



## **AUDIT & INVESTIGATIONS**

### **INTERNAL AUDIT PLAN 2005 / 2006**

## **THE 2005 / 06 INTERNAL AUDIT PLAN**

- 1.1 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 on internal audit requires the proper planning of audit work. This requires strategic, periodic and operational work plans.
- 1.2 This document sets out the proposed audit plan for 2005 / 06. This is a periodic annual plan that is based on a new 3-year strategic plan for 2004/05 to 2006/07. The 2005/06 Internal Audit Plan has been prepared on the basis of our assessment of risks.
- 1.3 The three-year strategic plan for 2005/06 to 2006/07 reflects recent as well as potential developments in systems and changes across the Authority. It is updated on an ongoing basis each year to reflect changes in legislation; new legislation, systems changes and new developments in local government. The Strategic Plan has been prepared on the basis of Audit Needs Assessment in which all the auditable systems across the Authority have been identified. As a result of the continuing resource difficulties indicated below, it is unlikely that all the systems identified in the strategic plan will be audited. Given the size of the authority, the audit team remains relatively small. However, over the course of the plan period, the intention is for Internal Audit to review all major systems and areas of significant risk to the authority.
- 1.4 The audit coverage for the current financial year has been prepared to reflect the available resources and the workload has been prioritised to focus on the areas of greatest risk. It is based on a full establishment of nine audit staff and assumes the successful recruitment of three permanent audit staff. The team currently has two posts staffed by agency employees and two additional vacancies, including the principal auditor. We are in the process of trying to fill both of these posts together with those currently covered by agency staff.
- 1.5 The Internal Audit Team has continued to experience difficulties in the recruitment of experienced permanent staff. The team went through a partially successful recruitment drive in August 2004 when we were able to recruit four permanent audit staff, although one has since left.
- 1.6 The Accounts and Audit Regulations 2003, require local authorities to conduct a review at least once a year of the effectiveness of its system of internal control and publish a Statement on Internal Control (SIC) with the financial statements. The purpose of the Statement of Internal Control process is to provide a continuous review of the effectiveness of the authority's internal control and risk management systems, so as to give assurance on their effectiveness and/or produce an action plan to address identified weaknesses in either process. Internal Audit will, in the 2005/06 financial year, develop processes to ensure that the effectiveness of the authority's system of internal control can be assessed.

- 1.7 Under the Council's Constitution, Internal Audit reports to the Performance and Finance Select Committee.
- 1.8 The Annual Plan is driven by consideration of the Authority's strategic, financial, operational, regulatory and reputational risks at both the service area level and corporately. The detailed annual plan is developed in consultation with Service Area Directors, PWC and Deloitte and Touche. The detailed plan would normally be included in this report but is not yet finalised. This is due to the need for audit to assess the impact of the major structural changes taking place across the authority and also to the earlier than expected submission of PWC and Audit Commission Joint Audit and Inspection Plan. This has resulted in a lack of time to fully consult with Service Areas.
- 1.9 The detailed plan will be submitted to the June 2005 meeting of this committee together with the annual review of internal audit work.
- 1.10 The planned work for Internal Audit is split between systems, assurance reviews, financial and schools audits. Given the current staffing resources within the Audit and Investigations Team, there are a total of 1,522 available audit days for internal audit work. This includes audit work to be undertaken by Deloitte Touche on main IT systems.
- 1.11 Internal Audit work is to be split across three major areas as summarised in Table 1 below.

<b>Area</b>	<b>No of Planned Audit Days</b>
Systems and Assurance Reviews	1,102
Financial Reviews of Service Units	50
Review of Internal Controls and Financial audits in Schools	300
Consultancy	70
<b>Total</b>	<b>1522</b>

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

- 1.12 A summary of each systems review is shown below:

Area	Systems Audit Title	Summary
<b>Corporate</b>		
	<b>Best Value Performance Indicators</b>	Review of systems for collating data on high risk new and amended indicators for 2005-06 and indicators with reservations following PWC audit in 2003/04.
	<b>Purchasing, Leasing and Asset disposal arrangements</b>	A review of the arrangements for purchasing, leasing and disposal arrangements for Council Buildings.
	<b>Procurement &amp; Contract Management Arrangements – in Finance &amp; Corporate Services</b>	Review of contract tendering and management arrangements.
<b>Main Financial Systems</b>	<b>National Non-domestic Rates</b>	The purpose of this audit will be to confirm the adequacy of controls within the system.
	<b>Superannuation/Pension Fund</b>	Review of pension fund investments.
<b>Cross Cutting Reviews</b>	<b>Payroll &amp; Personnel Procedures</b>	Review of administrative arrangements in respect of payroll and personnel procedures across all service areas.
	<b>Corporate Complaints Procedures</b>	Review of procedures for handling complaints across the Council.
	<b>Recruitment &amp; Retention/Use of Consultants</b>	Review of recruitment and retention procedures across the Council to ensure consistency and compliance with HR guidance. or Review of the use of Consultants across the Council.
	<b>Business Continuity Planning &amp; Civil Contingencies Act 2005</b>	Review of the Council's Business Continuity Planning and the extent of readiness for compliance with Civil Contingencies Act 2005.
<b>Children &amp; Families Services</b>	<b>School Places/Admissions</b>	Review of procedures for the placement of pupils in Council schools.
	<b>Excluded Pupils</b>	Review of procedures for the management of excluded pupils.
	<b>Early Years and Childcare Arrangements (Surestart scheme etc.)</b>	Review of the arrangements in place for the provision of nursery education for pre-schoolers.
	<b>Child Protection</b>	Review of the arrangements for the management of children on the child protection register.
<b>Adult &amp; Older People Services</b>	<b>Joint Financing, commissioning arrangements with PCT – Mental Health Services</b>	Review of the arrangements in place for the management of client's with mental health problems jointly funded by Social Services and the Brent Primary Care Trust
	<b>Care Packages – Older People</b>	Review of the procedures for the commissioning of care packages for

Area	Systems Audit Title	Summary
		older people.
	<b>Home Care</b>	Review of the Home Care Contract.
<b>Environmental Services</b>	<b>Waste Management</b>	Review of the Council's waste management arrangements.
	<b>Land Charges</b>	Review of processes and procedures for land charges.
	<b>Refuse Collection &amp; Street Cleaning</b>	Review of contract management arrangements.
	<b>Licensing</b>	Review of licensing procedures.
<b>Housing Services</b>	<b>Housing Renovation Grants</b>	Review of procedures for the allocation of grants to bring empty properties into habitable conditions.
	<b>Advice Contracts</b>	Review of Advice Service in order to assess whether it is achieving value.
	<b>Temporary Accommodation</b>	Review of temporary accommodation and the extent to which the Council is achieving central government targets (reduction of people in temporary accommodation in Brent by 50% by 2010.
	<b>Relationship between Housing Services/the Council &amp; the ALMO</b>	Review of the relationship between the Council, Housing Services and BHP.
<b>IT Audits</b>	<b>Freedom of Information; Network Controls; Pensions; Payroll; HR System; Contender; Frameworki; PBX Telecommunications; Abacus/Trojan; Viewstar Implementation Review; Environmental Controls</b>	Systems and Applications reviews of a number of high risk IT systems across the Council.
<b>BHP Audits</b>	<b>Systems Reviews</b>	A number of systems audits (130 days) will be undertaken for the Brent Housing Partnership as part of the service level agreement. The audit plan for BHP forms part of a separate document to be agreed by the BHP Board.
<b>Financial and internal control reviews for in services and schools.</b>	<b>Review of Internal Controls</b>	Review of financial and other internal controls across services and schools as part of the assurance provided by Internal Audit on the effectiveness of authority's internal controls (SIC).
<b>Follow-Up Audits</b>	<b>Review of implementation of audit recommendations</b>	Follow-up on Implementation of Audit Recommendations arising from audits undertaken in 2004/05