External Audit in preparing the 2009/10 Internal Audit Plan and Strategy.
- 5.2 Management and staff are consulted prior to and during the course of the audit reviews and at the conclusion of audits, to ensure that audits have been timed to suit both parties, to incorporate managements' priorities and to agree a course of action to implement the recommendations made.

## 6. IMPLICATIONS

The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
N/A	Y <sup>1</sup>	N/A	N/A	N/A	N/A

1. Statutory basis for Internal Audit stems from the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, which require every local authority to maintain an adequate and effective internal audit of their financial affairs. In addition, under S151 Local Government Finance Act 1972, the Head of Finance (as S151 Officer) is responsible for ensuring that proper arrangements exist for the management of the Council's financial affairs. Reliance upon Internal Audit is fundamental too the fulfilment of that responsibility.

### Background Papers:

2009/10 – 2012/13 Strategic Internal Audit Plan

2009/10 Internal Audit Annual Plan

Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006).

S151 Local Government Finance Act 1972

CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code)

## **AUDIT AND REVIEW UNIT**

### **2009/10 INTERNAL AUDIT PLAN AND STRATEGY**

---

#### **INTRODUCTION**

1. This document sets out the proposed Internal Audit Plan and programme of work for the 2009/10 financial year. It is intended to demonstrate how Internal Audit supports the overall aims and objectives of the Authority whilst maintaining its professional standards. The Plan takes account of the proposed role, objectives and approach to the service delivery of Internal Audit.

#### **Authority**

2. The statutory basis for Internal Audit stems from the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, which require every local authority to maintain an adequate and effective Internal Audit of their financial affairs. Under S151 of the Local Government Finance Act 1972, the Council's Head of Finance, as S151 Officer, has a statutory duty to maintain an appropriate framework of controls over the Council's financial affairs. Reliance upon Internal Audit and their annual programme of audit work is fundamental to the fulfilment of that responsibility.

#### **Purpose**

3. The purpose of Internal Audit is to provide an independent and objective opinion to the Council on the level to which the internal control environment supports and promotes the achievement of the Council's objectives. The purpose of the audit planning process is to ensure that resources are appropriately focused in order to provide maximum audit coverage.
4. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - Strategic Management,
  - Reliability of financial reporting and other management information,
  - Compliance with laws, policies and procedures,
  - Effectiveness of operations (including security of assets).

#### **Scope and Responsibilities**

5. The scope and responsibilities relating to Internal Audit are specified in Finance Rules F3.25 to 3.39, as well as in the Internal Audit Charter, detailing the Terms of Reference for Internal Audit and an Internal Audit Protocol, outlining the approach to service delivery. The latter two documents were last updated and ratified by the Audit and Performance Review Panel in September 2007.

6. Our professional responsibilities as Internal Auditors are set out in the CIPFA Code of Practice for Internal Auditing in Local Government (2006). In line with these requirements, we perform our Internal Audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the Council has in place to:
- Establish and monitor the achievement of the Council's objectives
  - Identify, assess and manage the risks to achieving the Council's objectives
  - Formulate and evaluate policy, or provide policy advice, within the responsibilities of the Section 151 Officer
  - Ensure the economical, effective and efficient use of resources
  - Ensure compliance with established policies, procedures, laws and regulations, including the Council's own governance arrangements
  - Safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption
  - Ensure the integrity and reliability of information, accounts and data.

#### **Internal Audit – Range of Projects**

7. Internal Audit will provide the following range of audit projects as part of planned work in 2009/10:
- Corporate Governance – addressing the overall control environment of the Council, contributing to the preparation of the Annual Governance Statement.
  - Cross-cutting Council-wide audits giving assurance on specific risks, e.g. performance and project management; financial probity; risk management.
  - Reviews of key systems to inform the work of the External Auditors.
  - Risk based operational audits at Service or Business Unit level.
  - Business Unit level compliance audits, e.g. management of income from car parks or from establishments such as Leisure Centres.
  - Follow up work on recommendations arising from audits to confirm that agreed management actions have been implemented.
  - Computer audit reviews of IT application systems and ongoing audits of IT projects.
  - Contracts audits of the overall arrangements for managing contracts and specific reviews of individual contracts.
  - Audit support to management / significant change projects.
  - Investigation of alleged or suspected irregularities identified during audit work or reported under the Anti-Fraud and Anti-Corruption Strategy and promoting fraud awareness throughout the Authority.
  - Specific proactive anti fraud and corruption work.
  - Ad hoc projects when commissioned by management.
  - Support and advice to managers on the adequacy and effectiveness of planned controls in new and developing systems.

- Complete the ongoing audit of the development and implementation of the Trent HR and Payroll system, which includes the roll out of additional modules.

### **AUDIT PLANNING PROCESS 2009/10**

8. A risk-based approach is taken in preparing the annual Audit Plan. In determining the Internal Audit Plan, the whole of the Council's services are subject to a risk assessment and this takes account of various factors that affect risk such as the:
  - size of the entity in financial terms, staffing levels etc.,
  - volume number of transactions,
  - complexity and robustness of systems,
  - response to previous audit reviews,
  - change factors and;
  - an assessment of the susceptibility of the system to fraud.
9. The Council's Risk Register is also utilised as a link to the Audit Plan, informing of the Corporate High, Medium and Low Risk areas and ensuring that the Audit Plan reflects the significance and risk assessment of these areas accordingly. Priority is given to those areas of highest risk.
10. Consultations are undertaken with the Chief Executive, Directors, Section 151 Officer, Directorate Management Teams, other senior managers and External Audit whilst preparing the Plan, both in determining risk and any emerging issues and taking into account any specific requests for audits to be undertaken.
11. The risk assessment is used to inform the amount of staff resource dedicated to each area and the extent, frequency and depth of testing undertaken, with the high risk areas being examined more frequently. Annual allocations against individual audit areas have been deliberately flexed in recognition of the need to devote additional resources where new systems are being implemented.
12. During 2008/09, joint working with the Insurance and Risk Manager has further enabled Internal Audit to develop an Integrated Internal Audit and Risk Management System to inform the Plan and provide feedback to the Risk Register regarding the findings of individual audits. This integration further influences both the nature of the audit work undertaken and the development of the Corporate Risk Register.
13. The Audit Plan aims to integrate the individual audit reviews with other reviews, e.g. inspectorate, internal reviews, in order that Internal Audit work can be performed alongside and complement these reviews.
14. In putting together the Audit Plan priorities, it is apparent that, within the limitations of the resources available, it is not possible to address all the risks. The approach to be adopted will, therefore, be a top down systems review process aimed at providing management with an overall opinion on the adequacy of the control environment. In this scenario, individual

transaction testing will be limited to that necessary to verify the workings of systems. In the event of changing priorities, such as a major fraud investigation, those areas identified as low risk may be reviewed less frequently than once every four years.

15. The Plan allows some flexibility to be given to the Head of Audit and Review to deploy resources to special projects or investigations, should the need arise.

### **KEY THEMES OF OUR WORK FOR 2009/10**

16. The following areas have been identified as key priorities for Internal Audit attention in 2009/10. It is not a list of all audit work to be undertaken, this is detailed at Appendix 1(i) to this report.

### **Key Financial Systems and Financial Management**

17. The audit of fundamental financial systems has a two fold purpose: it allows Internal Audit to provide assurance to the Head of Finance that the overall financial framework of the Council is adequate and it also allows External Audit to place assurance on the adequacy of financial systems in giving their formal opinion on the Council's published financial statements
18. By co-ordinating our work with the Council's External Auditors, KPMG, together we ensure the optimum use of scarce audit resources and prevent duplication of effort. In addition, the majority of audits undertaken in directorates will include testing to ascertain whether Finance Rules and Contract Rules are being complied with. These activities are specifically designed to improve financial control across the Council. We will also examine aspects of financial management against the Audit Commission's Comprehensive Area Assessment (CAA) Use of Resources Key Lines of Enquiry (KLOE).

### **Corporate Governance and Annual Governance Statement**

19. During 2008/09, Internal Audit developed a Corporate Governance Self Assessment matrix based on the requirements of the CIPFA/SOLACE *Delivering Good Governance in Local Government* Framework. The aim is to assess whether the Council's Corporate Governance procedures are both robust and effective. Throughout the year, directorates have been required to complete and update the self-assessment through their Directorate Management Teams. This work will inform the content of the Council's 2008/09 Annual Governance Statement (AGS). The self-assessment work will be ongoing during 2009/10 and Internal Audit will review the content of the self-assessments, prior to the preparation of the AGS to confirm that they are supported with sufficient evidence to inform the AGS.
20. Work was undertaken and will continue during 2009/10 to undertake themed reviews of specific subject areas within the self-assessment e.g. Partnerships, Project Management, Security of Information and Procurement.

## **Cross Cutting Themes**

### **Risk, Data Quality and Performance Management**

21. Risk and Performance Management are key corporate initiatives that underpin the potential for the organisation to achieve its ambitions. These reviews will address the extent to which these initiatives are embedded across the organisation and are effective in improving performance, whilst ensuring the quality of data. In addition, External Audit have requested that an annual review of Data Quality and Performance Management be included within the Annual Internal Audit Plan

### **Customer Service Centre**

22. Senior Managers across several Directorates have requested that a review be carried out in the Customer Service Centre to identify whether front-line communications are dealing effectively and efficiently with enquiries and impacts on service delivery.

### **Sustainability**

23. Addressing environmental and sustainability issues is an increasing priority for local government. It is a new theme within the 2008/09 CAA Use of Resources Key Lines of Enquiry and as such, an audit review will examine the extent to which this area has been developed and the effectiveness of the arrangements in place.

### **Procurement**

24. Sound procurement procedures are an essential element in the Council's efforts to secure value for money in all its activities. A review of this area in 2008/09 resulted in a number of recommendations aimed at enhancing the corporate control framework helping to ensure that RBWM achieves Value for Money. During 2009/10, audit work will concentrate on determining the extent of implementation of the recommendations.

### **Local Area Agreements**

25. The Government Office for the South East requires the Chief Internal Auditors of Councils to audit activities funded under the auspices of the Local Area Agreement (LAA) and provide assurance that monies have been expended appropriately in conformity with the purposes for which it was granted. The majority of LAA 2007-2010 Reward Targets are due to be completed by 31 March 2010, with a few due to be completed after this date. The audit will verify the achievement of the Reward Targets by reviewing the data maintained by the relevant target holders, including any Partners. In addition, the Pump Priming Grant (PPG) will be reviewed to ensure that it has been spent in accordance with the terms and conditions as laid down by Secretary of State to achieve the reward targets.

### **Partnerships**

26. Partnerships are a key component for public service provision and local authorities have a major role to play in leading partnership working. In addition, partnerships are an integral part of good Corporate Governance and they are an integral feature in the Use of Resources Key Lines of Enquiry, which influences the Council's CAA score. An audit of the governance of partnerships in 2008/09 identified a number of areas that needed to be addressed. Work in 2009/10 will review the extent to which the recommendations in this key area have been implemented.

### **Annual Efficiency Savings (previously Gershon)**

27. A review will be undertaken of the achievement of the annual efficiency savings targets prior to the return of the Actual Cumulative Gains Statement (which has replaced the Annual Efficiency Statement).

### **Recruitment, Retention, Succession Planning and CRB Checks**

28. Recruitment and retention is assessed as an area of high risk in the Council's Corporate Risk Register. The review will include a focus on Criminal Records Bureau (CRB) checks to ensure that processes are robust and that they are undertaken for all relevant posts.

### **Project Management**

29. Good project management is essential to demonstrate compliance with legislation, regulation and RBWM policies as well as delivering sound Value for Money principles embodied in efficiency and effectiveness (Gershon).

### **External Funding Follow Up**

30. The purpose of the External Funding activity is to secure alternative financial support for RBWM projects and programmes to compensate for fund shortfalls via grant settlements. This is an important income stream, which needs to be proactively managed. An audit of this activity was undertaken in 2007/08 and a number of risks and improvements were identified. Recruitment has recently taken place and the management structure for this process has been reviewed. The follow-up audit will assess the extent to which current issues have been resolved.

### **Maidenhead Rejuvenation, Economic Development and Town Centre Management**

31. The Maidenhead Regeneration scheme is a commitment over the next 20 years to develop the town centre and to promote economic and social change. The rejuvenation of Maidenhead is being overseen by the Partnership for the Rejuvenation of Maidenhead (PROM) with representatives from the Council and local businesses. The main aim of economic development is towards creating and retaining jobs and to assist businesses within the area. The Maidenhead and Windsor & Eton Town Partnerships are a public/private partnership between the Council

and local Businesses to safeguard and promote the Maidenhead and Windsor & Eton Town Centres (Windsor & Eton Partnership has widened its remit to cover the whole of the area not just the town centres). The main objective of this audit is to ensure that the systems for managing the areas of Economic Development, Town Centre Management and Maidenhead Regeneration are reasonable.

### **Agency and Sessional Staff**

32. This audit will be undertaken at the request of management and will be a peer review, particularly of the Pertemps arrangements.

### **Electronic Payments and Payment Card Data Security**

33. Reviews in these areas will identify whether advantage is being taken of electronic payments for RBWM income and expenditure. A follow-up on previous audit work will identify whether RBWM is Payment Card Industry Data Security Standard compliant.

### **New and Developing Systems**

34. Audits are programmed in a number of areas where new systems are being developed and implemented. For example, Internal Audit has provided assistance on the new HR/Payroll, which went live in March 2009. Audit work will continue in early April 2009 to undertake a systems review to ensure the adequacy of the control framework. In addition, Audit input will continue to be provided for the development of Individualised Budgets in the Learning and Care Directorate, which will have a significant impact as to how social care is managed and delivered.

### **Main Themes of Directorate Reviews**

35. The most significant directorate reviews being undertaken during 2009/10 are detailed below.

### **Resources Directorate**

#### **Human Resources Policy Review**

36. Human Resources policies are the foundation of employee activities. A review will consider how existing policies are reviewed, communicated, applied and managed uniformly across the Directorates and schools.

#### **Legal Services – Implementation of Policy**

37. The extent to which Government policy and legislation is currently considered, disseminated and applied will be reviewed, particularly in view of the fact that both the Borough Secretary and the previous Chief Executive retired in 2007/08. The process for formulating, bringing about and managing local policies will also be incorporated.

## **Land Charges**

38. The audit will concentrate on ensuring that an adequate control framework is in place following the introduction of a new Land Charges System.

## **Policy & Performance**

### **Corporate Communications, Marketing and Consultations**

39. The extent to which communications are applied and managed at both strategic and operational level will be reviewed to assess the extent of which the requirement to communicate the Council's vision and consult is achieved. This is particularly relevant given the focus of the Comprehensive Area Assessment 2009.

### **Grants to Voluntary Organisations**

40. The audit will review the administration and management of the award of Grants to voluntary organisations to confirm whether monies are spent for the purposes intended.

## **Adult Services**

### **Leisure Centres**

41. Leisure Centres are reviewed annually due to complex nature of the services provided. Assurance is required that RBWM policies and procedures are applied and maintained, particularly with regard to cash handling, Health and Safety and security issues.

### **Transforming Social Care (including Direct Payments)**

42. Internal Audit will be included within this project to provide a consultancy overview of the controls required to manage individual social care plans and budgets effectively and efficiently. The first element of work will focus on whether the existing Direct Payments processes and procedures are robust and suitable for purpose.

### **Receiverships and Appointeeships**

43. This is a Management request for a review in this area to establish whether the service has been strengthened, following the outcomes of the 2007/08 audit and that delivery of the service protects the interests of vulnerable people.

### **Meals on Wheels Follow Up**

44. The audit will concentrate on following up the recommendations from the previous audit and specifically the collection of income and contract management at Maudsley and Elizabeth Houses.

### **Holyport Manor Re-provision**

45. The Council has received funding to enhance provision and redevelop the school by 2010, which will improve the quality of education for children and young people with special needs. The audit will concentrate on a review of roles and responsibilities, contractual conditions, monitoring and reporting of progress against timetable, communications, complaints and business continuity.

### **Supporting People Initiative (including Grant Claim)**

46. The Head of Audit and Review is required to verify the Grant Claim each year. The administration and management of the Supporting People service will be reviewed to inform the verification process.

### **Asylum Seekers**

47. Although the incidence of asylum seekers in RBWM is very low, Children's Services has requested a review of the management of unaccompanied children in this category.

### **Children's Services Directorate**

#### **Safeguarding Children (Child Protection) / Adoption & Fostering**

48. During 2008/09, an audit review followed up the previous review of the Child Protection Service in addition to additional testing of processes and procedures including the recording of details on the PARIS system. The original review was undertaken following the Climbe Inquiry. Further safeguarding work is to be undertaken in 2009/10 in conjunction with the Head of Safeguarding and Specialist Services for Children and Young People. Work is currently being undertaken within the Directorate to identify gaps and areas for developments following the publication of high profile reports and case reviews. Audit work will be identified from the findings, targeted to make the most positive contribution to the Service.
49. In addition, the Fostering and Adoption Service will be examined to assess the effectiveness of the operating procedure and controls currently in place within the Service.

#### **Primary Strategy for Change (Building Schools for the Future)**

50. In 2007, the Government launched the Primary Capital Programme making funds available to local authorities over 3 years for major improvements to primary schools. The strategic approach to transforming learning in RBWM Primary Schools will be assessed to ensure the principles are achievable.

## **Supply of School Places, Admissions and Appeals**

51. This audit links with the Primary Strategy for Change review and will concentrate on how we plan ahead and the infrastructure for provision of these services.

## **Schools Contract Management**

52. The emphasis of this audit will be on the School Meals Contract, at the request of management.

## **Youth Services**

53. The Council's Youth Service was reviewed by New Directions UK: Management Training and Consultancy in 2008/09. The review highlighted a number of issues connected with the effectiveness of current youth provision. As a consequence, the Director of Children's Services has requested that Internal Audit undertake a review of administrative and management processes to inform the way forward.

## **ContactPoint**

54. ContactPoint is the new national database to assist in preventative actions relating to children and young people. Each organisation maintaining relevant information has to achieve accreditation across a range of criteria to enable the provision, sending and querying of information. Internal controls must be in place to monitor and provide assurance that RBWM is compliant with accreditation conditions.

## **Education Financial Management Standard (FMSiS)**

55. From March 2007, Schools have been required to demonstrate that they have met the Financial Management Standards set by the DCSF. Schools need to provide evidence of their compliance with the elements of the Standard and to make this available for audit by External Assessors. The Borough's Internal Audit Section has been appointed by the S151 Officer to undertake the external assessment of Schools' compliance with the Standard. During 2008/09, twenty primary schools were assessed and the remaining eleven primary schools will be assessed in 2009/10. Thirteen secondary schools will also be reviewed for re-accreditation in 2009/10.

## **Planning and Development Directorate**

### **Transport Policy and Implementation**

56. This area covers the services of S106 Agreements, Local Transport Plan, Highways Development Control and Trees. For 2009/10, the audit will concentrate on a follow up of the recommendations from the previous audit of S106 Agreements.

## **Joint Strategic Planning Unit**

57. The Unit is hosted and managed on behalf of all 6 Chief Planners in Berkshire by Slough Borough Council. The review will assess whether there are arrangements in place to enable an audit of this service and then to determine the coverage required for 2009/10.

## **Environment Directorate**

### **Property Services**

58. The review will identify that RBWM leasehold properties and tenancy database records are effectively managed.

### **Refuse Collection / Waste Contract / Recycling**

59. The budget for these activities amounts to nearly £7.5m per annum and, therefore, there is a need to maintain an overview of the service management. Recycling is a particular environmental issue and has not been the subject of an audit review for a number of years. A new initiative will be introduced in 2009/10 in a number of pilot areas, which will reward residents for their recycling and ensure that the borough's landfill tax burden is reduced. Since Waste Collection is an outsourced service, the management of disposal and recycling activities is effectively a contract management audit.

### **Trading Standards and Licensing**

60. The focus of the audit, requested by management, will be a system review of the Trading Standards Service with a follow up of the previous audit recommendations in respect of Licensing.

### **Highways Services Contract Management**

61. This review was requested by management following the restructure and transfer in of some service contracts, to ensure a consistent management approach.

### **Control Room including CCTV**

62. This audit was requested by management and will focus on following up progress on implementing recommendations from the previous audit review.

### **Civil Contingency and Emergency Planning**

63. The Emergency Planning Unit works in a multi-agency environment across Berkshire. The review will consider whether the aims of the Unit to support the Emergency Services, care for the community, mitigate the effects of an incident and co-ordinate the responses of voluntary organisations, are achieved through operational and management processes and procedures.

64. The Integrated Transport Team is responsible for the provision and administration of RBWM's Home to School Transport and Public Transport contracts. Audit work in 2009/10 will focus on Home to School Transport contracts and whether they operate effectively, efficiently and economically and that they comply with current policy and expected procedures. Work will also be undertaken to identify whether the management of the Public Transport contracts ensures a reliable and cost effective service.

### **Other Audit Areas**

#### **Contract Audit**

65. The audit of capital and service specific contracts. The amount of expenditure involved and general inherent risks with contracts means that it will always be identified as a high-risk area.

#### **Computer Audit**

66. This covers the audit of the technical operations. In 2009/10, a specific audit of Information Governance and Management will be undertaken to ensure that arrangements in place are effective. In addition, the Council aims to be fully compliant with Government Connect software from April 2009. This will ensure that secure arrangements will be in place to send and receive e-mails securely between government departments. An audit review of security arrangements and compliance with the security rules will be undertaken during 2009/10.

#### **Proactive Anti Fraud and Corruption**

67. In order to meet the Use of Resources Key Lines of Enquiry in this area, a separate Anti-Fraud and Anti-Corruption Audit Plan has been prepared to review the Council's arrangements. Work will be undertaken during the year to continue to promote fraud awareness throughout the Authority by annually updating strategies and policies and issuing to all staff, Members, partners and contractors with whom the Council does business. In addition, a fraud and corruption awareness E-Learning Tool will be adopted and rolled out to all staff throughout the Council. A proactive approach / strategy will be taken to identifying and checking areas that may be susceptible to fraud and corruption. Audit will also be co-ordinating the analysis of data to support the Audit Commission's National Anti-Fraud Initiative (NFI). In order to check the effectiveness of arrangements, an annual Fraud Survey will be undertaken in March 2010.

#### **Identification of Increased Fraud Potential in Service Delivery**

68. This audit work will concentrate on the broad recession based themes that may impact on the potential for fraud in vulnerable service delivery areas.

## **Management, Planning and Reporting**

69. An allocation of time is set-aside in the annual plan to allow for management and planning discussions (both internal to the section and in liaison with service directorates) to ensure that the work of Internal Audit is suitably focussed. This time also allows for reporting of our findings to Members, Senior Management and to other stakeholders.

### **AUDIT PROTOCOL**

#### **Assignment Planning**

70. All planned audits will be scoped in a Terms of Reference, which will be agreed with the appropriate Head of Service / business unit management subject to audit. The Terms of Reference will include the:
- Scope and objectives of the review
  - Agreed timing of the review
  - Resources to be employed delivering the assignment
  - Planned recipients of draft and final reports

#### **Draft Reports**

71. In all but exceptional circumstances, a draft report will be produced for discussion with the appropriate levels of management, as set out in the Terms of Reference. Reasonable attempts will be made to agree a final version of the report and where agreement cannot be reached, the reasons will be detailed in the report. The draft report will consist of:
- A management summary detailing the significant issues arising from the audit
  - A draft action plan setting out prioritised audit recommendations
  - An appendix containing the detailed findings, risk implications and conclusions.

#### **Final Reports**

72. A final report will be produced after discussions on the draft report. The distribution of the final report will conform to the Terms of Reference agreed distribution list. In the case of final reports for significant audits, the Director of the Directorate concerned will always receive a copy. The final report will consist of the same components as for the draft report except that the action plan will identify the officers responsible for implementing recommendations and agreed target dates for implementation, as specified by the auditees.

#### **Follow-Up Audits**

73. Recommendations will be followed up at an appropriate time and progress on the implementation of the high and medium risk recommendations will be reported to the Chair of the Audit and Performance Review Panel.

**PROFESSIONAL STANDARDS**

74. The service that Internal Audit provides is designed to ensure compliance with the standards for Internal Audit promulgated by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the requirements of the Auditing Practices Board (APB), interpreted by the *CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom* (the Code). The Code, updated in September 2006, aims to modernise the previous Code and align it more closely with corresponding standards for the National Health Service and Central Government, as well as the international standards issued by the Institute of Internal Auditors (IIA).

-----000-----

**APPENDIX 1(i)**

2009/10 Audits

<b>Key Financial and Non Financial Systems</b>	<b>Risk Rating</b>
Integrated Payroll / Human Resources (Trent) System	H
Pensions Governance & Payroll Follow-up	H
Creditors	H
Debtors	H
General Ledger	H
Cash / Bank Reconciliation	H
Cash & Banking Arrangements	H
Cash Flow, Investments, Loans	H
Housing & Council Tax Benefits	H
Council Tax	H
NNDR	H
Capital Programme, Accounting & Expenditure Monitoring	H

  

<b>Corporate Governance Arrangements</b>	
Corporate Governance & Annual Statement on Governance	H
Use of Resources	H
Assessment of Effectiveness of System of Internal Audit	H
Enterprise Risk Management	H
Corporate Governance Self-Assessment Review	M

  

<b>Cross Cutting</b>	
Budgetary Control	H
Annual Efficiency Savings	M
Information Management (Records Mgmt & Data Protection)	M
Customer Services Centre	H
Performance Management & Data Quality	M
Project Management	M
Local Public Sector Agreements incl. Pump Priming Grants	H
Health & Safety	M
Recruitment, Retention (incl Succession Planning, Criminal Records Bureau)	H
Agency Staff Contract	M
Sessional Staff	M
GCSx Compliance	H
Procurement Follow Up	H
Partnerships Follow Up	H
External Funding (HPG Grant)	M
Sustainability	M
Maidenhead Rejuvenation, Economic Dev'pt & T/Centre Management	M
Electronic Payments & Payment Card Data Security	M

  

<b>Resources</b>	
HR Policy Review	M
Land Charges	M
Legal Services - Implementation of Policy	M

  

<b>Policy &amp; Performance</b>	
Corporate Communications, Marketing and Consultations	M
Grants to Voluntary Organisations	M

<b>Adult Services</b>	
Leisure Centres (Magnet)	H
Transforming Social Care (inc Direct Payments)	H
Receiverships & Appointeeships	M
Meals on Wheels (follow-up)	M
Holyport Manor Reprovision	H
Supporting People	M
<b>Children's Services</b>	
Asylum Seekers	L
Fostering & Adoption	H
Safeguarding Children (Child Protection)	H
Contact Point	H
Primary Strategy for Change (inc Formula & Capital)	M
Building Schools for the Future	H
Supply of School Places, Admissions & Appeals	M
Schools Contract Management (Inc School Meals)	M
Youth Services	M
Financial Management Standard In Schools	M
Schools Audits	M
<b>Planning &amp; Development</b>	
Transport Policy & Implementation (inc S106)	H
Joint Strategic Planning Unit	M
<b>Environment</b>	
Property Services	M
Refuse Collection/Waste Contract/Recycling	H
Trading Standard & Licensing	M
Highways Services Contract Management	H
Control Room inc CCTV	L
Integrated Transport	M
Civil Contingency & Emergency Planning	H
<b>Anti Fraud and Corruption / Irregularities</b>	
Arrangements for Prevention & Detection of Fraud & Corruption	H
Identification of increased fraud potential in service delivery	H
National Fraud Initiative Data Matching Exercise	H
Proactive Fraud & Corruption Work	H
Special Investigations / Irregularities	H
<b>Computer Audit &amp; Contract Audit</b>	
Computer Audit (Incl Information Governance)	H
Contract Audit	H
<b>Other</b>	
Contingency for Reactive / Unplanned Work	
Previous Year Incomplete Reviews / Follow Ups etc.	
Projects, Initiatives & New Systems	
Financial Appraisals & Tender Opening	
AUDIT RESOURCE REQUIRED	1303
AUDIT RESOURCE AVAILABLE	1295
SHORTFALL IN RESOURCES	<u>8</u>