

Internal Audit
2010/11 Internal Audit Plan
London Borough of Brent
March 2010



Contents

Page No

Executive Summary	1
Appendix A – Detailed Plan	7
Appendix B – Audit Team and Contact Details	18

Executive Summary

Introduction

This report sets out the first draft of the proposed Internal Audit Plan for the 2010/11 financial year. It should be noted that, at this stage, the process of formulating the Plan is still in progress and hence the level of detail in certain areas is currently limited.

As per the previous two financial years, the Plan will continue to be delivered through a partnership of the Council's in-house team and Deloitte & Touche Public Sector Internal Audit Ltd.

Total Plan Days

The Plan is based on a total of 1,196 days, the breakdown of this being shown in the table on the following page.

It should be noted that this includes a total of 44 Deloitte and 10 In-House days carried forward from the 2009/10 Plan. As detailed in the separate Progress Report, these relate to the audit and FMSiS assessment for two secondary (Foundation) schools and work in relation to the Adult Social Care Transformation Programme. It is anticipated that the three audits will be undertaken in the first quarter of 2010/11.

Source	2010/11 Number of Days	2009/10 Number of Days
In-House Team	250	250
Deloitte (original contract days for 2010/11)	702	726
Deloitte (additional annual days as per variation order)	190	190
Carried forward days from 2009/10 – Deloitte days	44	35
Carried forward days from 2009/10 – Internal Audit	10	10
Total	1,196	1,211

Formulating the Plan

A number of factors have been taken into account in formulating the Plan. These include the following:

- Inclusion of any key financial systems judged to require completion on an annual basis in order to inform the work of External Audit;
- Consideration of key risk areas across the Council, as determined through Internal Audit's own assessment of risk, as well as liaison with Directors and Assistant Directors across the Service Areas;
- Consideration of key projects and developments taking place across the Council. This includes, but is not necessarily limited to: capital projects and the One Council Improvement & Efficiency programme (this is discussed in more detail on page 6);
- Consideration of areas of known weakness, as determined through previous internal audit work or through past instances of fraud dealt with by the Investigations Team; and
- Inclusion of days needed to complete audits and FMSiS (Financial Management Standard in Schools) re-assessments across the secondary (Foundation) schools.

The breakdown of the total days is shown in the table below. For comparison purposes, 2009/10 figures are also shown.

Service Area	2010/11 Days	2009/10 Days
Cross Council Audits	65	70
Finance & Corporate Resources	100	108
Children & Families		
Departmental	50	110
School Audits/FMSiS	130	110
Environment & Culture	90	107
Housing & Community Care		
Housing	50	55
Adult Social Care	100	111
Business Transformation		
Departmental	30	60
Information Technology	150	146

Policy & Regeneration	40	45
Communication & Diversity	-	10
Borough Solicitor	-	12
One Council	120	-
Brent Housing Partnership	140	128
Follow-Up	40	40
Deloitte Contract Management	80	85
Contingency	11	14
Total	1,196	1,211

Directors and Assistant Directors have been consulted on the plan via Departmental Management Team meetings and individual meetings with the Director of Policy & Regeneration and Director of Finance & Corporate Resources in respect of the One Council Improvement & Efficiency Programme; ITU Operations Manager in relation to the IT Plan; and Acting Chief Executive, Director of Finance, Financial Controller and Financial Operations Manager in relation to the Brent Housing Partnership (BHP) Plan.

A meeting will also be held with the Audit Commission to confirm that their requirements are met through the audits proposed and to ensure no duplication of coverage.

Types of Work

Internal Audit comprises a range of specialist skills, the three key areas of coverage being the following:

- General risk based systems audit / compliance based audit;
- IT audit; and
- Contract audit.

A significant proportion of the Plan is allocated to risk based systems audits and also to compliance based audits in the form of school audits and FMSiS assessments. A total of 150 days are allocated to IT audits and a number of contract audits.

IT audit work can take a variety of forms, although key areas include audits of specific IT applications; audits of key elements of the IT infrastructure; and audits relating to the implementation of new applications, either at the pre or post implementation stages.

Contract audit work also varies in form, although generally focuses either on the controls in place around

	<p>the management and administration of construction based projects; the tendering of projects / contracts; or on the controls in place around the management of a contractual relationship.</p> <p>There is also a key role for Internal Audit in assisting management to assess the risks involved in new developments / new projects / new ways of working, helping to determine an adequate system of controls at the design and implementation stage, as opposed to highlighting deficiencies at a later stage when it may be more difficult / costly to address weaknesses. Similarly, it may be appropriate for Internal Audit to provide assurances on the adequacy and effectiveness of controls in place around the management of a specific project, thereby assisting management to deliver these on time and to budget, as well as to achieve the desired outcome.</p> <p>There are a number of examples of such 'non-standard' work having been undertaken as part of the 2008/09 and 2009/10 Plans and there will be an increasing role for such an approach in connection with the One Council Improvement & Efficiency Programme. Further details regarding this are set out below.</p>
Coverage in relation to the One Council Improvement & Efficiency Programme	<p>From an audit planning perspective, the importance of flexibility and regular review is likely to be more important than ever in 2010/11, given the scale of work and change relating to the One Council Improvement & Efficiency Programme.</p> <p>At this stage, 120 days are included within the Plan for internal audit input specifically relating to this programme. In addition, specific audits have been identified within two of the Service Areas, namely the Civic Centre and the Adult Social Care Transformation Programme, both of which are Gold Projects within the overall Programme.</p> <p>The intention is to meet with the Director of Policy & Regeneration and the Director of Finance & Corporate Resources, to discuss and agree the most appropriate areas of involvement and the specific approach to be applied. An approach has already been agreed with regards to the Finance Modernisation project, and work has begun on this as part of the 2009/10 Plan. Further input in respect of this project is expected for 2010/11 and will form part of the 120 day allocation. It is also expected that the approach agreed for this project can be seen as a 'model' to be applied to the other projects where input is deemed appropriate.</p>

West London Framework	<p>The Heads of Internal Audit from the original three boroughs making up the West London Framework, together with the recently joined Royal Borough of Kensington & Chelsea, have continued to meet with Deloitte on a regular basis via the Contract Compliance Board (CCB). These meetings are used to discuss general progress as well as to consider specific areas in which cross borough work may be valuable and areas in which joint improvements can be made.</p> <p>The Committee will be updated on any specific developments in future meetings where these impact upon the Plan.</p>
Ensuring the ongoing relevance of the Plan	<p>It is crucial that the Plan is reviewed on a regular basis during the course of the year so as to ensure that it remains relevant in terms of the key risk areas and any new developments that take place across the Council. This is considered to be particularly key for 2010/11, given the One Council work taking place.</p> <p>Internal Audit will continue to liaise with Directors, Assistant Directors and the Audit Commission during the course of the year so as to determine whether any amendments are required, and will update Members at scheduled Committee meetings where any significant revisions occur.</p>

Appendix A – Detailed Plan

The proposed Internal Audit Plan for 2010/11 is set out below. Where possible, we have included the proposed number of days against each audit, together with a high level indication of the proposed coverage, the key contact, and an indication of the proposed timing where this is known at this stage.

The IT Plan and the BHP Plan are currently being formulated and hence only the total number of days being allocated to each of these has been noted within the overall Plan.

Overall Plan

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
CROSS COUNCIL AUDITS (70 Days)				
Conflicts of Interest	10	To focus on the controls in place with regards to ensuring that officers and Members avoid any conflicts of interest in their respective roles and responsibilities. Specifically, the controls for ensuring that officers and Members declare any interests / gifts & hospitality; that gifts & hospitality are only accepted in line with Council policy; and that appropriate follow-up actions are taken to ensure that any officers or Members declaring interests / gifts & hospitality are operating in an appropriate manner.	To be determined	Qtr 2
Service Planning and Performance Management	20	To focus on the controls in place across the Council with regards to the formulation of service plans and the performance management arrangements surrounding	To be determined	Qtr 2

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		<p>the delivery of these. Specifically, the controls in place around ensuring that service priorities are in line with the Corporate Strategy; that service priorities meet the needs of the borough's residents and other key stakeholders; that service priorities are realistic and achievable from a funding and resource perspective; and that agreed service priorities are delivered/achieved in a full and timely manner.</p> <p>It should be noted that the performance management aspects of this audit will only be covered at a high level and will focus on the controls in place around monitoring the achievement of the primary level service priorities across the Service Areas, including the arrangements for reporting and corrective actions where appropriate.</p>		
Business Continuity Planning	10	Business Continuity Planning (BCP) was previously audited in 2007/08 and 2008/09, following the inception of the BCP project in February 2007. This audit will now check on the further developments that have taken place, assessing the extent to which the arrangements have been embedded across the Council.	Martyn Horne – Head of Emergency Planning	Qtr 3
CRC Energy Efficiency Scheme	15	To focus on the controls in place around the gathering, compilation and validation of required data as part of the submission of the 'year 1' figures to the Environment Agency (EA).	Duncan McLeod – Director of Finance & Corporate Resources	Qtr 1/2

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		In addition, we will check on progress against the Action Plan being agreed as part of the 2009/10 work in this area, as well as assessing the apparent adequacy of the evidence pack compiled to support the figures reported (although this would provide no guarantee as to the outcome should the Council be selected for an audit by the EA). The specific timing is to be determined, but should fall within the reporting window of 1 April to 30 September 2010.		
Annual Governance Statement	15	Formulation of the Annual Governance Statement through the co-ordination of the completion of the Certificates of Assurance by Directors and the annual review of the Council's Corporate Governance Action Plan.	Simon Lane – Head of Audit & Investigations / Directors	Qtr 4
FINANCE & CORPORATE RESOURCES (100 Days)				
Council Tax	15	Annual systems audit focussing on key controls and any systems changes.	Paula Buckley – Head of Client Team – Revenue & Benefits	Qtr 3
NNDR	15	Annual systems audit focussing on key controls and any systems changes.	Paula Buckley – Head of Client Team – Revenue & Benefits	Qtr 3
Housing & Council Tax Benefits	15	Annual systems audit focussing on key controls and any systems changes.	David Oates – Head of Benefits – Revenue & Benefits	Qtr 3
Treasury Management	10	Annual systems audit focussing on key	Martin Spriggs – Head of	Qtr 1

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		controls and any systems changes.	Exchequer & Investment	
Debt Management	10	This audit follows on from our initial work undertaken in 2009/10 to assess the adequacy of the controls being designed and placed into operation by the new corporate Sundry Debt Recovery Team (SDRT). This audit will check on the extent to which the control processes have been further developed, in line with the action plan agreed as part of the 2009/10 work. Adequacy will be reassessed and the effectiveness of controls evaluated.	Sarah Cardno – Exchequer Services Manager	Qtr 2
Capital Budgeting	10	To focus on the controls in place around the setting and management of the budget for the overall capital programme and specific projects within it.	Paul May	2
Further audits to be determined	25			
CHILDREN & FAMILIES (180 Days)				
Audits and FMSiS Assessments – Secondary (Foundation) Schools	88	Completion of joint audits and FMSiS assessments for the remaining seven secondary (Foundation) schools. Allocation of days includes time for liaising with Education Finance with regards to any issues arising from the work during the course of the year.	Bharat Jashapara – Head of Finance – Children & Families	Across the year
FMSiS Re-assessments for primary schools that failed in 2009/10	12	Completion of re-assessments for the schools (currently three) that have failed their FMSiS assessment in 2009/10.	Bharat Jashapara – Head of Finance – Children & Families	Across the year

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
Schools Thematic Work	30	<p>To focus on specific themes and visit a sample of schools to either assess compliance with the requirements of the Financial Regulations for Schools, or to assess the adequacy and effectiveness of controls in respect of fraud and non-fraud risks in that area.</p> <p>Specific themes have yet to be determined, but will be derived from an analysis of key areas of weakness identified across the schools in recent years, including through the audits to be undertaken with the Foundation schools in 2010/11.</p> <p>Thematic work was previously undertaken in 2008/09, focussing on Procurement and compliance with the Financial Regulations for Schools.</p>	Bharat Jashapara – Head of Finance – Children & Families	Qtr 3
Building Schools for the Future (Contract Audit)	15	<p>To focus on the controls in place around the management of the overall Building Schools for the Future (BSF) programme, potentially also looking at specific projects within this.</p> <p>Contract audit work has previously been undertaken in relation to a number of schools capital projects, including the construction of the Ark Academy.</p>	Mustafa Salih – Assistance Director, Finance & Performance	To be determined
Further audits to be determined	35			
ENVIRONMENT & CULTURE (90 Days)				
Parking	20	The specific area of focus is still to be	Irfan Malik – Assistant	Qtr 1/2

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		<p>determined with the Assistant Director, Streets & Transportation.</p> <p>Potential areas include parking enforcement; on/off street meters; parking permits; and management of the parking enforcement contract.</p> <p>The number of days allocated may be adjusted depending on the agreed area of focus.</p>	Director, Streets & Transportation	
Libraries	15	To focus on the systems of control in place following the recent restructuring of the Library Service, including the controls in place to ensure compliance across individual libraries.	Sue Harper – Assistant Director, Leisure & Regeneration	Qtr 3
Licensing	15	<p>To focus on the controls in place around the award of licenses; monitoring compliance with license conditions; enforcement actions; income collection; and budget monitoring.</p> <p>The range of licenses to be focused on is still to be determined.</p>	Geoff Galilee – Service Unit Director, Health, Safety & Licensing	Qtr 1
Traffic Management	10	<p>This audit follows on from our initial work undertaken in 2009/10 around the preparedness of the Council in relation to the implementation of the London operational Permit Scheme (LoPS).</p> <p>This audit will check on the extent to which the control processes have been further developed, in line with the action plan agreed as part of the 2009/10 work. Adequacy will be reassessed and the effectiveness of controls evaluated.</p>	Ifan Malik – Assistant Director, Streets & Transportation	Qtr 2

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
<i>Further audits to be determined</i>	30			
HOUSING (50 Days)				
<i>Audits to be determined</i>	50			
COMMUNITY CARE (100 Days)				
Transformation – Self Directed Support / Direct Payments	20	To focus on the progress made in the development and implementation of the systems of control in respect of Self Directed Support. This area was previously audited as part of the 2008/09 Plan and this further work has been postponed from 2009/10. The work will also include a follow-up of the work that was undertaken around Direct Payments in 2008/09.	Lance Douglas – Assistant Director, Quality & Support	Qtr 1
Transformation – <i>other workstreams to be determined</i>	15	The Reablement workstream has also been looked at as part of the 2009/10 Plan and, from discussions with the Assistance Director, Quality & Support, it is anticipated that further work would be of value later in 2010/11. Specific workstream(s) to be focussed on is to be determined as the Transformation Programme progresses during the course of the year.	Lance Douglas – Assistant Director, Quality & Support	To be determined
Establishments Thematic Work	15	To focus on specific themes and visit a sample of establishments to either assess	Keith Skerman – Acting Assistant Director,	To be determined





AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		<p>compliance with the requirements of the Financial Regulations, or to assess the adequacy and effectiveness of controls in respect of fraud and non-fraud risks in that area.</p> <p>Specific themes have yet to be determined, but will be derived from an analysis of key areas of weakness identified across the establishments in recent years.</p> <p>This work will follow on from our establishments work in 2009/10 which has involved producing a summary report of the key areas of weakness, together with added guidance around how the controls that should be in place to address these. This has been supported by a workshop run with managers and finance officers from across a number of Adult Social Care establishments.</p>	Community Care	
Further audits to be determined	50			
BUSINESS TRANSFORMATION (180 Days)				
IT	150	Computer Audit Needs Assessment currently in progress, from which the detailed Plan will be determined.	-	-
Payroll	15	Annual systems audit focussing on key controls and any systems changes.	Simon Britton – Head of The People Centre	Qtr 3
Civic Centre (Contract Audit)	15	To focus on the controls in place over the management of the project for constructing the new Civic Centre.	Aktar Choudhary – Assistant Director, Business Transformation	To be determined



AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		Initial audit work has been undertaken as part of the 2009/10 Plan and the intention, as with other large capital projects, is for us to undertake stage audits through until completion of the project.		
ONE COUNCIL IMPROVEMENT & EFFICIENCY PROGRAMME (120 Days)				
<i>Specific involvement / coverage to be determined</i>	120			
POLICY & REGENERATION (35 Days)				
<i>Audits to be determined</i>	35			
COMMUNICATION & DIVERSITY (0 Days)				
<i>No audits proposed at this stage</i>	0			
Borough Solicitor (0 Days)				
<i>No audits proposed at this stage</i>	0			
OTHER				
Brent Housing Partnership (BHP)	150	The detailed Plan is being formulated in conjunction with BHP's acting Chief Executive, the Director of Finance, Financial Controller and Financial Operations Manager. The Plan will be subject to approval from	-	-

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
		<p>BHP's Audit & Finance Sub-Committee.</p> <p>The total number of days has increased slightly to take account of BHP's expanded role since the purchase of the new properties on the Brentfield Estate.</p>		
<p>Consultation, Communication and Reporting (Deloitte)</p>	<p>80</p>	<p>To cover attendance by Deloitte management at meetings across the Council, for example Strategic Finance Group, Schools Causing Financial Concern, and Audit & Investigations Management meetings. Also to cover Deloitte management attendance at Audit Committee meetings and the production of progress reports for these. In addition, to cover Deloitte managements' non-audit specific liaison and communication with officers across the Council on a day-to-day basis and with the Council's external auditors, the Audit Commission. For example, ongoing liaison with Directors and Assistant Directors regarding any necessary revisions to the Plan and communication of key issues arising from completed internal audit work, and liaison with the Audit Commission regarding their review of completed internal audit work.</p>	<p>N/A</p>	<p>Throughout the year</p>
<p>Follow-Up</p>	<p>40</p>	<p>Completion of follow-up work as part of the rolling follow-up programme, into which all recommendations raised are added.</p>	<p>N/A – dependent upon each internal audit to be followed-up</p>	<p>Throughout the year</p>

AUDIT	DAYS	PROPOSED COVERAGE	KEY CONTACT	PROPOSED TIMING
Contingency	11	To be allocated to any new developments or new / emerging risk areas during the course of the year. The number of days assigned to contingency is relatively low given the overall size of the Plan. However, based on previous years, this is likely to grow during the course of the year due to audits needing to be postponed due to delays in projects / new developments being fully implemented. In the event that additional work is required for which insufficient contingency days are available, a decision will be made on whether other lower risk audits can be deferred until 2010/11.	N/A – dependent upon work required	N/A – dependent upon work required
TOTAL	1,196			

Appendix B – Audit Team and Contact Details

London Borough of Brent	Contact Details
Simon Lane – Head of Audit & Investigations	 simon.lane@brent.gov.uk
Aina Uduehi – Audit Manager	 020 8937 1260
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Deloitte & Touche Public Sector Internal Audit Limited	Contact Details
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Phil Lawson – Senior Audit Manager	 020 8937 1493
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