



## **AUDIT & INVESTIGATIONS**

### **INTERNAL AUDIT PLAN 2007 / 2008**

## **THE 2007 / 08 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.
- 1.2 This document sets out the detailed areas of coverage for review by the Audit Committee. broad areas of coverage in the audit plan for 2007 / 08. A detailed plan will be submitted to the first available meeting of the Audit Committee.
- 1.3 Internal Audit work is to be split across five major areas as summarised in Table 1 below.

<b>Area</b>	<b>No of Planned Audit Days</b>
Key Financial Systems	180
Corporate and Strategic Audits	107
Contract Audit	60
Computer Audit	143
Service Area Operational Audits	734
<b>Total</b>	<b>1224</b>

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

- 1.4 The split by service areas is as follows:

<b>Service Area</b>	<b>No. of Planned Audit Days</b>
Cross Cutting Reviews & Central Services	212
Finance and Corporate Resources	120
Children & Families	70
Environment & Culture	90
Housing & Community Care (inc BHP - 105)	220
Other	80
Schools	160
Main IT Systems	143
Advice, Consultancy & Contingencies	79
Follow-Up Audits	50
<b>Total</b>	<b>1224</b>

**Table 2: Allocation of Audit days by Area**

- 1.5 Internal Audit provision is via an in-house team of three staff working in partnership with Deloitte and Touche Public Sector Internal Audit Ltd under a contractual arrangement. Deloitte staff will provide approximately 750 days coverage with the in-house team providing the remainder.
- 1.6 A summary of each proposed operational systems review is attached below:

<b>Audit Title</b>	<b>Scope</b>	<b>Days</b>
<b>2006/07 Audits b/fwd</b>		
BrentIn2Work	The audit will focus on management controls over grants administered by the BrentIn2Work Project.	15
School Audits	Full audits will be undertaken at those schools not audited in recent years, based around the School Financial Regulations.	10
<b>Grant Claims</b>		
LAA Grant Certification	Certification of the Local Area Agreement Grant.	15
<b>Finance &amp; Corporate Resources</b>		
Budget Monitoring & Control	The audit will focus upon the controls in place over budget setting and approval, budget monitoring and reporting (both at central and Service Area level) and budget alterations and virements.	15
Review of Internal Financial Controls and Financial Procedures	The audit will focus upon various elements of financial control administered at Service Area level as opposed to centrally. Elements of accounts payable, accounts receivable and management accounting will be considered.	15
<b>Main Financial Systems</b>		
Cashiers / Cash & Banking – New Arrangements	The audit will focus upon the controls in place over the cashiers function including recording of income, banking and reconciliations.  Particular attention will be paid to examining the new cashiers arrangements and assessing the adequacy and effectiveness of controls put in place.	8

Audit Title	Scope	Days
Housing / Council Tax Benefits	The audit will focus upon the controls in place over areas such as compliance with the scheme, fraud management, payments, appeals, reconciliations, budgetary control, and performance review.	20
Council Tax	The audit will focus upon the controls in place over areas such as reconciliations between debit and valuation list, billing, receipts, debt recovery and write offs, monitoring of collection rates and refunds.	20
Pensions	The audit will focus upon the controls in place over areas such as starters, leavers, transfers, amendments, payments and deductions, as well as monitoring arrangements in relation to the pensions administration contractor.	15
Payroll / HR	The audit will focus upon the controls in place over areas such as starters and leavers, voluntary and statutory deductions, payments and system reconciliations.	15
VAT	The audit will focus upon the controls in place over the review of VAT return procedures and calculations, review of VAT procedures and internal controls in the purchase ledger, and review of VAT procedures and internal controls in the sales ledger.	5
<b>Other Corporate Audits</b>		
Election Expenses	The audit will focus upon the controls in place over the setting of the election budget based around the agreed scale of fees issued by London Councils, payments to staff and contractors, and budget monitoring.	10

Audit Title	Scope	Days
Regeneration – NRF / ESF	The audit will focus upon the controls in place over the processing of project payments, accounting for income and expenditure, and reporting against outcomes.	5
Review of Internal Financial Controls	The audit will focus upon various elements of financial control administered at Service Area level as opposed to centrally. Elements of accounts payable, accounts receivable and management accounting will be considered.	15
<b>Cross Cutting Reviews</b>		
Risk Management & Risk Registers	<p>Work on Risk Management and Risk Registers will be determined during the year.</p> <p>Initially a summary level comparison will be made between the Risk Management arrangements in Brent and those of LB Ealing and LB Hammersmith &amp; Fulham.</p> <p>A Risk Management meeting/workshop is also being held with Finance &amp; Corporate Resources.</p>	20
SIC	<i>Production of the SIC (Head of Audit &amp; Investigations).</i>	5
Corporate Governance Review	<i>(Head of Audit &amp; Investigations)</i>	10
Review of System of Internal Control – Audit & Account Regulations 2006	<i>(Head of Audit &amp; Investigations)</i>	5
CPA – Use of Resources	The work will involve the examination and verification of certificates signed off by Service Area Directors.	7
CPA – Use of Resources – Assurance Framework	Work will be undertaken to assess the extent to which a framework has already been put in place, and the	5

Audit Title	Scope	Days
	<p>further actions required in order to complete this task.</p> <p>The following will need to be determined:</p> <ul style="list-style-type: none"> <li>• What assurances are required;</li> <li>• Who currently provides these assurances;</li> <li>• What gaps are there in assurance provision; and</li> <li>• How can these gaps be filled.</li> </ul>	
Partnerships / Partnership Arrangements	The audit will focus upon the controls in place over the identification of existing and potential partners and the monitoring and formalisation of partnership arrangements.	10
Business Continuity Planning / Civil Contingencies Act / Emergency Plan	The audit will focus upon the processes in place for the identification of key activities and potential threats and the formulation of a Business Continuity Strategy and Plan to reduce the impact of unforeseen circumstances.	15
Performance Management	The audit will focus upon the controls in place over the identification of performance indicators and targets, the collation and validation of performance data and the process in place for dealing with poor performers.	15
Contract Audits & Procurement	<p>A mixture of construction and non-construction based contracts will be selected.</p> <p>For the construction based contracts, it is envisaged that a 'vertical' audit will be undertaken covering areas such as the contract appointment process; works valuations; variations and extensions of time; and post completion reviews.</p>	60

Audit Title	Scope	Days
	<p>The specific areas of coverage will depend upon the stage that projects have reached and also the nature of the project itself.</p> <p>For any non-construction based contracts we will undertake contract monitoring audits based around the contract terms and conditions and the monitoring arrangements in place.</p>	
<b>Children and Families</b>		
Recoupment	The audit will focus upon the controls in place over the identification of cases, the assessment of costs and the debt management process.	10
Voluntary & Private Looked After Children Placements	The audit will focus upon the controls in place over the assessment of children placement needs, the monitoring and payment of service providers and budgetary control and monitoring.	15
Nurseries	The audit will focus on the progress of the delivery of the Sure Start Projects and the use of grant funding.	15
Home to School Transport	The audit will focus upon the controls in place over the assessment of qualifying students, the assessment of sub-contractors and the verification and authorisation of payments.	15
Schools	<p>Full audits will be undertaken at those schools not audited in recent years, based around the School Financial Regulations.</p> <p>A risk based approach will then be followed to determine which other schools are audited in 2007/08, and the coverage of these audits. It is proposed that a thematic approach may be taken, focusing on those areas of significant common</p>	150

Audit Title	Scope	Days
	weakness across the schools audited in recent years.	
Review of Internal Financial Controls	The audit will cover various elements of financial control administered at Service Area level as opposed to centrally. Elements of accounts payable, accounts receivable and management accounting will be considered.	15
<b>Environment &amp; Cultural Services</b>		
Parking Enforcement – Systems Review	The audit will focus upon controls in place over areas such as issuing of Parking Charge Notices (PCNs), identification of income due, income collection, debt recovery, accounting for income and write offs.	15
TFL – Capital Schemes – Implementation of	The audit will focus upon controls in place over the tendering process, expenditure, quality and third party monitoring, and budgetary control and management information.	15
BACES	The audit will focus on the effectiveness of the new management arrangements in BACES and there are adequate controls over the use of the various funding streams.	15
Planning Applications	The audit focus will be on the effectiveness of controls over planning applications and enforcement action.	15
Street Lighting PFI	Scope to be determined in relation to audit undertaken by PWC approximately one year ago.	15
Review of Internal Financial Controls	The audit will focus upon various elements of financial control administered at Service Area level as opposed to centrally. Elements	15



Audit Title	Scope	Days
	of accounts payable, accounts receivable and management accounting will be considered.	
<b>Housing &amp; Community Care Services</b>		
<b>Housing</b>		
Supporting People – Contracts & Management of	The audit will focus upon the controls in place over the management of the contracts with service providers. Areas of coverage will include contract award, payments, contract management and service and budget monitoring.	15
Housing Allocations	The audit will focus on controls over the allocation of Council Housing.	15
Private Housing Information Unit	The audit will focus on the effectiveness of the new management arrangements and controls in place in relation to the various housing schemes managed by the service.	15
Review of Internal Financial Controls	The audit will focus upon various elements of financial control administered at Service Area level as opposed to centrally. Elements of accounts payable, accounts receivable and management accounting will be considered.	15
<b>Community Care</b>		
Grants to Voluntary Organisations	The audit will focus upon controls in place over the grant application process, selection and award of grants, grants monitoring, payments, performance review, and budgetary control. The scope and findings of the Overview and Scrutiny Committee review in this area will	10

Audit Title	Scope	Days
	also be referred to.	
Older People – Residential Placements or Care Packages	The audit will focus upon controls in place over older people’s care packages including areas such as assessment of needs, selection of care providers, client contributions and reviews, service monitoring, and payments.	15
Adult Care Packages (Learning Disabilities)	The audit will focus upon controls in place over areas such as the assessment of client needs, care planning and support, client reviews, service and budget monitoring, payments and recharges to the PCT for jointly funded clients.	15
Review of Internal Financial Controls	The audit will focus upon various elements of financial control administered at Service Area level as opposed to centrally. Elements of accounts payable, accounts receivable and management accounting will be considered.	15
<b>IT Audits</b>		
<b>Brent Financial Services</b>		
View360 EDM – Benefits system	The audit will focus on Application controls over the EDM system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
NNDR – Academy	The audit will focus on Application controls over the NNDR system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
Payroll – Project Implementation Review	The audit will focus on controls over the pre-implementation of the new payroll system focusing on security; migration; system testing; user acceptance and training of users prior to the implementation of the payroll system.	15

<b>Audit Title</b>	<b>Scope</b>	<b>Days</b>
Oracle Financials – Departmental	The audit will focus on Application controls over the Departmental Oracle Financials system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
Unity – Financials (Education) Department	The audit will focus on Application controls over the Unity system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
Epicor – Financials (Corporate & Environment)	The audit will focus on Application controls over the Epicor Financials system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
<b>Corporate Support</b>		
NonStopGov	The audit will focus on Application controls over the NonStopGov system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
<b>Communications and Student Support</b>		
IDEAR – Pupil Management	The audit will focus on Application controls over the IDEAR – pupil management system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
<b>Security and Control Reviews</b>		
Internet/Intranet and Email	The audit will focus on controls over the Internet/Intranet and E-mail systems in the Council. The audit will review policies and administration over these systems and in particular will assess the controls over logging and monitoring	10

Audit Title	Scope	Days
	of the Internet and e-mail and configuration of the Intranet Internet and Email firewalls built to protect the Council's systems from external vulnerabilities.	
<b>Operating Systems</b>		
Windows	The audit will focus on Windows operating system focusing on security configurations and control over administration of the Windows server. The audit will also consider physical and environmental controls over the server and back and recovery and contingency arrangements for the server.	7
<b>New Developments</b>		
Client Index – Out to procurement, implemented in next 12 months	The audit will focus on various aspects of project management controls over the way the Client Index system implementation will be project managed.	10
IT Network Infrastructure – Data Centres	The audit will focus on the proposals over implementation of the new Brent Data Centres. The audit will assess the plans over management of the Data Centres, which will house the hardware and software for the Council's Network systems.	10
GIS - Environment	The audit will focus on Application controls over the GIS system focusing on security; accuracy of input; processing; output; audit trail; interfaces; back up and recovery and system maintenance controls.	10
Bankline Implementation	The audit will be an assessment of the new Bankline implementation and will focus on the overall security; operations and availability of the new Bankline system once it has been implemented.	11
<b>Follow-Up Audits</b>		

<b>Audit Title</b>	<b>Scope</b>	<b>Days</b>
Register of Interests / Gifts & Hospitality – Officers	Follow-up exercise to verify the implementation of previous audit recommendations.	5
Register of Interests / Gifts & Hospitality – Members	Follow-up exercise to verify the implementation of previous audit recommendations.	5
Direct Payments	Follow-up exercise to verify the implementation of previous audit recommendations.	5
NNDR	Follow-up exercise to verify the implementation of previous audit recommendations.	5
Treasury Management and Investments	Follow-up exercise to verify the implementation of previous audit recommendations.	5
Member Expenses	Follow-up exercise to verify the implementation of previous audit recommendations.	5
Follow Up of 2006/07 Audits	Follow-up exercise to verify the implementation of previous audit recommendations.	20
<b>BHP Audits</b>	Plan to be agreed.	105
<b>Other</b>		
Other	Management and monitoring of contract.	80
Contingency / Ad Hoc Advice	Ad-Hoc work and other projects that may arise during the year.	79
		<b>1224</b>