



Strategic Plan for Internal Audit

2015/16 – 2017/18

For presentation at the Audit Committee meeting of 26th March, 2014

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1 Introduction

1.1 Overall Approach

This strategic plan sets out the approach we have taken to develop the internal audit plan for 2015 / 2018.

1.2 The Purpose and Function of Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

(Public Sector Internal Auditor Standards)

Our professional responsibilities as internal auditors are set out within the Standards, published in 2013. All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2005 must make provision for internal audit in accordance with the Standards and the Local Government Application Note issued alongside it.

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 organisation has in place, in particular to how those elements help Flintshire County Council achieve its objectives. The work is designed to enable the Internal Audit Manager to arrive at his year-end opinion on the adequacy and effectiveness of governance, risk management and the control environment. The annual Report provides evidence to support the Annual Governance Statement.

- 1.3 Within FCC the Internal Audit Charter defines the role, scope, independence, authority, and responsibility of the internal audit department. Audits will be delivered in accordance with that Charter. The team will also be developed during the year in accordance with the Charter and Service Plan. Development will be predominantly by the implementation of integrated audit software to increase the efficiency of the department.

2 Developing the Internal Audit Strategic Plan

- 2.1 To developing the Strategic Plan for 2015/18 and the detailed plan for 2015/16 the starting point is an understanding of the Council's objectives and risks. We have used a risk based approach and considered the following.

- The Improvement Plan, including the strategic objectives of the organisation and the risks associated with those objectives;
- Reports by management to Cabinet and Scrutiny Committees on the management of operational risks;
- Areas of concern or requests for coverage from management and the Audit Committee;
- Areas where it is necessary to provide ongoing assurance with regards to key financial systems.

- Other sources of assurance available to the organisation;
- Any recent significant changes within the organisation and its operations;
- The timing for each internal audit review to maximise the benefit of assurance provided; and
- Results of previous internal audit coverage.

We also met with management across the organisation to further understand the risk areas where internal audit assurance is appropriate.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategic plan includes an audit management allocation, used at Audit Manager and Principal Auditor level for quality control, internal and external liaison and for preparation for and attendance at Audit Committee.

The detailed plan will be kept under review throughout the year and updated to react to local and national issues and risks as they arise. All changes will be reported to the Audit Committee.

The strategic plan will be revisited each year to confirm current priorities for internal audit coverage and to develop a detailed internal audit plan for the forthcoming year.

3 Audits covered within the plan

Outline scopes for each review are given in the attached table. The following types of audit work will be completed.

3.1 System based work

Predominantly of key financial systems to give assurance that they are operating effectively. Key control reviews will be carried out of all core financial systems with continuing close liaison with our external auditors to maximise audit efficiency.

3.2 Risk based work

This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls around those risks.

3.3 Follow up audits

Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews. There is also a contingency of 30 days to allocate to further follow up reviews as they become necessary.

3.4 Advisory work

Audit time to take part in specific projects or developments, as already requested/agreed with management. Again, there is a contingency of 40 days to cover requests or developments as they arise throughout the year.

3.5 Value for money

Value for money is considered as part of each audit review. In addition, there are a few specific reviews in the plan where that is the focus of the audit.

3.6 Schools

We will continue to use Control and Risk Self Assessment for all schools. This is designed to increase the level of assurance we can provide about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits.

We will continue to complete school based reviews on risks identified from the self assessment. A sample of schools will be visited to assess the identified risks.

3.7 Grant claims

As in previous years, time has been assigned to carry out reviews of grant claims.

3.8 Counter Fraud work

We will continue to conduct investigations in fraud and irregularity during the year. In addition we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions. The amount of time allocated, 200 days, is based on experience in previous years, but there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks.

4 Resources

4.1 The audit plan will be delivered by the in-house team and the plan has been based on the current complement of the audit team. It may be necessary to use external resource to deliver some of the more technical ICT audits. Apart from that, no reliance will be placed on other sources of assurance.

4.2 The resources required to deliver the proposed plans are summarised in the table, which demonstrates that an annual allocation of around 1250 productive working days is required in 2015/16. This level of resource is capable of delivering the level of assurance required by the Council and is broadly in line with others across Wales.

4.3 Within the plan audits have been identified which are lower risk. These may be deferred or deleted during the year if necessary without affecting the overall objective of the plan – to complete sufficient work in order to be able to give the annual audit opinion on the adequacy and effectiveness of controls, corporate governance and risk management.

4.4 The plan will be kept under review during the year and updated according to emerging risks. Any changes will be reported to the Committee.

4.5 Projects planned for the second and third years of the plan are indicative and may change. Therefore the number of days for those projects has not been completed at this time. The days can be allocated in later planning cycles according to the current priorities.

4.6 The analysis shows the breakdown between the category of work undertaken within the portfolios.

5 Considerations Required of the Audit Committee

- Does the three year Strategic Plan for Internal Audit (as set out in the table) reflect the areas that the Audit Committee believe should be covered?
- Does the first year of the plan reflect the areas that should be prioritised?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

6 Strategic Plan for Internal Audit 2015/16 – 2017/18

Audit	Audit Classification	Auditable Area	IA Risk Rating	2014/15 Days	2016/17	2017/18
<u>CHIEF EXECUTIVE</u>						
Delivery of the Business Plans	Advisory / VFM	Jointly provide advice on a risk assessment / financial management model to enable tracking of the implementation plan and review of high value projects to ensure delivery of savings.		40	X	X
Risk Management	Risk Based	To provide assurance to officers and members that the Authority has effective arrangements for risk management and business continuity management and that risks identified by the Authority are being effectively managed. This review will also examine the progress made by the Authority in implementing the recommendations set out in the previous internal audit and WAO Corporate Assessment.		10	X	X
Clwyd Theatre Cymru	Follow Up	Review the implementation of the new Business Plan and assess the outcomes of the commercial targets.		10		
North West Regional Waste Partnership	Risk Based	To provide assurance to the Joint Committee and FCC on governance, risk management and the effectiveness of controls under the second Inter Authority Agreement.		10		
Performance Indicators	Risk Based	To provide assurance that the reporting of performance is accurate.			X	
Corporate Governance	Risk Based	Continuing participation in the Corporate Governance Working Group and further work to provide assurance on overall corporate governance arrangements within the Council.		5	X	X
Total Planned Days – Chief Executive				75		

<u>COMMUNITY & ENTERPRISE</u>						
NEW Homes	Risk Based	External Company – Governance arrangements, internal controls etc.		10		
Homelessness	Risk Based	Review to ensure new legislation is being complied with.		15		
Housing Benefit	System Based	Key control review		15	X	X
Council Tax and NNDR	System Based	Key control review		20	X	X

Audit	Audit Classification	Auditable Area	IA Risk Rating	2014/15 Days	2016/17	2017/18
Corporate Debt Management	Risk Based	The review would examine the Council's approach to Debt Management to ensure income generation is maximised.		15		
Repairs appointment service and mobile working including Housing Maintenance	Risk Based	To review the effectiveness of the service. Mobile working – review the operation of the new hand-held system.			X	
Affordable Housing to include Commuted Sums	Risk Based	Review procedures for affordable housing schemes including eligibility, compliance with section 106 agreements and charges placed on properties.			X	
Vibrant and Viable Places (Deeside)	Risk Based	The review will consider whether the £6m funding received for the period 1 April 2014-17 is subject to appropriate governance, financial and project management arrangements.			X	
Flintshire Connects	Advisory	Undertake a review of all Flintshire Connects following completion of the project to ensure compliance with policies and procedures.			X	
Markets	Risk Based	The review will consider the efficiency and effectiveness of the management arrangements and income generation for this service.			X	
Implement EDRM	Risk Based	Ensure that EDRM has been introduced effectively and efficiently with appropriate data controls.			X	
WHQS	Risk Based	Review project management arrangements.			X	
Council House Building Programme	Risk Based	Review project management arrangements.			X	
Total Planned Days – Community & Enterprise				75		

EDUCATION & YOUTH

Control and Risk Self-Assessment	Risk Based	This is the annual self-assessment of the schools control framework (to include governor training).		15	X	X
Risk based thematic reviews across all schools including central controls	Risk Based	To analyse the results of the control and risk self-assessment and focus Internal Audit resources on reviewing areas identified as high risk.		45	X	X
21 st Century Schools	Risk Based	Project management arrangements. Also include project bank accounts.		15		
Grants – Various WG requirement	System Based	To review grants where this is a requirement of the Welsh Government. Reviews to ensure the conditions of the grant have been complied with.		15	X	X

Audit	Audit Classification	Auditable Area	IA Risk Rating	2014/15 Days	2016/17	2017/ 18
Free school meals - Funding arrangements	System Based	Review accounting treatment of school meals funding.		15		
Pupil Statistics	Risk Based	Review central processes in place to monitor and review pupil statistics.			X	
Music Service	System Based	Following the introduction of a new operating model an assessment will be carried out of the internal controls in place.			X	
School closures	Risk Based	Contribute to review of controls over closure and opening of schools in preparation for any future changes, to include transfer of assets, asset disposal, induction procedures etc.		5	X	X
Youth Justice Service	System Based	Review the service arrangements of the team including funding arrangements following the new service model change within Education.			X	
Total Planned Days – Education & Youth				110		

GOVERNANCE

Chair of the Council's Charity / Trust Fund	Risk Based	The review would examine the operation and management of the fund to ensure transparency and accountability is in place.		10		
Network Security	Risk Based	Focus on risks presented by agile working and increased external access to the network. To also include penetration testing arrangements.		* See note		
FOI Requests	Risk Based	In previous year as low risk but recent cabinet report showing a reduction in the number of FOI requests being turned around in the required timescale.		15		
Data Protection	Advisory	Review data protection arrangements.		10		
Migration to Microsoft	Risk Based	Provide assurance on the planned roll out and migration from Lotus Notes to Microsoft Office (project management review).		15		
Disposal of ICT Equipment	Risk Based	Examine the arrangements for the disposal of both hardware and software to ensure compliance with policy and FPRs. The review will also include Education and Data Centre equipment.		10		
IT Project Governance	Risk Based	Review the governance arrangements in place for ICT projects.			X	
PCIDSS	Risk Based	Review compliance with payment card requirements. Cross cutting review.		20		

Cloud computing	Risk Based	If this is in place, review controls over its use.		*	See note		
Anti-virus procedures	Risk Based	Review arrangements to ensure software is up to date, all machines are protected and incident management procedures are in place.		15			
Schools IT – Backup, IT maintenance, policies & procedures etc,	Risk Based	Ensure appropriate arrangements are in place for the management of schools IT provision.				X	
E Sourcing (Proactis)	System Based	Examine the compliance and effectiveness of e-tendering implementation.		15			
Select List Including Financial Vetting of Suppliers	System Based	To review the current status of the select list and its fitness for purpose.		20			
Contract Procedural Rules	Risk Based	Compliance with the updated CPRs.		20			
Electoral Register	Advisory	Carry out a data matching exercise to help ensure the accuracy of the electoral register.		5			
Electronic court bundling	Risk Based	To ensure proper controls are in place for the use of electronic documents.				X	
Legal and IT Regional Collaboration	Risk Based	Review the governance arrangements in place.					
Total Planned Days - Governance				155			

ORGANISATIONAL CHANGE 1

Alternative Delivery Models	VFM	Community Asset Transfers and any other projects scheduled e.g. Cleaning Services.		20			
Leisure Services	System Based	Operational review to cover income streams, relief staff, insurable risks and events causing loss of income, renewal and maintenance of equipment, and billing.		20			
Japanese Youth Exchange	Regulatory	Audit of the annual final accounts.		5		X	X
Total Planned Days – Organisational Change 1				45			

ORGANISATIONAL CHANGE 2						
Electronic stock taking(catering bus plan)	Advisory	Potential involvement in the controls around the development of new systems.		5		
21 st Century Schools	Systems Based	Contract management audit.		15		
CCTV	Risk Based	Contract compliance (CCTV suite) and guidance provided to Council establishments for use of CCTV.		15		
Facilities Services – Cleaning Services	Risk Based	Operational review following restructure.			X	
Total Planned Days – Organisational Change				35		

PEOPLE & RESOURCES						
Payroll	System Based	System Based Audit to include any new legislative requirements.		20	X	X
E-Teach (Supply Staff) – Payroll and Recruitment	VFM	The review would examine how effective and efficient the use of E Teach is and whether it meets the needs of the Council and achieving value for money.		20		
Use of Relief, Agency and Self Employed Workers	Risk Based	The review would examine how the Council manages its relief and agency workers and the appointment of self-employed individuals. The review will consider the demands of the services, evaluate the overall need for these workers and examine the rights they may be entitled to.		20		
Agile Working	Advisory	Review the roll out of the Agile Working Policy, flexible working and annual leave policy to ensure processes and controls are in place to effectively manage compliance with these policies.		20		
Corporate Training and Development	Risk Based	Review how the Council's training needs are being met, including internal/external provision. In particular examine spend on training and whether there are any opportunities for procurement efficiencies.			X	
EVR Follow Up	Risk Based	The review will ensure that there is clear tracking in place to ensure posts are deleted following redundancies preventing the replacement of jobs in the future.			X	
Human Concepts Software	Advisory	Advise / consult on the implementation of Human Concepts Software (workforce data) as part of the project development group.		5		
Main Accounting – Accounts Receivable (AR)	System Based	Annual review to examine the key controls of the AR System.		10	X	X
Main Accounting – Accounts	System Based	Annual review to examine the key controls of the AP and P2P systems.		20	X	X

Payable (AP) / P2P						
Main Accounting – General Ledger (GL)	System Based	Annual review to examine the key control of the General Ledger system.		10	X	X
Treasury Management	System Based	Review to include compliance with the treasury management policy.		15		
Capital Programme	Follow Up	Follow up review to ensure all previous recommendations have been actioned.		5		
Insurance	Risk Based	Review compliance with the insurance strategy and assess the controls in place following the removal of the Lead Officer for Insurance post.		10		
Medium Term Financial Strategy	Risk Based	Review governance and development of the MTF strategy and the linkage with the MTF Plan.		10		
Financial Management and Control	System Based	This audit will cover the budget setting procedures.			X	
Taxation	System Based	Review to ensure compliance with meeting legislative requirements.			X	
Collaborative Planning (CP)	Risk Based	Review the effectiveness of the implementation of the Collaborative Planning (CP) Software (budget monitoring).		5		
Pensions Administration and Contributions	System Based	New administration strategy including service standards with members and employers.		15		X
Pensions Investment Management and Accounting	System Based	To assess the effectiveness of the new funding strategy.			X	
Pension Fund Governance	System Based	Review changes to governance arrangements of the Pension Fund including a move to a committee structure.		10		
Total Planned Days – People & Resources				195		

PLANNING & ENVIRONMENT

Section 106 Agreements	Risk Based	Examine the receipt, management, use of Section 106 agreement assets in accordance with legislation and FCC policy.		15		
Planning Control	Risk Based	Review examining a sample of planning applications.			X	
Building Control	System Based	Examine compliance with Building Regulations, collection of fees and notification process with Council Tax. The review will also aim to provide assurance that robust processes and measures are in place following the removal of the BSI Accreditation Programme.			X	

Pest Control	Risk Based	The review will aim to provide assurance that robust processes and measures are in place following the removal of the BSI Accreditation Programme.		5		X
Pollution Control	Risk Based	Review of the complaints and compliance process.		15		
Total Planned Days – Planning & Environment				35		

SOCIAL SERVICES

Client Finances / Receivership, including Community Living	Risk Based	Following the implementation of the new client finance software, examine the processes in place for the payments to clients. This review will also examine the operational procedures in relation to the management of client money within Community Living.		20		
Residential Care Homes	Advisory	An advisory piece of work looking at the current costs of the provision, capacity and risk to the market towards the future requirements of the service. Currently FCC has three care homes.		20		
Direct Payments	System Based	A review to consider the impact Direct Payments has on the Disability services and the CDS Agenda (Citizen Directed Support) across both Adults and Children's services. The review will also consider the accounting arrangements in place.		20		
PARIS – Finance Module	Advisory	Advice & support during the roll out of the Finance Module within PARIS.		5		
Children's Safeguarding	Follow Up	In response to the WAO report, a review of the Children's safeguarding team will be undertaken to determine the progress made on the implementation of recommendations.				X
First Contact and Reablement (assessment & intervention)	Risk Based	Review the Intake and Reablement Team to ensure they are efficient and effective following their service review. This links with the intermediate care individuals receive.				X
Disability Service for both Children, their families and Adults	Risk Based	Review of the Disability Service, its effect on supported living including the use of occupational therapy and home adaptations to ensure they are efficient and effective.				X
AROSFA – Respite Provision	System Based	Undertake an establishment review to ensure the operation is efficient and effective. This review will also consider the funding arrangements in place.				X
Domiciliary Support	Risk Based	Assess whether the domiciliary care brokerage is effective and provides value for money.				X
Total Planned Days – Social Services				65		

STREETSCENE & TRANSPORTATION						
Concessionary Travel	Risk Based	As FCC manage the concessionary travel for North Wales a review of the service will be undertaken to examine operational procedures, compliance with the scheme and determine whether the service is efficient and effective.		20		X
School Transport – Contract Management	Risk Based	This review will examine the recent tender exercises undertaken and the contract management arrangements in place.		10		X
Waste Contract Management	Follow up	A follow up will be undertaken to review the progress made on the implementation of recommendations in relation to waste contract management.		15		
Waste Management	Follow Up	A follow up of the Waste Management Investigation report will be performed to assess progress against the implementation of recommendations. This will be a cross cutting review.		15		
Integrated Transport	Advisory	The Council is due to commence (in consultation with Northgate) a review of it's public, education and social transport arrangements with the aim to have one integrated service. This will be a challenging high risk project. IA presence has been requested as part of the project board.		5	X	
Fleet Management	Risk Based	This review will assess the progress Fleet Management has made in implementing phases 1 and 2 of the service improvements in line with the Fleet Management project plan and to ensure those efficiencies savings identified have been realised.		5		
Fleet – Contract Management	Advisory	Following the outsourcing of phase 3 of the project plan, we will review the contract management arrangements in place for the service.			X	X
Regional Transport	Risk Based	Provision allocated to review the new arrangements for Regional Transport following the closure of Taith.			X	
Resolution of Service requests/complaints within Streetscene	System Based	The review will examine the new processes introduced by the service to address the high number of complaints through to the point of resolution.			X	
Contract Management across Streetscene and Transportation	Risk Based	Due to the high value of contracts in place, a review will be undertaken on key contracts to ensure robust contract management arrangements are in place.			X	X
Civil Parking Enforcement	Risk Based	Review the effectiveness of the merger between civil parking and environmental enforcement and examine the controls in place to safeguard income following the introduction of car parking charges in all town centre car parks.			X	
Winter Maintenance	Risk Based	Following the closure of Halkyn Depot in January 2015, all Winter Maintenance will be undertaken from the single site at Alltami. This review will examine the effectiveness of this service and determine whether the efficiency savings			X	

		identified have been realised.			
Alltami Stores	Risk Based	A review of the single site Alltami stores which will also include street lighting stock will be undertaken and consider the progress made following the previous audit ensuring robust stock management and accounting arrangements are in place.			X
Total Planned Days – Streetscene & Transportation			70		

INVESTIGATIONS, PROVISIONS AND DEVELOPMENT

Provision for investigations and pro-active fraud	200
Provision for ad-hoc requests from management	80
Follow up reviews	30
Audit development	20
IDEA	20
Advisory work	40
Total	390
Overall Total	1250

Note: It may be necessary to bring in external resource to complete this technical ICT audit.