

RSM Tenon

South Kesteven District Council

Strategy for Internal Audit
2012/13 – 2014/15

For presentation at the Governance & Audit Committee meeting of 15th March 2012

Approved by Chris Williams as Head of Internal Audit



Your council working for you

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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 2012/2013 – 2014/15. It provides the Governance & Audit Committee with a three year strategy and a more detailed plan for 2012/13.

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 South Kesteven District Council achieve its objectives.

2 DEVELOPING YOUR INTERNAL AUDIT STRATEGY

2.1 Developing the Strategy and the Detailed Plan for 2012/2013

South Kesteven District 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 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;
- 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 Governance and Audit Committee.
- 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 Governance & Audit Committee.
- Council Tax, NNDR and Housing Benefits audits which were undertaken as part of the 2011/12 plan and have been included in the plan for 2012/13 to provide additional assurance as part of the Joint Working Arrangements initiated by the external auditors. However, due to the ongoing changes within the Audit Commission; these reviews will be confirmed with the external auditors.
- The total number of days for 2012/13 is 190 days.

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 2012/2013 is set out at Appendix B.

2.2 Your Internal Audit Team

Your internal audit team is led by Chris William (Director).

Your Senior Manager is Robert Barnett (Senior Manager).

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.

2.3 Internal Audit Fees

In line with our original tender and subsequent engagement letter, the fee for your internal audit service for 2012/13, had we applied an inflationary increase, would have been a composite daily rate of £313.50. However, following discussions with the Finance Support Manager and Head of Finance the fee for your internal audit service for 2012/13 is £58,330 based on 190 days. This represents an uplift of 2.3% as opposed to the 4.5% RPI and a composite daily rate of £307.

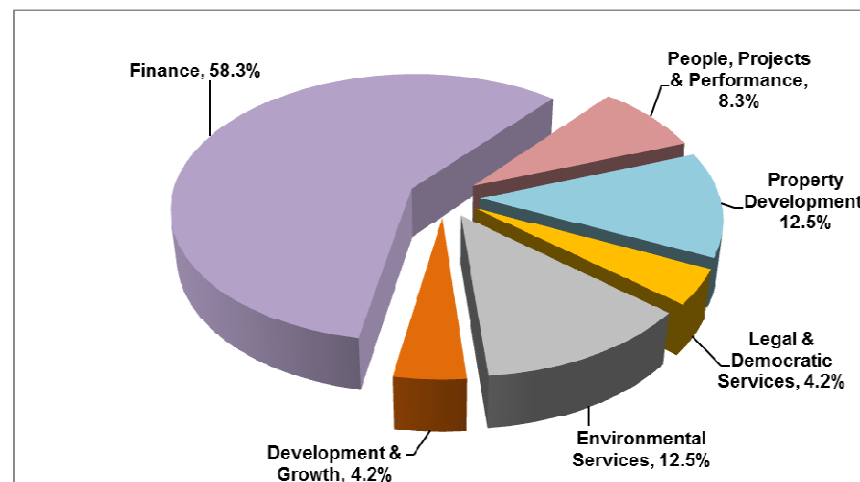
3 CONSIDERATIONS FOR THE GOVERNANCE & AUDIT COMMITTEE

We as your Internal Auditors are satisfied with the Internal Audit plan being presented however; we do ask that you ask yourself the following key questions:

- Does the Strategy for Internal Audit (as set out at Appendix A) cover the organisation's key risks as they are recognised by the Governance & Audit Committee?
- Does the audit strategy include all those areas that the Governance & 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 Governance & Audit Committee believes should be covered as priority?
- Is the Governance & Audit Committee satisfied that sufficient assurances are being received by the organisation to effectively monitor the organisation's risk profile?

The chart below shows the allocation of internal audit reviews across the different service areas:



The above chart does not include the Follow Up reviews as these cover all directorates. In 2012/13 no reviews were identified for Community Assets and Housing & Neighbourhoods.

APPENDIX A: STRATEGY FOR INTERNAL AUDIT 2012/13 – 2014/15**Risk Based Coverage**

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
FINANCE					
Corporate Governance	Scheme of Delegation, Financial Regulations and information presented to Members does not enable informed decision making.	Identified by Management	✓	✓	✓
Risk Management	The Council does not have a clear methodology in place for identifying objectives and identifying, assessing, prioritising, preventing or containing high priority risks. This may lead to inappropriate objectives being defined and risks not being identified or managed properly.	Identified by Internal Audit	✓	✓	✓
Treasury Management	Changes in HRA financing arrangements with introduction of self-financing model in April 2012. Reduction in investment income / loss. Insufficient cash available to meet liabilities. Failure to review Counterparty List. Failure to monitor investments and adhere to Audit Commission advice / warnings. Failure to manage Borrowings correctly.	Corporate Risk Register (Ref: 1b) / Service Risk (Ref: FR-R7) / Identified by Management		✓	✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
FINANCE					
Budgetary Control and Budget Setting	<p>Insufficient budget resources to finance expenditure.</p> <p>Reduction in budget income.</p> <p>Lack of compliance with the Council's budget setting, monitoring and reporting procedures due to lack of training or inadequate dissemination of policy and procedure.</p>	Service Risk (Ref: FR-R4 and R5) / Identified by Management / Internal Audit		✓	
General Ledger / Main Accounting System	<p>Inaccurate financial records.</p> <p>Inappropriate transactions are not identified.</p>	Identified by External Audit	✓		✓
Creditors & Procurement	<p>Budgets are not controlled as expenditure is not recorded at the time of commitment.</p> <p>Financial loss to the Council through unnecessary and inappropriate invoices being paid.</p> <p>Failure to manage the usage and expenditure relating to procurement cards.</p> <p>Supplier / Contractor failure.</p>	Identified by Management	✓		✓
Debtors	<p>Financial loss to the Council due to the lack of identification of monies due.</p> <p>Income is not received as expected, resulting in loss of funds to the organisation.</p> <p>Bad debts are written off where there is a chance of recovery of funds, resulting in a loss of income.</p>	Identified by External Audit / Internal Audit	✓		✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
FINANCE					
Cash & Banking	<p>Misappropriation of funds due to monies not being recorded accurately upon receipt.</p> <p>Monies not being securely held prior to banking or when transferring to the bank.</p> <p>Banking not being completed in a timely manner or complete manner.</p>	Identified by Management	✓	✓	✓
Payroll and Expenses	<p>Staff records are inappropriately changed and monies misappropriated.</p> <p>Additional or incorrect payments are made to staff, resulting in financial loss to the organisation.</p> <p>Staff are not paid on the date expected, impacting staff morale.</p> <p>Monetary fines and damage to reputation through non payment of payovers (such as national insurance or pension deductions).</p>	Identified by External Audit / Management	✓		✓
Insurance	<p>Inadequate Insurance arrangements in place leading to financial and reputational loss.</p> <p>Value for money is not obtained with regards to insurance services.</p>	Service Risks (Ref: FR-R8) / Identified by Management	✓		

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
FINANCE					
Housing Benefit	<p>Legislation changes within benefits.</p> <p>Failure to process claims promptly and accurately.</p> <p>Statutory returns are not completed on time.</p> <p>Inaccurate or incomplete recording in the Housing Benefit system and ledger.</p>	Identified by External Audit	✓		✓
Medium Term Financial Strategy	Failure to achieve a sustainable Medium Term Financial Plan in response to challenging economic / financial climate.	Corporate Risk Register (Ref: 1a)		✓	
Council Tax	<p>Failure to comply with legislation.</p> <p>Failure to meet annual council tax billing deadline.</p> <p>Breach in procedures in relation to Council Tax activity.</p> <p>Inaccurate or incomplete Council Tax bills, leading to loss of income.</p>	Service Risk (Ref: RB-R2 and R3) / Identified by External Audit	✓		✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
FINANCE					
NNDR	<p>Failure to meet NNDR legislation and government returns.</p> <p>The Council is not aware of the premises from which rates should be collected.</p> <p>Delays in notification may result in billing being incorrect and late billing of amendments.</p> <p>The billing run may be incomplete and go undetected.</p> <p>Without clear and formal procedures bills may not be raised correctly.</p> <p>Relief may be granted which may later be considered inappropriate.</p>	Service Risk (Ref: RB-R5) / Identified by External Audit	✓		✓
Anti-Fraud & Corruption – Bribery Act	Failure to develop adequate procedures required under the Bribery Act.	Identified by Management / Internal Audit	✓		
Rent Collection and Arrears (including Leaseholders)	<p>Financial procedures and relevant housing legislation are not being adhered to.</p> <p>Council tenants are not legally notified of rent increases leading to loss of rental income.</p> <p>Rent arrears are not identified/monitored and recovery action taken in accordance with internal procedures and relevant legislation.</p> <p>Collection levels are not monitored.</p>	Identified by Management / Internal Audit	✓		

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
FINANCE					
Information Technology (Year 1 Data Security, Year 2 IT Health Check, Year 3 tbc)	<p>Loss or failure of the system resulting in the inability to continue processing and potential data corruption.</p> <p>Loss of personal data or other sensitive data.</p> <p>The system processes inaccurate or incomplete data leading to data corruption, fraud or the integrity of the system being threatened.</p> <p>System outputs are not available when required, are incomplete or inaccurate.</p>	Service Risk (Ref: IT-R6) / Identified by Management	✓	✓	✓
Benefits Fraud Investigation	<p>Failure to comply with legislation.</p> <p>Staff are not adequately trained.</p> <p>Failure to investigate allegations of potential fraud.</p> <p>Joint Working with key partners is not utilised to detect and prevent fraud.</p> <p>Failure to impose sanctions including prosecution on benefit claimants who have committed an offence.</p>	Service Risk (Ref: RB-R3) / Identified by Management		✓	

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
PEOPLE, PROJECTS & PERFORMANCE					
Performance & Programme Management (Year 1 – Programme Management, Year 3 – Performance Management)	Failure to integrate new localised performance framework together with local measures linked to priority actions.	Corporate Risk Register (Ref: 7)	✓		✓
Flexible Working Arrangements	Failure to comply with legislation. Arrangements are not clearly developed thus impacting on efficiency.	Service Risk (Ref: HR-R4) / Identified by Management/ Internal Audit	✓		
Absence Management	High level of sickness absence in certain service areas which may impact on ability to deliver services.	Identified by Management		✓	
Customer Services	Failure to meet customer demand. Failure to implement service review recommendations.	Service Risk (Ref: CS-R1) / Identified by Management		✓	

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
PROPERTY DEVELOPMENT					
Leases	Policies and procedures relating to granting of leases are being breached leading to legal action. Leases are issued / renewed without appropriate authorisation. Expired leases are not promptly detected.	Identified by Management	✓		
Building Control	Effect of competition and economic situation on workload and income. Inability to deliver service standards expected in a competitive market. Failure to secure compliance with Building Regulations resulting in compensation claims or threats to reputation.	Service Risk (Ref: BC-R1, R3 and R4) / Identified by Management		✓	

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
PROPERTY DEVELOPMENT					
Asset Management Plan (Year 1 – AMP, Year 2 Software)	<p>The Council has not defined an Asset Management strategy that helps the organisation to achieve its objectives.</p> <p>Assets are inaccurately, incompletely recorded or not recorded in a timely manner.</p> <p>Assets do not exist where they are recorded as existing - transfers / stolen / obsolete / sold.</p> <p>Assets are written off or disposed of inappropriately leading to loss or theft.</p> <p>Assets are not held securely.</p> <p>Losses / theft / damaged asset equipment are not reported.</p>	Identified by Management	✓	✓	
Contract Management (Year 1 - Ground & Tree Maintenance Contract)	<p>Risks associated with ground and tree maintenance are not identified and appropriately managed.</p> <p>Failure to provide an adequate ground and tree maintenance service.</p> <p>Quality inspections are not undertaken, resulting in poor quality work.</p>	Identified by Management	✓		
Car Parks	<p>Failure to comply with legislation.</p> <p>Car Parks are not effectively managed or controlled and income is not accounted for.</p>	Identified by Management		✓	

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
CORPORATE FOCUS					
LEGAL & DEMOCRATIC SERVICES					
Elections	<p>Failure to comply with legislation.</p> <p>Electoral register is inaccurate or incomplete.</p> <p>Election notifications are not advertised appropriately.</p> <p>Those requiring postal voting are not identified.</p> <p>Staff resources are not managed appropriately during elections.</p> <p>Elections turnout is not monitored and recorded</p>	Identified by Internal Audit	✓		
Members Allowances & Expenses	<p>Lack of compliance with Council policy and procedures in relation to Members Allowances and Expenses.</p> <p>Failure to publish Member Allowances in accordance with legislation.</p> <p>Failure to monitor and control expenditure.</p>	Identified by Internal Audit		✓	
Code of Conduct and Register of Interest	<p>Failure to comply with policies and procedures.</p> <p>The Code of conduct is not up to date.</p> <p>Register of interest is incomplete.</p>	Identified by Internal Audit		✓	

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
COMMUNITY & ENVIRONMENT FOCUS					
ENVIRONMENTAL SERVICES					
Licensing	<p>Failure to comply with legislation – Licensing Act.</p> <p>Licenses are issued without appropriate authorisation.</p> <p>Expired licenses are not promptly detected.</p> <p>Failure to monitor payments and recording of income.</p>	Service Risk (Ref: CL-R1) / Identified by Management	✓		
Community & Anti-Social Behaviour	<p>Failure to comply with legislation- Crime and Disorder Act.</p> <p>Unable to deliver community crime/ ASB reduction programmes (funding reduction).</p>	Service Risk (Ref: CL-R1 and R4)		✓	
CCTV	<p>Failure to deliver CCTV service leading to loss of reputation.</p> <p>Loss of revenue for CCTV impacting on service delivery.</p>	Service Risk (Ref: CL-R2 and R3)			✓
Green Waste Charges	<p>Risks associated with areas relating to Green Waste are not identified.</p> <p>Policies and procedures are not adhered to.</p> <p>Failure in operational performance.</p> <p>Green Waste charges are not effectively managed leading to a loss of income.</p>	Identified by Management	✓		

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
COMMUNITY & ENVIRONMENT FOCUS					
ENVIRONMENTAL SERVICES					
Refuse Collection (incl. Bulky Waste)	<p>Risks associated with areas relating to refuse collection are not identified including failure to deliver service due to adverse weather conditions.</p> <p>Performance is not monitored including missed bins.</p> <p>Failure to deal with customer complaints leading to dissatisfaction with the service.</p>	Service Risk (Ref: WR-R3) / Identified by Management	✓		
Environmental Health	<p>Failure to respond to major incidents.</p> <p>Failure to respond to changes in legislation.</p> <p>Failure to carry out inspections and investigations.</p> <p>Failure to succession plan to ensure adequate capacity for all discrete professional and technical areas.</p> <p>Failure to effectively manage the transition of service lines into the department due to go live on 1st April 2012.</p>	Service Risk (Ref: EH-R2, R3, R4 and R6)		✓	
Fleet Management	<p>Failure to deliver service due to ageing vehicles.</p> <p>Failure to deliver service due to fuel crisis.</p>	Service Risks (Ref: WR-R2 and R3) / Identified by Management			✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
COMMUNITY & ENVIRONMENT FOCUS					
ENVIRONMENTAL SERVICES					
Recycling	Market collapses for recycling materials. Failure to promote recycling in the District. Failure to monitor performance.	Identified by Management			✓
Street Cleansing	Failure in operational performance. Consistent and prompt action is not taken when dealing with customer enquires/complaints.	Identified by Management			✓
COMMUNITY ASSETS					
Leisure Management Contract	Failure to deliver service due to underperformance of leisure management provider. Failure to deliver service due to profitability of leisure management provider. Failure of leisure centre plan.	Service Risk (Ref: LA-R1, R2 and R3) / Identified by Management		✓	
Arts Centres	Failure to deliver service due to loss of Arts Council Grant. Failure to adequately advertise, promote and provide meaningful information to the general public about the Arts Centre. Loss of income due to inadequate costing of their services and failure to accurately collect and record income.	Service Risk (Ref: CU-R5) / Identified by Management			✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
COMMUNITY & ENVIRONMENT FOCUS					
COMMUNITY ASSETS					
Planned & Cyclical Maintenance and Capital Programme	Failure to deliver capital programme. Failure to have in place an up to date planned / cyclical maintenance strategy. Failure to monitor costs associated with Planned / Cyclical Work.	Service Risk (Ref: PF-R1) / Identified by Management		✓	
Contract Management	Failure to appoint competent contractors. Failure to monitor contract performance.	Service Risk (Ref: PF-R8)		✓	
HOUSING & NEIGHBOURHOODS					
Supporting People (including Lifeline and Care Services)	Loss of SP contracts / income resulting in restructuring of Supported Housing service and potential loss of jobs / redundancies.	Service Risk (Ref: SH-R1)		✓	
Lettings (including Void Management)	Failure to meet statutory obligations. Housing waiting list not up to date. Failure to minimize housing voids resulting in rent loss.	Service Risk (Ref: HM-R1 and R3) / Identified by Management		✓	

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
COMMUNITY & ENVIRONMENT FOCUS					
HOUSING & NEIGHBOURHOODS					
Resident Involvement	<p>Inconsistent practice leading to duplication of resource, poor value for money and ultimately non-achievement of agreed objectives.</p> <p>Adverse PR / financial losses attributed to failure to identify and monitor the risks associated with Resident Consultation and Participation.</p> <p>Dissatisfied Tenants through failure to deliver services Tenants want.</p> <p>Inability to demonstrate continuous improvement in services.</p>	Identified by Management			✓
Homelessness	<p>Failure to meet statutory obligations (i.e. Homeless Act 2002).</p> <p>Failure to respond to increased demand for housing from homeless cases.</p> <p>Bed and breakfast spending – increased demand for emergency accommodation needed to meet statutory responsibilities.</p>	Service Risk (Ref: HS-R3, R4, R5)			✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
DEVELOPMENT & GROWTH FOCUS					
DEVELOPMENT & GROWTH					
Economic Development	<p>Failure to identify changes in legislation.</p> <p>Inability to maintain specific project / grant funding.</p> <p>Failure to deliver projects due to poor project management.</p> <p>Failure to identify roles, responsibilities and liability issues.</p> <p>Failure to communicate leading to breakdown in relationship with external stakeholders.</p>	Service Risks (Ref: ED-R1, R2, R3, R4 and R5)		✓	
Land Charges	<p>Failure to respond to changes in legislation.</p> <p>Applications are not readily identified or incomplete applications are accepted.</p> <p>Local Land Charges register is incomplete or not up to date.</p> <p>Fees are not charged in accordance with approved rates.</p> <p>No audit trail exists to ensure that payment has been received for all applications.</p>	Identified by Management	✓		
Planning	Failure to comply with legislation resulting in inability to defend planning decisions.	Service Risk (Ref: DC-R2)			✓

Auditable Area	Potential Risks and <u>not</u> Actual Risks	Source	2012/13	2013/14	2014/15
DEVELOPMENT & GROWTH FOCUS					
DEVELOPMENT & GROWTH					
Conservation	Failure to enforce laws and regulations relating to conservation areas including listed buildings and tree preservation orders. Failure to maintain an up to date conservation register. An appraisal programme of conservation areas is incomplete.	Identified by Management			✓

OTHER INTERNAL AUDIT COVERAGE

Internal Audit Coverage	Source / Rationale	2011/12	2012/13	2013/14
Contingency	A contingency allocation will only to be used for unplanned and ad-hoc work and will be subject to prior approval by the Governance and Audit Committee.	✓	✓	✓
Follow Up	To meet internal auditing standards and to provide management with ongoing assurance regarding implementation of recommendations.	✓	✓	✓
Audit Management	This will include: <ul style="list-style-type: none"> ▪ Annual planning ▪ Preparation for, and attendance at, Governance & 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 Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Corporate Governance	<ul style="list-style-type: none"> ▪ Governance arrangements in relation to Scheme of Delegation and Decision Making; ▪ How are responsibilities are defined and communicated; ▪ Terms of Reference; ▪ The Constitution / Contract Procedures / Scheme of Delegation / Financial Regulations – are these in place, have these been clearly communicated and how often are these documents reviewed; ▪ The process of monitoring compliance with Financial Regulations, Scheme of Delegation and Contract Procedures; and ▪ Training on corporate governance taking place and attendance by relevant Officers. 	Risk Based	August 2012	6	September 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Risk Management	<ul style="list-style-type: none"> ▪ Risk methodology; ▪ Identification of risks; ▪ Departments approach to risk; ▪ Risks linked to objectives; ▪ Departmental service plans; ▪ Risk management policy approval and review; ▪ Review and update of risk registers (Corporate and Service); and ▪ Reporting to Senior Management and Committees. 	Risk Based	January 2013	4	March 2013
General Ledger & Main Accounting System	<ul style="list-style-type: none"> ▪ Policies and procedures; ▪ Roles and responsibilities; ▪ Opening balances brought forward; ▪ Feeder systems; ▪ Control accounts; ▪ Periodic cash / bank reconciliations; ▪ Journal transfers; ▪ Suspense accounts; and ▪ Management information and reporting. 	Risk Based	January 2013	7	March 2013

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Creditors & Procurement	<ul style="list-style-type: none"> ▪ Payments made to suppliers; ▪ Authorisation of invoices; ▪ Roles and responsibilities for setting up new suppliers; ▪ Procurement Cards; and ▪ Performance monitoring including percentage of invoices which have to be paid in 30 days 	Risk Based	August 2012	7	September 2012
Debtors	<ul style="list-style-type: none"> ▪ Recording and monitoring of income; ▪ Invoicing; ▪ Collection of outstanding debt; ▪ Performance monitoring; ▪ Use of debt collection agencies; and ▪ Management information. 	Risk Based	August 2012	6	September 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Cash & Banking	<ul style="list-style-type: none"> ▪ Daily cash up procedures; ▪ Postings to the cash book and general ledger; ▪ Segregation of duties; ▪ Staff training; ▪ Cash and cheques are promptly recorded in the appropriate cash records and banked intact without delay; ▪ Arrangements at Area Offices; ▪ Banking arrangements; ▪ Cash/Bank reconciliations; and ▪ Use of and access to the safes. 	Risk Based	October 2012	6	December 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Payroll and Expenses	<ul style="list-style-type: none"> ▪ Financial Regulations in relation to Payroll and expense payments; ▪ Policies and Procedures; ▪ Payroll Processing Timetable; ▪ Authorised Signatories; ▪ Segregation of duties; ▪ Access to the payroll system; ▪ Starters, leavers and changes; ▪ 'Ghost' employees; ▪ Expense claims reimbursements; ▪ Processing of payroll data; ▪ BACS payments; ▪ Control and suspense accounts; ▪ Reconciliation to main accounting system; ▪ Identification and payment of payovers – tax, National Insurance, pension etc; and ▪ Management reporting and information. 	Risk Based	January 2013	6	March 2013
Insurance	<ul style="list-style-type: none"> ▪ Insurance policy – adequate cover; ▪ Insurance services – value for money / tendering; and ▪ Management information. 	Risk Based	December 2012	6	March 2013

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Housing Benefit	<ul style="list-style-type: none"> ▪ Only authorised staff are able to amend the system parameter files; ▪ Systems output agreed at start of year to ensure that Parameter files etc are set-up correctly and other new year changes are correct; ▪ Council Tax Benefits transfer at start of year agreed to Council Tax System; ▪ Housing benefit claims processed are independently checked; ▪ Payment run reports are reviewed and agreed to HB controls; ▪ Overpayment reports obtained and invoices produced; ▪ Systems transfer between Housing Benefits System, Council Tax and Housing Ledger reconciled and agreed; and ▪ Feeder systems into general Ledger System for rent allowances, rent and council tax rebates are reconciled with entitlement on Housing Benefit System at year end transfer. 	Key Controls	September 2012	7	December 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Council Tax	<ul style="list-style-type: none"> ▪ Parameter files and poundage rates are agreed; ▪ Start of year billing agreed to controls and valuations; ▪ New-year volume of invoices despatched agreed; ▪ Amendments to valuation list processed promptly and correctly; ▪ Bank and Direct collection receipts posted daily are reconciled and suspense cleared; and ▪ Council Tax and general ledger reconciled at year-end. 	Key Controls	September 2012	5	December 2012
NNDR	<ul style="list-style-type: none"> ▪ The rateable value is reconciled to the valuation list and applicable poundage applied; ▪ Changes to properties and RV are checked; ▪ Relief applications are checked; ▪ Daily cash balanced to NNDR account; and ▪ NNDR reconciled to MAS at year-end. 	Key Controls	September 2012	5	December 2012
Anti-Fraud & Corruption	<ul style="list-style-type: none"> ▪ Staff awareness of the Bribery Act; ▪ Procedures developed in relation to anti-bribery; and ▪ Management considerations/ actions in relation to the Bribery Act. 	Key Controls	April 2012	7	June 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Rent Collection & Arrears	<ul style="list-style-type: none"> ▪ Policies and procedures; ▪ Financial regulations; ▪ Payment methods available; ▪ Rent collection / recording of income / allocation to tenants' and leaseholder accounts; ▪ Reconciliation with the main ledger; ▪ Debt recovery process / recovery action; ▪ Performance against standards / targets; and ▪ Management Information and reports. 	Risk Based	August 2012	7	September 2012
Data Security	<ul style="list-style-type: none"> ▪ Policies and procedures relating to data security; ▪ Compliance with legislation; ▪ Staff training and guidance; ▪ Confidential waste disposal facilities; ▪ Storage of data; ▪ Access to information/data; and ▪ Controls over transferring data to external parties and transporting data 	Advisory	July 2012	7	September 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Programme Management	<ul style="list-style-type: none"> ▪ Programme and project methodology; ▪ Project management data; ▪ Management information to officers and members to support sign-off of new projects; ▪ Use of Covalent to report on-going project work; and ▪ Monthly updates on project progress. 	Risk Based	December 2012	7	March 2013
Flexible Working Arrangements	<ul style="list-style-type: none"> ▪ Flexible Working Arrangements Policy; ▪ Processes underlying the operation of flexible working arrangements; ▪ Consistent approach across departments/ service areas; ▪ Line manager involvement in working arrangements; ▪ Impact on service users (general public); ▪ Core time hours; ▪ Information provided to staff; ▪ Feedback on arrangements; ▪ Monitoring of the effectiveness and efficiency of working arrangements; and ▪ Monitoring and reporting of costs/benefits. 	Risk Based	February 2013	6	March 2013

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Leases	<ul style="list-style-type: none"> ▪ Policies and procedures; ▪ Roles and responsibilities; ▪ Renewing leases; ▪ Monitoring expiry dates; and ▪ Management information and reporting. 	Risk Based	June 2012	6	September 2012
Asset Management Plan	<ul style="list-style-type: none"> ▪ Asset Management Strategy; ▪ Procedures and Responsibilities; ▪ Recording of Assets; ▪ Additions and write-offs; ▪ Physical verification; ▪ Security of assets; and ▪ Management information and management accounts. 	Risk Based	November 2012	6	December 2012
Contract Management – Ground Tree Maintenance	<ul style="list-style-type: none"> ▪ Policies and procedures; ▪ Risk assessments; ▪ Performance monitoring; ▪ Complaints and customer feedback; ▪ Quality inspections; ▪ Contract monitoring; ▪ Release of payments; and ▪ Management and reporting. 	Risk Based	April 2012	7	June 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Elections	<ul style="list-style-type: none"> ▪ Policies and procedures; ▪ Roles and responsibilities; ▪ Staff training; ▪ Legislative changes; ▪ Electoral register; ▪ Access to electoral database; ▪ Identification of postal voters; ▪ Election notifications; and ▪ Monitoring of election turnout. 	Risk Based	April 2012	6	June 2012
Licensing	<ul style="list-style-type: none"> ▪ Policies, procedures and regulations; ▪ License applications (Taxis and Alcohol); ▪ Granting and Issuing of Licenses; ▪ Scheme of delegation; ▪ Fees and Charges; ▪ Recording of Income; and ▪ Management reporting. 	Risk Based	May 2012	6	June 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Assurance and Advisory Work to Address Specific Risks					
Green Waste Charges	<ul style="list-style-type: none"> ▪ Policies and procedures; ▪ Risk Assessments; ▪ Control of stationery; ▪ Fees and Charges; ▪ Performance monitoring; and ▪ Management Information and Reporting. 	Risk Based	December 2012	5	March 2013
Refuse Collection & Bulky Waste	<ul style="list-style-type: none"> ▪ Procedures; ▪ Health and Safety; ▪ Risks assessments; ▪ Performance monitoring including missed bins; ▪ Customer complaints; ▪ Quality checks; and ▪ Management reporting. 	Risk Based	October 2012	7	December 2012
Land Charges	<ul style="list-style-type: none"> ▪ Policies, procedures and regulations; ▪ Land Charges Register – access and maintenance; ▪ Processing of applications; ▪ Fees and Charges; and ▪ Management Information and Reporting. 	Risk Based	May 2012	4	June 2012

Audit	Overview of Internal Audit Coverage	Internal Audit Approach	Proposed Timing	Days	Target Governance & Audit Committee
Other Internal Audit Input					
Contingency	A contingency allocation will only to be used for unplanned and ad-hoc work and will be subject to prior approval by the Governance and Audit and Committee.	-	-	17	-
Follow Up	To meet internal auditing standards and to provide management with ongoing assurance regarding implementation of recommendations.	Follow up review	May 2012 August 2012 December 2012	12	June 2012 September 2012 March 2013
Management	This will include: <ul style="list-style-type: none"> ▪ Annual planning; ▪ Preparation for, and attendance at, Governance & Audit Committee meetings; ▪ Regular liaison and progress updates; ▪ Liaison with external audit; and ▪ Preparation of the annual internal audit opinion. 	-	-	15	-
Total Days				190	