

**Final Internal Audit Plan Report  
2008/09  
London Borough of Brent  
June 2008**



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## Executive Summary

### Introduction

All Local Authorities are required to make proper provision for Internal Audit in line the 1972 Local Government Act and the Accounts and Audit Regulations 2003. The CIPFA “Code of Practice for Internal Audit in Local Government in the United Kingdom (2006)” requires the proper planning of audit work. This document sets out the detailed areas of coverage for review by the Audit Committee, broad areas of coverage in the audit plan for 2008 / 09. A more detailed plan which will include a summary of each individual audit will be presented at the next meeting of the Audit Committee.

### Summary of audit days by type

Internal Audit work is to be split across five major areas as summarised in Table 1 below.

Area	No of Planned Audit Days
Key Financial Systems	95
Corporate and Strategic Audits	130
Contract Audit	55
Computer Audit	100
Service Area Operational Audits	820
<b>Total</b>	<b>1200</b>

**Table 1: Allocation of Audit days by Audit Type**

### Summary of audit days by Service Area and other

The split by service areas is as follows:

Service Area	No. of Planned Audit Days
Cross Cutting Reviews & Corporate Services	175
Finance and Corporate Resources	149
Children & Families & Schools	255
Environment & Culture	115

<b>Service Area</b>	<b>No. of Planned Audit Days</b>
Housing & Community Care (inc BHP - 100)	230
Main IT Systems	117
Advice, Consultancy & Contingencies	109
Follow-Up Audits	50
<b>Total</b>	<b>1200</b>

**Internal Audit Provision**

Internal Audit provision is via an in-house team of two staff working in partnership with Deloitte & Touche Public Sector Internal Audit Ltd under a contractual arrangement. Deloitte staff will provide approximately 940 days coverage with the in-house team providing the remainder.

**Consultation & Joint Working**

The programme of work has been compiled on the basis of a risk assessment of the Council's major systems and following consultation with a number of stakeholders including service area departmental management teams.

In 2008/09 internal and external audit will continue to work on the basis of a joint approach. The joint approach will involve sharing plans, regular meetings and sharing of information during the course of the year. This will ensure that resources are maximised and that there is no duplication of work.

## Detailed Plan

<b>Internal Audit Plan 2008-09</b>		
Please note that details of the plan have been discussed and agreed with all relevant service areas and units		
	<b>Notes on Coverage</b> (where currently applicable)	<b>Planned Days</b>
<b>2007/08 Audits Carried Forward</b>		
Financial Management Standard in Schools (FMSIS)	Carried Forward Days - to be allocated to FMSIS assessments in primary schools due to the schools not being ready for assessment in 2007/08	30
	Sub Total	30
<b>2008/09</b>		
<b>Grant Claims</b>		
Local Area Agreements/NRF	Certification of grant claims	20
	Sub Total	20
<b>Finance and Corporate Resources</b>		
Procurement	Focus on the Council's overall procurement strategy and selected elements of this.	10
Risk Management	Focussing on the progression regarding the development and implementation of risk management across the Authority.	10
Internal Financial Controls	Focussing on the internal financial controls in place across areas such as debtors, creditors, journals and reconciliations. This work is required due to the Council not currently having centralised financial systems which would ordinarily be subject to separate audits.	15
Facilities Management /Property Maintenance	Focussing on the Council's facilities and property maintenance arrangements.	15
	Sub Total	50

<b>Main Financial Systems</b>		
Housing/CTax Benefits	Focussing on controls in place in areas such as compliance with the scheme, administration; fraud management; payments; appeals; overpayments; reconciliations; budgetary control and performance review.	15
Council Tax	Focussing on controls in place over areas such as reconciliations between debit and valuation list; billing; receipts; debt recovery and enforcement; and write offs; monitoring of collection rates and returns; and performance management.	15
NNDR	Focussing on controls over areas such as liability; billing; collection and refunds; recovery and enforcement; performance management.	15
Treasury Management & Investments	Focussing on controls over areas such risks management; cash flow; lending; borrowing; capital investment; payments; external service providers; fraud prevention; records and reconciliation and monitoring and reporting.	12
Pension Fund Investments	Focussing on controls in areas such as risk management; calculation of employer and employee contributions; actuarial valuations; acquisitions and disposals; accounting and recording of income; investment performance and performance monitoring.	12
Payroll/HR	To be split into two separate audits during the year. First visit will be made in quarter 2 in order to check on the progress with regards to fully implementing the new Payroll/HR system. A second visit will then be scheduled for quarter 4 in order to undertake further transaction testing.	20
Single Accounting System - Project Management	Focussing on the controls in place to manage the project of moving to a single accounting system across the Council.	10
	Sub Total	<b>99</b>
<b>Other Corporate Audits</b>		
Matrix Contract	Focussing on the new processes and controls being implemented in relation to Matrix.net.	15
Internal Financial Controls	Focussing on the internal financial controls in place across areas such as debtors, creditors, journals and reconciliations. This work is required due to the Council not currently having centralised financial systems which would ordinarily be subject to separate audits.	15
South Kilburn NDC	Focussing on Internal Financial Controls and follow-up on the implementation of recommendations arising from a previous investigation	10
	Sub Total	<b>40</b>

<b>Cross Cutting Audits</b>		
Governance Statement	Production of the new Annual Governance Statement	5
Corporate Governance Review	Review of the Corporate Governance arrangements, feeding into the Annual Governance Statement	5
Sickness Absence	Cross Borough Audit (West London) – benchmarking processes and controls in place within Brent with those across the other boroughs in the West London Framework.	15
Recruitment & Selection	Full systems audit.	15
Best Value Performance Indicators (BVPIs) - New & Amended	Provision of advice to Service Areas, where needed, in order to assist them with undertaking their own systems audits around the collection of data for new and amended BVPIs.	10
Partnerships	Cross Borough Audit (West London) – benchmarking processes and controls in place within Brent with those across the other boroughs in the West London Framework.	10
	Sub Total	<b>60</b>
<b>Contract Audits</b>		
Construction Contracts / other	Specialist contract audit work around construction based projects, or standard contract monitoring audits. Specific projects/contracts have not been identified at this stage - further details to be provided once confirmed.	55
	Sub Total	<b>55</b>
<b>Children &amp; Families</b>		
Financial Management Standard in Schools (FMSIS)	FMSIS assessments in primary schools. The final deadline for completion of all primary schools is 31 March 2009. Due to the delays with schools being ready for assessment in 2007/08, a greater number now need completing in 2008/09 so as to leave a manageable	140

	balance for 2009/10. These days are supplemented by the carry forward days from 2007/08. Approximately 40-45 schools are anticipated to be assessed in 2008/09.	
Children's Centres	Specialist Contract Audit work in relation to the ongoing construction of the Children's Centres as part of Phase 2 of this scheme.	25
Youth Service	Focus on the project management arrangements in place around the current expansion of the Youth Service and integration with other related services.	15
Education Capital Schemes – Academy	Specialist Contract Audit work in relation to the Academy project. The intention is for Internal Audit to follow this project through into future years.	20
Common Assessment Framework / Contact Point	Focussing on the project management arrangements in place around the implementation of the Common Assessment Framework, and the development of Contact Point and its associated client database (some IT audit work may also be required in relation to this).	15
Payments to Foster parents	Focussing on the internal controls over payments to Foster parents in Children Social Care.	10
Internal Financial Controls	Focussing on the internal financial controls in place across areas such as debtors, creditors, journals and reconciliations. This work is required due to the Council not currently having centralised financial systems which would ordinarily be subject to separate audits.	15
School Compliance	Cross Borough Audit (West London) – benchmarking processes and controls in place within Brent with those across the other boroughs in the West London Framework.	15
	Sub Total	<b>255</b>
<b>Environment &amp; Cultural Services</b>		
On-Street Parking	Focussing on the controls in place around the collection and banking of income from on-street parking meters.	10
Highway Maintenance - Term Contracts	Specialist contract audit work around the tendering of the Highways Maintenance Works Contracts.	15
Trading Standards	Full systems audit, with focus on the new internal financial controls implemented.	10
Environmental Health	Full systems audit.	10
Cemeteries & Mortuary Service	Full systems audit.	10
Business Continuity Planning (BCP)	Focussing on the progression since the 2007/08 audit, with regards to the development and implementation of BCP across the Council.	10



Transportation - Support	Provision of risk based advice and support, focussing on the controls being planned with regards to the restructuring of the Transportation service, assessing their adequacy against the potential risks.	25
Internal Financial Controls	Focussing on the internal financial controls in place across areas such as debtors, creditors, journals and reconciliations. This work is required due to the Council not currently having centralised financial systems which would ordinarily be subject to separate audits.	15
West London Waste	Further work following on from 2007/08 internal audit. Also potential Cross Borough Audit (West London).	10
	Sub Total	<b>115</b>
<b>Housing &amp; Community Care Services</b>		
<b>Housing</b>		
Private Sector Leasing	Full systems audit.	10
Homelessness – New Strategy	Focussing on the new strategy being adopted for tackling homelessness.	10
Home Improvement Grants	Full Systems audit.	15
Internal Financial Controls	Focussing on the internal financial controls in place across areas such as debtors, creditors, journals and reconciliations. This work is required due to the Council not currently having centralised financial systems which would ordinarily be subject to separate audits.	15
	Sub Total	<b>50</b>
<b>Community Care</b>		
Freedom Passes	Full systems audit.	10
Social Care Transformation Programme	Support to be provided on the implementation of new systems to help ensure that controls being planned and put into operation are robust. Exact focus of this work is still being discussed, but is likely to be in relation to direct payments and personal budgets.	20
Grants to Voluntary Organisations	Cross Borough Audit (West London) – benchmarking processes and controls in place within Brent with those across the other boroughs in the West London Framework.	15
Establishment Visits	Focussing on internal controls across a number of establishments.	20

Internal Financial Controls	Focussing on the internal financial controls in place across areas such as debtors, creditors, journals and reconciliations. This work is required due to the Council not currently having centralised financial systems which would ordinarily be subject to separate audits.	15
	Sub Total	<b>80</b>
<b>IT Audits</b>		
Council Tax Northgate – Revs & Bens	Focusing on the application controls over the Council Tax Northgate system in areas such as security; accuracy of input; processing; output; audit trail; interfaces; back-up and recovery and systems maintenance controls.	10
Housing Benefits – Northgate	Focusing on the application controls over the Housing Benefits Northgate system in areas such as security; accuracy of input; processing; output; audit trail; interfaces; back-up and recovery and systems maintenance controls.	10
Post Implementation – Oracle Financials (C & F; F & CR)	Focussing on the implementation of recommendation following the pre implementation review of the migration to Oracle Financials by C & F and the proposed migration by other services to Oracle Financials.	15
Frameworki	Focussing on the Governance & Project Management of the implementation of the Financials package top Frameworki	10
Abacus	Focusing on the application controls over the Abacus system (maintained by Community Care) in areas such as security; accuracy of input; processing; output; audit trail; interfaces; back-up and recovery and systems maintenance controls.	10
Remote Working	Focusing on controls and security arrangements over remote working.	10
Data Centres	Focussing on the implementation of new Data Centres and the assessment of plans over the management of the Data Centres which will house the hardware and software for the Council's Network systems.	12
Information Governance & Security	Focusing on the systems for managing Audit	10
Contact Point Database	Focussing on controls over the pre-implementation of the Contact Point Data base in Children & Families.	10
Government Gateway	Focussing on controls over the pre-implementation of the Government Gateway Project in Brent.	10
	Sub Total	<b>117</b>

<b>Follow-Up Reviews</b>		
Follow-up of previous audit recommendations	Follow-up of recommendations raised as part of the 2007/08 audits, where this is not already covered as part of a specific audit included in the 2008/09 plan.	
	Sub Total	<b>50</b>
<b>Brent Housing Partnership (BHP) Audits</b>		
Tenants Initiative Schemes	The BHP Internal Audit Plan has yet to be approved by BHP's Audit & Finance Sub-Committee.	10
Leasehold Charges		10
Gas Servicing		10
Housing Rents		15
Housing Repairs & Maintenance		15
Major Works - Capital Programme		20
TBC		10
Audit Management & Follow-Up		10
	Sub Total	<b>100</b>
<b>Other</b>		
Management Time - Deloitte		90
Contingency and Ad-Hoc Advice		29
	Sub Total	<b>119</b>
<b>Cumulative Total</b>		<b>1200</b>



## Appendix A – Audit Team and Contact Details

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