

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT**INTERNAL AUDIT PLAN – 2013/14****Purpose of the Report**

1. To inform Members of the proposed Internal Audit Plan for the 2013/14 financial year.

Information and Advice

2. The attached Audit Plan sets out the proposed coverage of the Authority's systems and procedures for the period 2013/14. The Plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its accounting records and its system of internal control.
3. Discussions about the content of the Audit Plan have been held during February and March at departmental leadership teams. Following on from this, more detailed one-to-one discussions have taken place with Service Directors. The Audit Plan is implemented flexibly, and will continue to change to ensure that any emerging priorities during the year are addressed.
4. An increased allocation of time has been made for cross-cutting issues in 2013/14. A number of High Risk areas will be reviewed including budgetary control, performance management, information governance, use of agency staff and consultants, and counter-fraud work.
5. The role of Internal Audit is to provide management with an objective assessment of whether its systems and controls are working properly. It provides an independent and continuous appraisal of the Authority's activities and in particular focuses on the internal controls established by the organisation's managers. The Section's aim is to complete the programme of planned work in order to express an overall view on the adequacy and effectiveness of the Authority's internal control systems.
6. This work is critical in enabling the County Council's External Auditors to form a view on the overall adequacy of the Council's financial controls, which in turn supports their assessment of whether or not the County Council's annual statement of accounts gives a "true and fair view," and is also a key contributory factor in the preparation of the Council's Annual Governance Statement.

7. The Plan has been compiled in accordance with the Public Sector Internal Audit Standards, which came into force from 1st April 2013. A detailed breakdown of the plan is shown in the attached appendices, and is summarised in the table below.

Table 1: Summary of Internal Audit Plan for 2013/14

Department	Days	Number of Audits			
		High Risk	Med Risk	Low Risk	Total
Cross-cutting	397	21	1	-	22
Children, Families and Cultural Services (excluding schools)	219	5	7	-	12
Schools	403	-	64	-	64
Adult Social Care, Health and Public Protection	260	6	9	-	15
Environment and Resources	470	17	4	-	21
Policy, Planning and Corporate Services	80	-	3	-	3
Fraud and Irregularity work	100				
Total County Council	1,929	49	88	-	137
External Clients (Work for Fire, Academies and Gedling BC)	196				
Overall Total	2,125				

8. As can be seen from the above, a total of 2,125 days are planned for 2013/14 of which 1929 (91%) will be spent on the Authority's systems and procedures. The remaining 196 days will be spent on external contracts providing an internal audit service to Notts Fire and Rescue Service, work for Gedling Borough Council and work in academy schools. External contracts help the section maintain high quality services and costs are fully recovered.
9. The Audit Plan is similar in terms of the number of days to that in 2012/13, following a number of reductions in previous years. However, there is a change to focus on fewer, more complex, cross-cutting areas. For example, instead of looking at Budgetary Control in individual departments, a more holistic approach will be adopted across the organisation. Table 2 sets out planned coverage in previous years, as an indicator of the changing plans over the years.

Table 2: Changes in the Planned Audit Days, Planned Jobs, Council Gross Turnover and Internal Audit cost per £ million turnover between 2008/09 and 2013/14

Year	Planned days	Planned audits	Council Gross turnover (£million)	Audit Cost per £m expenditure (£)
2008/09	2,288	191	1,201	561
2009/10	2,233	169	1,240	510
2010/11	2,196	157	1,253	448
2011/12	1,955	136	1,283	323
2012/13	1,923	147	1,215	313
2013/14	1,929	139	1,093	329

10. Progress against the plan will be reported to the Council's Audit Committee and the Corporate Leadership Team on a regular basis.

Other Options Considered

11. This report is for information and noting only.

Reason/s for Recommendation/s

12. To provide information to Members on the Internal Audit Plan of work for 2013/14.

Statutory and Policy Implications

13. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

1) That Members note the report.

Paul Simpson
Service Director (Finance and Procurement)

For any enquiries about this report please contact:
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Constitutional Comments

This report is for noting only.

Financial Comments (JMB 2/5/13)

The net budget for the provision of Internal Audit to the County Council for 2013/14 is £360k. This comprises gross expenditure of £533k and income of £173k.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

None.

Electoral Division(s) and Member(s) Affected

All

Appendix

Cross cutting areas (i.e. across departments)

Area for audit	Risk assessment	Days planned	Likely scope
Business System development			
Management Phase II			
BI and Reporting	High	5	Input to revised budget forecasting
Property rents	High	10	Compliance test process maps
Procurement cards	High	10	Follow up unsatisfactory opinion
Supplier self service	Medium	10	Testing of key controls
Pensions payroll	High	5	Complete 12/13 testing
External payrolls	High	10	Assurance testing
E-recruitment / e-bulk	High	10	Testing of key controls
BMS – operational reviews			
Payroll	High	15	Compliance test process maps
Pensions	High	20	Input to process and compliance test
Accounts Payable	High	15	Compliance test process maps
Accounts Receivable	High	10	Compliance test process maps
Accounting Clearing House	High	15	Review of key controls
Competency Centre	High	10	Compliance test process maps
Budgetary control	High	35	End to end review of target improvements
Performance Management	High	35	Corporate and departmental arrangements for managing performance
Information Governance	High	35	Council wide review of controls over information in all formats
Counter fraud work	High	42	Compilation and submission of National Fraud Initiative data
PCI compliance	High	5	Provide advice on PCI compliance Group
Agency Staff and Consultants	High	35	Review compliance with revised procedures
Car Loans – follow up	Follow up	10	Follow up report E&R 1305
Corporate Governance and Scrutiny	High	15	Complete review commenced in 2012/13
Transformation Boards	High	20	Review effectiveness of corporate and departmental Boards
Lean+ Service Reviews	High	20	Advise on re-design of systems and processes
Total days		397	

Children Families and Cultural Services

Area for audit	Risk assessment	Days planned	Likely scope
Children's Social Care			
External Placements	B / Fwd	2	Review of risk factors and internal control
Review of fieldwork	Medium	15	
Children's disability service	Medium	15	
Secure Accommodation	Medium	15	
Education Standards and Inclusion			
Special Educational Needs and Disability funding	Medium	15	Funding and commissioning review
SEND independent special schools	Medium	15	Review of risk factors and internal control
Joint use facilities	Medium	15	Review of funding and internal control of risks
Review of business development and support functions	High	15	Review of risk factors and internal control
Youth, Families and Culture			
Libraries and Archives	High	15	Review of risks and internal control
Country Parks	High	12	As above
School Capital Programme	High	15	As above
Youth Service and Youth Clubs	Medium	15	As above
Other Work			
School Funding	High	15	Formula compliance and impact on ISB / non ISB
Grant Claims and Audit Certificates	N/A	10	To be determined as required
Provision of advice and liaison with department		30	
Schools			
Audit of 64 schools	Medium	403	Review range of factors relating to School Budget Share
Total days		622	

Adult Social Care, Health and Public Protection

Area for audit	Risk assessment	Days planned	Likely scope
Personal Care and Support – Younger Adults In-house Day Care Service Mental Health Services Supported Living	High High Medium	15 15 15	Review of risk and Internal Control Review Implementation of new arrangements Review of risk and Internal Control
Personal Care and Support – Older Adults In-house Care and Support Service	Medium	15	Review of risk and Internal Control
Promoting Independence and Public Protection Services to Self-Funders Emergency Planning Registration Services	Medium Medium Medium	15 15 15	Effectiveness of support and consequential risk Review of risk and Internal Control Currently in progress
Joint Commissioning, Quality and Business Change Commissioning / Contract Compliance Review of Business Support Safeguarding Financial Assessments – Care Homes County Enterprise Foods Safeguarding Vulnerable Adults Direct Payments follow up Financial Assessments – Personal Budgets Integrated Community Equipment Service Home-based Service Tender	High High Medium Medium High N/A Medium Medium High	15 15 15 15 15 5 5 5 4	Review of risk and Internal Control Review of risk and Internal Control Review of risk and Internal Control Review of risk and Internal Control Review of risk and Internal Control Follow up monitoring work Complete 2012/13 work Complete 2012/13 work Complete 2012/13 work
Other Work Demographic Modelling Framework data quality	High High	8 15	In progress Review of risk and Internal Control

Grant work and audit certificates	N/A	8	To be determined as appropriate
Provision of advice and liaison with department	N/A	30	Provision of ongoing advice on internal control / systems
Total days		260	

Environment and Resources

Area for audit	Risk assessment	Days planned	Likely scope
Highways Highway Maintenance	High	20	Operation of new maintenance contract
Highways and Transport Capital schemes	High	15	Contract audit of capital schemes
Highways Services	High	15	Fleet management control
Street Lighting follow up	N/A	10	Follow up recommendations
Finance Medium Term Financial Strategy	High	15	Review of financial horizon planning
Pension Fund Management	High	15	Governance, policy, monitoring and control
VAT and tax planning	High	15	Accounting for VAT and tax returns
Transport, Property and Environment Building Maintenance Framework Contracts	High	20	Review partnership work
Building Operations Group	High	15	Review of risk and Internal Control
Waste Management	High	15	Review of performance element of PFI contract
Bus Service Operators grant	N/A	5	Grant audit
Facilities Management	Medium	20	Review of risk and Internal Control
Energy Management and Carbon Reduction	Medium	10	Review against CIPFA guidance
Schools Catering follow up	N/A	10	Follow up recommendations
Estate Management	High	10	Continuing from 2012/13 plan
ICT – Infrastructure Network Controls	High	20	Network controls, wireless and voice networks, Citrix
Service Continuity	Medium	15	Backup and disaster recovery support for service disruption

Internet Controls	High	20	Internet and email access and control
Malware Management	High	15	Control against virus threats and attacks
Access Controls	High	15	Determination, authorisation and provision of access
Active Directory	Medium	15	Review of risk and Internal Control
Emerging Risks		25	Input to developments in ICT and advise on control implications
ICT – Applications			
Abacus	High	15	Review of risk and Internal Control
Libraries web access	High	15	Review of risk and Internal Control
EDRMS	High	8	Ongoing control advice to implementation team
Developmental Projects	N/A	15	Provide advice on projects – Frameworki and Infocare
Mobile Phones follow up	N/A	10	Follow up recommendations
Social Care Records follow up	N/A	10	Follow up recommendations
Other Work			
Managed Audit work		15	Work with External Audit
Liaison with other authorities		12	Share experience / concerns
Provision of advice and liaison with department		35	Provide advice on control issues
Total days		470	

Policy Planning and Corporate Services

Area for audit	Risk assessment	Days planned	Likely scope
Community Safety and Partnerships	Medium	15	Review of community safety partnerships
Members Allowances and Divisional Funds	High	15	Comprehensive check of allowances paid
Broadband Project Grant	N/A	10	Certification of grant monies to meet BDUK regulations
Grant Aid follow up	N/A	10	Follow up recommendations
Strategic Plan PI's follow up	N/A	10	Follow up recommendations
Provision of advice and liaison with department		20	Provide advice on internal control issues
Total days		80	