

RSM Tenon

Thurrock Council

Strategy for Internal Audit
2011/12 – 2013/14

For presentation at the Audit Committee meeting of 5th April 2011

Approved by Chris Harris as Head of Internal Audit

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1 INTRODUCTION

1.1 Overall Approach

This strategy sets out the approach we have taken to develop your internal audit plan for 2011/2014. It provides the Council with a three year strategy and a more detailed plan for 2011/12.

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.

(Chartered Institute of Internal Auditors)

Our professional responsibilities as internal auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland.

As such, our approach to internal audit also meets the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

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, focusing in particular on how these arrangements help Thurrock Council achieve its objectives.

2 DEVELOPING YOUR INTERNAL AUDIT STRATEGY

2.1 Developing the Strategy and the Detailed Plan for 2011/2012

Thurrock Council's objectives and risk profile are the starting point in the development of the strategy for internal audit for the organisation, which is set out at Appendix A to this document.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy includes:

- a contingency allocation, which will only be utilised should the need arise, for example, for unplanned and ad-hoc work and will be subject to prior approval by the Audit Committee;
- a follow-up allocation, which will be utilised to assess the degree of implementation achieved in relation to recommendations agreed by management during the prior and current financial year and will serve to inform the adequacy of the organisation's own recommendation tracking process; and
- an audit management allocation, used at Director, Associate Director and Manager level for quality control, client and External Audit liaison and for preparation for and attendance at Audit Committee and management team meetings.

The strategy 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.

The detailed plan for 2011/2012 is set out at Appendix B.

2.2 Impact of the Government's Spending Review and Other Austerity Measures.

Your internal audit plan for 2011/12 is designed to reflect the considerable impact of the Government's comprehensive spending review and other austerity measures on Thurrock Council. In particular Thurrock Council:

- has set its budget for 2011/12 at £116.1 million.
- is planning to achieve savings of £10.6 million

These changes will all impact on the organisation's risk management, control and governance arrangements and, if poorly implemented, these areas could be weakened. At the same time Thurrock Council's risks are likely to increase as:

- the scale of change reduces the time that senior management can devote to day to day management oversight
- public organisations establish new models of working, in which to date they have had limited experience
- contractors / suppliers face their own financial pressure, which could lead to corners being cut in service delivery
- fraud risks increase as disaffected staff will have more opportunity and incentive to perpetrate fraud and contractors could take advantage of weakened controls systems

We have therefore reviewed the resources necessary to discharge our responsibilities as the organisation's internal auditors and this plan:

- provides for additional senior input by the client manager and Head of Internal Audit to help ensure that emerging risks are identified and considered for example before contractual commitments are made or new systems are developed;
- includes more provision for compliance testing key controls to provide assurance that these controls are continuing to operate (extending the work we undertake as part of the managed audit in liaison with the external auditors);

- includes data interrogation routines and data analysis to identify potentially suspicious or duplicate transactions for further review.

2.3 Your Internal Audit Team

Your internal audit team is led by Chris Harris – Associate Director.

Your Client Manager is Gary Clifford.

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing standards.

2.4 Internal Audit Fees

In line with our tender, the fee for your internal audit service for 2011/12 is £242,700.

3 CONSIDERATIONS FOR THE AUDIT COMMITTEE

To assist the Audit Committee with their consideration of the Internal Audit Plan, we have set out at Appendix C a number of areas that have not been included within the detailed Internal Audit Plan for 2011/12 but where internal audit could provide assurance. These are linked to your risk profile as well as to emerging issues in the sector.

- Does the Strategy for Internal Audit (as set out at Appendix A) cover the organisation's key risks as they are recognised by the Audit Committee?
- Does the audit strategy include all those areas that the Audit Committee would expect to be subject to internal audit coverage, both in terms of our professional responsibilities as well as covering areas of concern flagged by management?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?
- Does the detailed internal audit plan for the coming financial year (see Appendix B) reflect the areas that the Audit Committee believes should be covered as priority?
- Is the Audit Committee satisfied that sufficient assurances are being received by the organisation to effectively monitor the organisation's risk profile, including any emerging issues as set out in Appendix C?

APPENDIX A: STRATEGY FOR INTERNAL AUDIT 2011/12 – 2013/14**Risk Based Coverage**

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Thematic/Corporate Reviews					
The Council is not identifying and managing its risks.	Review risk management arrangements of the Council and how they feed into the business planning process.	Internal Audit	✓	✓	✓
Performance Management is not embedded in the organisation resulting in poor performance and poor quality information.	Determine that there is a performance management framework which is embedded in the organisation.	Risk Register 35	✓		
The rate of improvement is below the national average.	Sample testing of key performance indicators taken from the balanced scorecard, both national and local to verify accuracy of data.	Risk Register 35	✓	✓	✓
Increase in claims due to ineffective monitoring and use of resources.	The Council has sufficient insurance cover, reviews it on a regular basis and seeks to benefit from reductions in premiums as risks reduce.	Risk Register 40		✓	
Contract procedure rules and the procurement process are ineffective leading to inefficiency and lack of value for money.	Procurement of contracts is in compliance with legislation and the Council's Constitution. The awarding of contracts is backed up by appropriate documentation and evidence.	Risk register 37	✓	✓	✓
The Office Services Team does not operate effectively resulting in a potential loss to the Council.	There are processes in place to ensure the arrangements around post opening, recording of cheque payments, printing and recording and payment for franking machines are controlled.	Management request	✓		

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
The authority does not achieve an excellent rating in the Equality Standard.	Guidance and monitoring of progress against the Standard.	Management request		✓	
The project management process does not meet its objectives and is not rolled out across the Council.	Test a sample of projects to check that the project is being managed in line with good practice.	Management request			✓
Budgets are not being controlled and monitored leading to service overspends.	Reports reflect the needs of budget holders and they understand them. Budget holders regularly meet with Finance and have their own monitoring, and reporting arrangements in place.	Risk Register 32a	✓	✓	✓
Non compliance with section 17 of the Crime and Disorder Act leaves the authority open to legal challenge.	The Council complies with relevant legislation and discharges its responsibilities under the Act.	Management request		✓	
The Council do not achieve their reported savings resulting in budget overspends.	To ensure there is a process in place to monitor savings against those agreed by Members and where they may not be achieved, that this is reported in a timely manner and there are contingency arrangements in place.	Risk Register 40	✓		
The use of Purchase Cards results in staff ordering and paying for goods that are not appropriate resulting in a financial loss to the Council.	To ensure there are robust controls around the use of purchase cards including authorisation limits, compliance with financial rules and monitoring arrangements.	Internal Audit	✓		
The Council cannot provide key/critical front line services in the event of an emergency or serious disruption.	There are robust business continuity and disaster recovery plans which are tested periodically.	Risk Register 5		✓	

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Children, Education & Families Directorate					
Inappropriate persons are allowed to act as foster parents.	To review that there are appropriate controls around the appointment of foster carers and payments are appropriate.	Management request		✓	
Children are not appropriately placed with adoptive parents who have been through a robust adoption process.	To review the adoption process and ensure there are robust controls around the vetting and payments to adoptive parents.	Management request	✓		
The work carried out by Social Workers in relation to care proceedings results in budgetary overspends.	Review the work carried out by Social Workers in the courts and how they liaise with Legal Services. Carry out comparisons with other authorities to determine if the process is more expensive or slower than elsewhere.	Management request	✓		
The new Special Schools do not meet the needs of local children.	To review the impact that the building of the Beacon Hill and Treetops Special Schools has had on recoupment costs.	Management request		✓	
The revised asset management arrangements do not lead to on-going improvements in the quality of educational facilities.	Ensure there is a clear process for identifying improvements required to facilities, targets for improvement are set, monitored and reported. A post project review process is in place to ensure issues identified are not repeated for future projects.	Risk Register 9a		✓	
Business processes in the Admissions Service result in timescales and performance requirements not being met.	Review the processes around the Admissions Service to ensure compliance with relevant legislation and good practice.	Risk Register 9a			✓

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Schools do not have the knowledge and skills to take an active role in service commissioning.	Review a sample of projects across a sample of schools where they have either commissioned work externally, or where they are acting as a provider of a service to ensure they have followed a proper procurement process and have obtained additional support where necessary.	Management request			✓
The operational and financial management arrangements in Secondary and Primary Schools is inadequate increasing the risk of impropriety.	Cyclical school visits programme to review financial management arrangements.	Cyclical review	✓	✓	✓
The resources of Children's Centres are not being targeted at the most vulnerable families.	Review the strategy which will reduce the number of Children's Centres and ensure there has been a risk assessment process which will target scarce resources towards vulnerable families.	Management request		✓	
Financial and governance arrangements of the Youth and Connexions Service are inadequate.	These services were integrated in 2009 so a review to check they are operating effectively, efficiently and economically was requested for 2013/14.	Management request			✓
The authority finds it difficult to recruit and retain key staff.	Review to determine whether the recruitment process encourages the calibre of staff required and has led to a reduction in the use of agency staff.	Management concern. Risk Register 45	✓		
The Authority are not receiving the full benefits of National Capital funding and other funding streams.	With the reduction in devolved capital funding available to schools, the Council are maximising opportunities from other sources.	Risk Register 9a		✓	

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Community WellBeing Directorate					
Arrangements between the Council and the 3 rd (voluntary/ charity) sector do not result in VFM being achieved.	Review to look at the impact of austerity measures on the service level agreements, monitoring and reporting arrangements around partnerships between the Council and 3 rd sector providers.	Management request		✓	
New arrangements and changes to legislation mean that the Council is unable to discharge its duties in respect of homelessness.	Review the impact of changes on the level of requests being made the Homeless Section including those from families requiring 5 bedroom accommodation, single room accommodation and drift from London Boroughs.	Management concern	✓		
Policies and procedures not being followed leading to complaints about equality and fairness around the assessment and allocation of Council properties.	The system used to allocate Council housing is fair and is in line with the new policy. Evidence of the decision making process is retained.	Management request		✓	
Changes to the Housing Revenue Account (HRA) result in expenditure that should be charged to the General Fund being charged against the HRA.	Review expenditure passing through the HRA to ensure it complies with legislation.	Management concern			✓
Recommendations from ECONOGAS audit not actioned.	Revisit and review processes around gas inspections on a cyclical basis.	Management concern		✓	
Failure to comply with Contract Procedure Rules results in Responsive Repairs costs escalating.	Review the contract management arrangements with Morrison Facilities Services Ltd to ensure the Council are obtaining an effective, efficient and economic service.	Management concern	✓		

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Council properties not inspected in accordance with electrical testing legislation and/or policy.	Revisit and review processes around electrical inspections on a cyclical basis.	Management concern		✓	
Failure to comply with Contract Procedures results in Housing Repairs and Maintenance costs escalating.	Review to ensure that repairs and maintenance costs are appropriately approved and any variations are authorised prior to the work being undertaken.	Risk Register 37		✓	
Independent Sector contractors do not provide an effective, efficient or economic service that meets the needs of their service users and are not providing value for money.	Select a sample of residential contracts to assess whether their service and costs are regularly reviewed to ensure value for money is obtained.	Management request	✓		
The introduction of assistive technology has not resulted in the expected savings for the Council.	Carry out a review to ensure that the assistive technology has resulted in a more efficient, effective and economical service to users.	Management request	✓		
Use of Housing Grants does not meet required criteria resulting in inefficient use of resources.	To check that grants are only paid in line with pre defined criteria.	Management request			✓
Disabled Facilities Grant is not being utilised in accordance with grant requirements.	To ensure there are procedures around the eligibility, funding and payment of grants.	Management request		✓	
Charges made to leaseholders for services provided are not reasonable or in line with guidance.	To review that the method used to calculate bills, accuracy of bills and billing arrangements are appropriate and that Lands inform Housing of the charges applied.	Management concern	✓		
Arrangements' around the management of shop premises is not robust leading to loss of income to the Council.	To ensure there are policies and procedures around the letting of shop premises, fees charged and monitoring of contracts.	Management request		✓	

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Arrangements' around the management of garages is not robust leading to loss of income to the Council.	To ensure there are policies and procedures around the letting of garages, fees charged and monitoring of contracts.	Management request			✓
Income from external funding is reduced due to loss of dedicated external funding post.	Review to identify how the loss of an external funding officer post has impacted upon the income available to the Council.	Management request		✓	
The operational and financial management arrangements in Libraries are inadequate increasing the risk of loss or impropriety.	Cyclical review of libraries to review controls around expenditure and collection of income.	Cyclical reviews	✓	✓	✓
Sustainable Communities Directorate					
The Council are not meeting their targets identified within the Sustainable Community Strategy.	Review the strategy and obtain evidence to determine performance, monitoring and reporting arrangements.	Management request		✓	
Non-compliance with statutory requirements in respect of Trading Standards results in dissatisfaction amongst local residents.	There are appropriate policies and procedures in place covering inspections. Legal action and success is communicated.	Management request			✓
Licences are issued to persons who do not meet or satisfy statutory requirements	There are a number of businesses which require the proprietor to have a licence and for each type issued, testing will be carried out to ensure that there are appropriate policies and procedures in place covering eligibility, fees and charges and monitoring arrangements.	Management request		✓	

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Inadequate health and safety internal policies and procedures leads to an increase in accidents.	There are procedures in place for recording, inspecting, monitoring and reporting on health and safety issues, both internally and externally.	Management request	✓		
The street cleaning service is not improving leading to dissatisfaction among residents and damage to the Council's reputation.	There are policies and procedures, performance is monitored and there are action plans in place.	Management request		✓	
The transfer of staff and powers of the Thames Gateway Development Corporation is not seamless resulting in delays and poor decision making.	An assurance review to determine that the arrangements for the transfer of the service and its powers from April 2012 are in place and a due diligence process has been followed.	Risk Register 46a and 46b	✓		
The Building Control Service does not maintain a competitive place in the market and does not provide value for money.	A review to determine whether, following its recent restructure, the Building Control Service is meeting the needs of its customers and is providing an effective, efficient and economical service.	Management request	✓		
Winter Gritting Service does not provide value for money.	To carry out an assurance review to determine whether the winter gritting service is effective, efficient and economical.	Management request	✓		
Europa Highways services do not deliver VFM.	To ensure the partnership working arrangements with Europa have developed and the service being provided is effective, efficient and economical (follow up on work carried out in 2010/11).	Risk Register 41		✓	

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
The Council is unable to react in the event of a disaster.	A review to determine that the emergency planning process is documented, roles and responsibilities amongst the partners are clear and the plans are periodically tested.	Management request		✓	
Poor environmental health processes result in contaminated food being sold to the public which increases the risk of illness and damage to the Council's reputation.	To review the policies, procedures, monitoring, reporting and enforcement arrangements.	Management request			✓
Poor environmental health processes fail to prevent pollution resulting in potential financial and reputational loss to the Council.	To review the policies, procedures, monitoring, reporting and enforcement arrangements.	Management request			✓
The sale of age restricted goods to minors' results in reputational damage to the Council.	To review the policies, procedures, monitoring, reporting and enforcement arrangements.	Management request	✓		
Ineffective controls over stray dogs results in harm to members of the public and reputational damage to the Council.	To review the policies, procedures, monitoring, reporting and enforcement arrangements.	Management request		✓	
Ineffective Bridge Maintenance results in expensive unplanned costs being incurred.	To ensure that there is an approved programme of works, maintenance and inspections that is monitored and reported. Any variations are appropriately approved and reported.	Management request	✓		
UNIFORM Planning & Licensing system	Revisit the system to ensure issues identified in previous reviews have been implemented.	Internal Audit. Risk Register 42		✓	
Following the awarding of the waste management contract, internal controls may have become lapsed.	Review internal control arrangements including stores management, payroll controls and bonus schemes.	Management concern	✓		

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Finance & Corporate Governance Directorate					
The Council fails to plan in the medium term leading to avoidable budget pressures in future years.	The Medium Term Financial Strategy identifies key expenditure and the authority budgets accordingly.	Risk Register 32b			✓
Non-compliance with the Constitution and Code of Conduct opens the Council up to accusations of impropriety.	Annual review to confirm that Officers and members register interests, gifts and hospitality as required by Council procedures and codes of conduct.	Internal Audit	✓	✓	✓
Council is not complying with relevant VAT legislation	The Council is treating VAT in accordance with relevant legislation and returns are made promptly.	Management request		✓	
The Council do not achieve their reported efficiency savings resulting in additional pressure on budgets.	There are robust processes in place for monitoring and reporting on achievement of efficiency savings.	Risk Register 40	✓		
The Housing Benefit Subsidy Claim is incorrect resulting in loss of subsidy to the Council.	Review the controls around assessing the accuracy of the data being submitted to support the Housing Benefit subsidy claim.	Management concern	✓		
Duplicate payments are not being identified.	Extract and analyse data to identify and investigate potential duplicate payments.	Management concern	✓	✓	✓
Change and Improvement Directorate					
Ineffective sickness management leads to reduced service delivery.	This is an on-going problem which needs to be revisited and checked on an on-going basis.	Management concern		✓	

Risks	Auditable Areas	Source	2011/12	2012/13	2013/14
Business User Allowance (BUA) is not being applied consistently across the Council leading to increased costs.	Testing of a sample of staff who are receiving BUA to ensure all Directorates apply the same criteria and only those staff who meet the criteria are receiving the allowance.	Management concern	✓		
The strategic partnership fails to provide accurate data resulting in an ineffective, inefficient and uneconomic service. Savings are not achieved and no remedies are sought.	A review to identify the Council's requirements to ensure the strategic partner provides an open book accounting process which assists the Council in monitoring the costs of the contract and any shared savings.	Risk Register 41	✓		
Community feels unfairly treated and views are not listened to.	Concerns are identified, responded to and monitored as part of the consultation process.	Risk Register 43			✓
IT Audit					
There are a number of database management systems within the Finance & Corporate Governance Directorate which increases the risk of security breaches.	Cross cutting review looking at the security framework for the databases within Finance & Corporate Governance.	IT Audit Needs Assessment	✓		
The increased use of payment (debit/credit cards) to pay for goods and services has increased the risk of fraud.	Review to test the Council's compliance with the Payment Card Industry Data Security Standards.	IT Audit Needs Assessment	✓		
Wide Area Network (WAN) project fails due to poor project governance.	Carry out a general review of the project management and controls framework.	IT Audit Needs Assessment		✓	
Home and Remote Working project fails due to poor project governance.	Carry out a general review of the project management and controls framework.	IT Audit Needs Assessment		✓	
Electronic Document & Records Management System (EDRMS) project fails due to poor project governance.	Carry out a general review of the project management and controls framework.	IT Audit Needs Assessment			✓

Coverage for External Audit Reliance or to meet Regulatory Requirements

Systems	Source of Requirement	2011/12	2012/13	2013/14
Main Accounting & Budgetary Control	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Cash Receipting	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Creditors	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Debtors	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Council Tax	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
National Non Domestic Rates (NDR)	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Housing Benefits	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Treasury Management	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Payroll	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Bank Reconciliation	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Housing Rents	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓
Asset Register	External audit want to place reliance on testing undertaken by internal audit	✓	✓	✓

OTHER INTERNAL AUDIT COVERAGE

Internal Audit Coverage	Source / Rationale	2011/12	2012/13	2013/14
National Fraud Initiative	To act as main contact point and ensure departments are following up on any matches identified as part of NFI exercise. Also, provide guidance to departments and liaise with Audit Commission.	✓	✓	✓
Advisory Budget for new projects	Advice on systems implementation and at project boards. Revise ANA to cover next 3 years.	✓	✓	✓

Internal Audit Coverage	Source / Rationale	2011/12	2012/13	2013/14
Attendance at Finance & Corporate Governance DMT, Corporate Governance and Assurance Group and 1 to 1 meetings with Director.	The need to raise the profile of IA throughout the organisation has led to an increase in attendance at various meetings. Therefore, some time has been taken out of management to reflect the true contact time by IA with the Council's Senior Management.	✓	✓	✓
Follow Up	To meet internal auditing standards and to provide management with ongoing assurance regarding implementation of recommendations.	✓	✓	✓
Contingency	Additional allocation for requests for ad hoc work by members and officers. Will only be used following agreement with the Corporate Director – Finance & Corporate Governance and/or Chair of the Audit Committee.	✓	✓	✓
Audit Management	This will include: <ul style="list-style-type: none"> ▪ Annual planning ▪ Preparation for, and attendance at, Audit Committee meetings ▪ Regular liaison and progress updates ▪ Liaison with external audit ▪ Preparation of the annual internal audit opinion 	✓	✓	✓

APPENDIX B: DETAILED INTERNAL AUDIT PLAN 2011/12

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Thematic/Corporate Reviews					
Risk Management	Review risk management arrangements of the Council and how they feed into the business planning process.	Risk based assurance, advisory, checklist etc	TBA	7	
Performance Management	Determine that there is a performance management framework which is embedded in the organisation.	Risk based assurance	TBA	10	
Key Performance Indicators	Sample testing of key performance indicators taken from the balanced scorecard, both national and local to verify accuracy of data.	Risk based assurance	TBA	15	
Contract Procedures and documentation	Procurement of contracts is in compliance with legislation and the Council's Constitution. The awarding of contracts is backed up by appropriate documentation and evidence.	Risk based assurance	TBA	30	
Offices Services Team	There are processes in place to ensure the arrangements around post opening, recording of cheque payments, printing and recording and payment for franking machines are controlled.	Risk based assurance	TBA	5	
Budgetary Control	Reports reflect the needs of budget holders and they understand them. Budget holders regularly meet with Finance and have their own monitoring, and reporting arrangements in place.	Risk based assurance	TBA	20	
Monitoring of budget savings	To ensure there is a process in place to monitor savings against those agreed by Members and where they may not be achieved, that this is reported in a timely manner and there are contingency arrangements in place.	Risk based assurance	TBA	7	

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Purchase Cards	To ensure there are robust controls around the use of purchase cards including authorisation limits, compliance with financial rules and monitoring arrangements.	Risk based assurance	TBA	7	
TOTAL DAYS THEMATIC				101	
Children, Education & Families Directorate					
Adoption	To review the adoption process and ensure there are robust controls around the vetting and payments to adoptive parents.	Risk based assurance	TBA	12	
Care Proceedings	Review the work carried out by Social Workers in the courts and how they liaise with Legal Services. Carry out comparisons with other authorities to determine if the process is more expensive or slower than elsewhere.	Advisory	TBA	12	
Schools' cyclical financial reviews	Cyclical school visits programme to review financial management arrangements.	Risk based assurance	TBA	90	
Recruitment and Retention	Review to determine whether the recruitment process encourages the calibre of staff required and has led to a reduction in the use of agency staff.	Risk based assurance	TBA	10	
TOTAL DAYS CEF				124	
Community WellBeing Directorate					
Changes in Homelessness legislation	Review the impact of changes on the level of requests being made the Homeless Section including those from families requiring 5 bedroom accommodation, single room accommodation and drift from London Boroughs.	Risk based assurance	TBA	12	
Assistive Technology	Carry out a review to ensure that the assistive technology has resulted in a more efficient, effective and economical service to users.	Risk based assurance	TBA	12	

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Responsive Repairs	Review the contract management arrangements with Morrison Facilities Services Ltd to ensure the Council are obtaining an effective, efficient and economic service.	Risk based assurance	TBA	10	
Residential Contracts	Select a sample of residential contracts to assess whether their service and costs are regularly reviewed to ensure value for money is obtained.	Risk based assurance	TBA	8	
Leaseholder Charges	To review that the method used to calculate bills, accuracy of bills and billing arrangements are appropriate and that Lands inform Housing of the charges applied.	Risk based assurance	TBA	10	
Library Visits	Cyclical review of libraries to review controls around expenditure and collection of income.	Risk based assurance	TBA	10	
TOTAL DAYS CWB				62	
Sustainable Communities Directorate					
Health and Safety	There are procedures in place for recording, inspecting, monitoring and reporting on health and safety issues, both internally and externally.	Risk based assurance	TBA	8	
Building Control	A review to determine whether, following its recent restructure, the Building Control Service is meeting the needs of its customers and is providing an effective, efficient and economical service.	Risk based assurance	TBA	10	
Winter Gritting Services	To carry out an assurance review to determine whether the winter gritting service is effective, efficient and economical.	Risk based assurance	TBA	8	
Under Age Sales	To review the policies, procedures, monitoring, reporting and enforcement arrangements.	Risk based assurance	TBA	8	
Bridge Maintenance Programme	To ensure that there is an approved programme of works, maintenance and inspections that is monitored and reported. Any variations are appropriately approved and reported.	Risk based assurance	TBA	12	

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Transfer of staff and powers from the Thames Gateway Development Corporation	An assurance review to determine that the arrangements for the transfer of the service and its powers from April 2012 are in place and a due diligence process has been followed.	Risk based assurance	TBA	10	
Waste Management Internal Control arrangements	Review internal control arrangements including stores management, payroll controls and bonus schemes.	Risk based assurance	TBA	8	
TOTAL DAYS SC				64	
Finance & Corporate Governance Directorate					
Register of Interests, Gifts and Hospitality	Annual review to confirm that Officers and members register interests, gifts and hospitality as required by Council procedures and codes of conduct.	Risk based assurance	TBA	6	
Efficiency Savings	There are robust processes in place for monitoring and reporting on achievement of efficiency savings.	Risk based assurance	TBA	8	
Housing Benefit Subsidy Claim	Review the controls around assessing the accuracy of the data being submitted to support the Housing Benefit subsidy claim.	Risk based assurance	TBA	15	
Duplicate Payments	Extract and analyse data to identify and investigate potential duplicate payments.	Checklist	TBA	14	
TOTAL DAYS F&CG				43	
Change & Improvement Directorate					
Business User Allowance (BUA)	Testing of a sample of staff who receive BUA to ensure all Directorates apply the same criteria and only those staff who meet the criteria are receiving the allowance.	Risk based assurance	TBA	5	
CRB review follow up	To ensure the recommendations have been implemented following the review carried out in 2010/11 and the CRB process is now embedded within the recruitment process.	Follow up review	TBA	5	

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Strategic Partnership Accounting Arrangements	A review to identify the Council's requirements to ensure the strategic partner provides an open book accounting process which assists the Council in monitoring the costs of the contract and any shared savings.	Advisory	TBA	20	
TOTAL DAYS C&I				30	
IT Audit					
Database Management Systems in Finance & Corporate Governance	Cross cutting review looking at the security framework for the databases within Finance & Corporate Governance.	Risk based assurance	TBA	20	
Compliance with Payment (Credit/Debit) Card Industry Standards.	Review to test the Council's compliance with the Payment Card Industry Data Security Standards.	Risk based assurance	TBA	20	
TOTAL DAYS IT				40	
Coverage for External Audit Reliance or to meet Regulatory Requirements					
Main Accounting & Budgetary Control	<ul style="list-style-type: none"> • Reconciliation • Journals • Access arrangements 	Systems based	TBA	14	
Cash Receipting	<ul style="list-style-type: none"> • Banking arrangements • Reconciliation 	Systems based	TBA	10	
Creditors	<ul style="list-style-type: none"> • Ordering & authorisation • Invoice matching • Separation of duties • Payment processing • BACS transfers • Reconciliation 	Systems based	TBA	14	
Debtors	<ul style="list-style-type: none"> • Processes and procedures • Reconciliation • Write-offs • Recovery • Analysis 	Systems based	TBA	14	

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Council Tax	<ul style="list-style-type: none"> Processes and procedures Reconciliation 	Systems based	TBA	14	
National Non Domestic Rates (NNDR)	<ul style="list-style-type: none"> Processes and procedures Reconciliation 	Systems based	TBA	12	
Housing Benefits	<ul style="list-style-type: none"> Processes and procedures Processing of forms Entitlement checks Reconciliation Year-end balancing 	Systems based	TBA	19	
Treasury Management	<ul style="list-style-type: none"> Payment runs Reconciliation 	Systems based	TBA	7	
Payroll	<ul style="list-style-type: none"> Starters/Leavers Authorisation System access Amendments Exception reporting Reconciliation Suspense accounts 	Systems based	TBA	14	
Bank Reconciliation	<ul style="list-style-type: none"> Policies and Procedures Authorisation process Monthly reconciliations Exceptions 	Systems based	TBA	7	
Housing Rents	<ul style="list-style-type: none"> Tenant checks System access controls Reconciliation Calculations of payments 	Systems based	TBA	14	
Asset Register	<ul style="list-style-type: none"> Acquisitions/Disposals Depreciation and Capital charges Year-end procedures 	Systems based	TBA	12	
TOTAL DAYS CORE SYSTEMS				151	

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Audit Committee
Other Internal Audit Input					
National Fraud Initiative	To act as main contact point and ensure departments are following up on any matches identified as part of NFI exercise. Also, provide guidance to departments and liaise with Audit Commission.		On-going	20	
Advisory Budget for new projects	Advice on systems implementation and at project boards. Revise ANA to cover next 3 years.		On-going	10	
Attendance at Finance & Corporate Governance DMT, Corporate Governance and Assurance Group and 1 to 1 meetings with Director.	The need to raise the profile of IA throughout the organisation has led to an increase in attendance at various meetings. Therefore, some time has been taken out of management to reflect the true contact time by IA with the Council's Senior Management.		On-going	10	
Review and update Anti Fraud Policy.	Policy needs to be updated to reflect recent changes to legislation e.g. Bribery Act, Money Laundering etc.		TBA	10	
Contingency	For coverage of risks and changes in assurance needs as these arise during the year.	-	On-going	39	
Follow Up	To meet internal auditing standards and to provide management with ongoing assurance regarding implementation of recommendations.	Follow up review	On-going	25	
Management	This will include: annual planning; preparation for, and attendance at, Audit Committee and Directorate meetings; regular liaison and progress updates; liaison with External Audit; and preparation of the annual internal audit opinion	-	Ongoing	90	
TOTAL DAYS OTHER				204	
TOTAL DAYS FOR THE ANNUAL PLAN 2011/12				819	

APPENDIX C: EMERGING ISSUES NOT COVERED WITHIN THE 2011/2012 INTERNAL AUDIT PLAN

Emerging Issue / Risk	How RSM Tenon Can Assist	Link to your risk profile
Carbon Management Funding	Trained staff and consultants can be brought in to assist the Council by reviewing their project plans to meet the carbon saving targets.	Risk Register 20
Local Asset Backed Vehicle (LABV)	As more pressure is exerted on local authority resources, partnerships with the private sector are likely to increase. Internal Audit can assist in providing assurance that the Council are maximising the potential and value from their assets, in line with the needs of the local community.	Emerging risk