



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

23 March 2016

Internal Audit – 1st Quarter Plan 2016-17

Report of the Director of Finance

1. Purpose of Report

- 1.1. The Annual Internal Audit Plan for 2016-17 was prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It was considered by the Corporate Management Team (CMT) and was approved by the Audit and Risk Committee on 10 February 2016.
- 1.2. This report presents to CMT the detailed operational audit plan for the first quarter of the financial year 2016-17 (along with a draft for Q2).

2. Recommendations

- 2.1. The Committee should note the plan for the first quarter of 2016-17, attached at Appendix A.

3. Report

- 3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.
- 3.2. The generic annual plan is then translated into detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work.
- 3.3. The plan for the first quarter of 2015-16 is attached at Appendix A. I have also added the audits we will deliver in Q2 subject to any last minute changes.
- 3.4. It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.

- 3.5. In identifying the audits for the first quarter plan, due regard was had to the generic areas of audit set out in the annual audit plan and the need to ensure sufficient coverage of each by the end of the financial year.
- 3.6. The move to quarterly planning aligns Internal Audit's work as closely as possible to current priorities. This allows what were previously 'commissioned' audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit's direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.
- 3.7. The process of using a generic annual audit plan supplemented by quarterly detailed audit plans started in 2013-14 and has worked well. Future audit plans will therefore be prepared showing the specific audits that are planned to be carried out in each quarter. These will be supplemented by progress reports half-yearly on the completion of the previous plans.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

Colin Sharpe, Head of Finance, x37 4081

4.2. Legal Implications

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 6 of the Accounts & Audit (England) Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

Kamal Adatia, City Barrister & Head of Standards, x37 1401

5. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	Yes	Whole report. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to CMT and the Audit and Risk Committee that risks are being managed appropriately by the business.

6. Consultations

- 6.1. The audit plan has been prepared in consultation with all Strategic and Operational Directors and the Finance Management Team (which includes all Heads of Finance).

7. Report Author

- 7.1. Tony Edeson, Head of Internal Audit and Risk Management – 37 1621

Appendix A
Quarter 1 plan

Quarter	Type	Title	Notes
Q1	Contract	Schedule of Rates Contracts	Ensuring charges are line with contract terms
Q1	Follow-up	Follow-up audits - various	To be determined
Q1	Grant cert	Assisted & Supported Year in Employment (ASYE)	Grant to help newly qualified social workers develop skills
Q1	Grant cert	Better care fund	Funding to assist with integration of health (NHS) and social services (LCC)
Q1	Grant Cert	City Deal	Loughborough University Science & Enterprise Park (LUSEP) - grant certification
Q1	Grant cert	Local Growth Fund (LGF)	Scope to be agreed
Q1	Grant cert	Regional Growth Fund (RGF4)	Some remaining work on claim verification
Q1	IT audit	Active Directory	Linked to IT general controls.
Q1	IT audit	IT General Controls	Access controls and user management for IT applications supporting significant financial systems.
Q1	School	Schools - follow-ups of previous visits x2	Two audits to follow up previous school audits
Q1	School	Schools financial audits x2	Two audits this quarter - to include SFVS and standard financial audit
Q1	SFS	Capital additions and disposals	Key controls
Q1	SFS	Cash & cash equivalents	Key controls
Q1	SFS	Council Tax & NNDR	Key controls
Q1	SFS	Financial reporting	Key controls
Q1	SFS	Housing Rents	Key controls
Q1	SFS & System	Payroll	Key controls Plus Systems review not covered for some time High risk area
Q1	System	Creditors	Overdue, not covered by SFS; including amendments to supplier bank details
Q1	System	Public Health – compliance with NICE Guidance - Oral Health	Compliance with NICE (National Institute for Health and Care Excellence) guidelines
Q1	General	Audit Lincolnshire General audit	Scope to be agreed with the client
Q1	IT (ext)	Audit Lincolnshire IT audit	Scope to be agreed with the client
Q1	IT (ext)	Rotherham Met Bor Council IT audit	Scope to be agreed with the client

Quarter 2: draft plan

Quarter	Type	Title	Notes
Q2	Contract	Contracts below the thresholds £75k	Controls to prevent misuse of multiple low value contracts
Q2	Contract	Direct Payments	Focus on contract monitoring for support providers e.g. Enham, Mosaic
Q2	Follow-up	Follow-up audits - various	To be determined
Q2	Grant cert	Leaseholders reserve fund accounts	Right To Buy leaseholders - certification of reserve fund accounts (the final year of this scheme)
Q2	Grant cert	Local Growth Fund (LGF)	Scope to be agreed
Q2	Grant cert	Local Transport Plan (LTP)	Transport grant certification
Q2	Grant Cert	Troubled Families - 1st audit	Verification of results from claims with reference to Financial Framework for the programme
Q2	IT audit	Network Security	Perimeter defences against malware and intrusion. The scope of this review may include firewall rules.
Q2	IT audit	ICT Asset Management	The audit will cover controls to record and account for ICT Assets and their location.
Q2	IT audit	Shared drives and email	Impact on record-keeping from use of shared drives and email. This was identified as a risk in Information Services operational risk register.
Q2	System	Agency staff	Controls over expenditure on agency staff when establishment posts are being cut
Q2	System	Fostering Placements Payments	Payments to foster carers. Possible areas of focus: commissioning, assessments of financial assistance, payments controls
Q2	System	Housing Options	Compliance with the Housing Allocations Policy
Q2	System	Public Health – compliance with NICE Guidance - Managing Obesity	Compliance with NICE (National Institute for Health and Care Excellence) guidelines
Q2	System	Ward funding	£400K budget, £18K per ward, no previous audit; management concerns
Q2	General	Audit Lincolnshire General audit	Scope to be agreed with the client
Q2	IT (ext)	Audit Lincolnshire IT audit	Scope to be agreed with the client
Q2	IT (ext)	Rotherham Met Bor Council IT audit	Scope to be agreed with the client