



Internal Audit  
Leicester City Council

# **Appendix A - Draft Annual Internal Audit Plan 2017-18**

March 2017

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>1</sup>
Finance (Corporate Resources)	Major Financial Systems, for example: <ul style="list-style-type: none"> <li>• Control account reconciliations,, suspense accounts, journals, bank reconciliation</li> <li>• Debtors</li> <li>• Budgetary Control</li> <li>• Creditors</li> <li>• Cash</li> <li>• Payroll</li> <li>• Capital Additions and Disposals</li> <li>• Council tax and NNDR (business rates)</li> <li>• Housing rents</li> </ul>	These key systems are important as they have a significant impact on the Council's Statement of Accounts. The external auditor is required to form an opinion on whether the Council's financial systems and transactions give a true and fair view of the financial position and transactions. The external auditors could rely on IA's work relating to these systems as part of their closedown procedures in 2017-18. However, this work on financial systems will not necessarily be confined to those considered 'significant' by the external auditor.	Internal Audit work on any or all of these systems may go beyond the required scope of the external audit work. Internal Audit will agree with the Director of Finance the key areas of work according to the risks or priorities at the time. During 2017 there will be new Payroll/HR system going live from April and the new finance system from October.	Whole year
Corporate	Corporate Governance	Annual audit coverage of corporate governance arrangements with particular reference to the statutory requirement for the Annual Governance Statement (AGS).	Audit work will give assurance on aspects of the Council's governance arrangements. It could include governance generally plus supporting processes including the management of risk, project assurance and performance management.	Q2 (AGS)

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Finance (Corporate Resources)	Contracts and procurement (including commissioning and partnerships)	Contracting and procurement are a major risk area, and there is a need for probity, integrity and value for money in such arrangements. Internal Audit has a role to play in giving assurance on the effectiveness of the Council's contract procurement and management processes.	Audits covering the Council's corporate procurement and contracts processes. These will seek to identify whether due process has been followed and value for money has been sought. For example: <ul style="list-style-type: none"> <li>• Framework contracts/correct use of min-competitions</li> <li>• Non-LCC Frameworks approval process being complied with</li> <li>• Property Services contracts (minor works)</li> <li>• Consideration of points arising from DCLG Organised Crime in Procurement Pilot</li> </ul>	Whole year
Finance (Corporate Resources)	Universal Credits	New legislation and the Council has been working towards the full introduction to Universal Credits since January 2016. There are concerns over the impact these will have on housing rents.	To be determined	Toward the end of the year
Children's Services	Schools - General and Finance including <i>Keeping Your Balance</i> /SFVS financial audits	The requirement for internal audit of schools is built in to the Council's statutory Scheme for Financing Schools. The aim is to give independent assurance to the schools and the Council that the processes for financial management are operating effectively.	Audit visits to primary, secondary and special schools to review their financial processes. Provisionally agreed six schools will be audited; Director to be consulted about any high risk areas.	Term times
Housing	New Northgate IT System	Business area were concerned that this is a key element of their channel shift activity, so have to get setup and controls right.	Review implementation plan and UAT carried out. Review output from UATs to ensure the necessary adjustments were included in final build. Assess first months of use to identify if any user issues have arisen.	Q1 Preferred

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	Fleet and Passenger Transport	Housing has recently taken over responsibility for this area and it not being a traditional 'housing' area a review of processes and procedures would be welcomed. A service/organisational review is to be conducted.	To be determined.	Q2/3 Preferred
Estates and Building Services	Arcadia Consultancy Contract	The Arcadis Professional Services contract is still relatively new and is intended to provide professional technical support to a range of major projects and activities. However, the Council also retains in-house technical professional services staff and needs to ensure these are utilised effectively before calling upon Arcadis. As these new arrangements develop, the Director would welcome a review of the procedures and adherence to them.	Review process followed to ensure that careful consideration takes place in line with procedures/policy around the 'make or buy' decision.	Q3/Q4 Preferred
Public Health	Public Health - General	A cyclical audit coverage plan was drawn up when PH transferred here from the NHS.	Continuing audit coverage. Potential areas to cover in 2017-18 are: <ul style="list-style-type: none"> <li>• Information Governance</li> <li>• Performance reporting</li> <li>• Sports Services</li> </ul>	As required.
Neighbourhood and Environmental Services	BIFFA Waste Management Contract	DEFRA carried out a review (excluded financials) and issued an action plan in early 2016.	To effectively follow up on the DEFRA recommendations and include a financial review (as DEFRA did not do this) and there have been concerns over financial management at a local level, particularly with cash handling.	Q3 Preferred
Various	Other operational risks - Compliance audit	Other areas of risk where independent assurance is sought on the Council's compliance with specific legal or regulatory requirements.	To be determined but potential specific audit areas could include: <ul style="list-style-type: none"> <li>• Property related statutory compliance audit.</li> </ul> <p>These are subject to confirmation.</p>	As required

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Various	Grant certification and expenditure verification	Various City Council services and their related expenditure are supported by grant or other external funding. There is often a requirement for independent Internal Audit certification that funds have been used in accordance with stipulated conditions.	The various grants and returns specified by the funding agencies, tested according to the grant certification instructions or other requirements. For example: <ul style="list-style-type: none"> <li>• Troubled Families – payment by results (PBR) programme</li> </ul>	As required
Various	Consultancy and other Responsive Audits	Responsive non-fraud investigative work by Internal Audit; specific areas cannot be identified at this stage. The City Council's reduced budgets, so there is a need to make savings. Increasing efficiency and reducing wastage are more important than ever.	Areas for review will be determined as required during the year according to urgent requirement or emerging risk. Specific terms of reference will be agreed for each. Possible review of Highways Network Asset Evaluation giving assurance that inventory systems are complete and free from error. This would tie in with the first data submissions due April 2017 (for the 2016/17 'dry run').	As required
Various	Follow-up Audits	There is a need to ensure that service management verifiably and sustainably implements agreed recommendations so that the organisation learns from its experience and addresses identified weaknesses in control. Internal Audit will revisit areas after reasonable time, especially those arising from audits for which 'little or no assurance' had been given.	Scope will be limited to an assessment of how well recommendations, made in earlier Internal Audit reports, have been implemented.	Whole year

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<b>WORK FUNDED BY CLIENTS</b>				
	School Centred Initial Teacher Training (SCITT)		An audit of annual grant return (AGR) for the Leicester & Leicestershire SCITT programme. Internal Audit has undertaken this work for the last three years.	Q3

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