



AUDIT & INVESTIGATIONS

INTERNAL AUDIT PLAN 2004 / 2005

THE 2004 / 05 INTERNAL AUDIT PLAN

- 1.1 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 2004 / 05. This is a periodic annual plan that is based on a new 3-year strategic plan for 2004-05 to 2006/07. The 2004/05 Internal Audit Plan has been prepared on the basis of our assessment of risks.
- 1.3 The three-year strategic plan for 2004/05 to 2006/07 reflects recent as well as potential developments in systems and changes across the Authority. It will be updated on an ongoing basis each year to reflect changes in legislation; new legislation as well as systems changes. 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. Given the 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, Internal Audit will 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. The Internal Audit Team has continued to experience difficulties in the recruitment of experienced permanent staff. We are currently in the process of addressing this issue. The shortfall is currently being sourced through the use of agency staff. The team currently has four out of six posts staffed by agency employees.
- 1.5 Under the Council's Constitution, Internal Audit reports to the Performance and Finance Select Committee.
- 1.6 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.
- 1.7 The provision of the audit function for the Authority is currently undertaken by three providers who work under a joint programme of work as follows:
 - The **Audit & Investigations Team**, which undertakes audits of the authority's service units and schools and is responsible for probity and anti-fraud functions.
 - **Deloitte Touche** – who are contracted to review the Authority's main IT systems.
 - **PriceWaterhouseCoopers** who are the external auditors.
- 1.8 The annual audit plan has been formulated in consultation with PWC and Deloitte Touche in order to ensure that audit resources are optimised, audit coverage is maximised, and to avoid duplication and to improve the

effectiveness of audit. Please refer to the Joint Audit Statement (Appendix 1) for additional information on the joint working arrangements between internal and external audit.

- 1.9 The planned work for Internal Audit is split between systems, financial and schools audits. Given the current staffing resources within the Audit and Investigations Team, there are a total of 1383 available audit days for internal audit work. This includes audit work to be undertaken by Deloitte Touche on main IT systems.
- 1.10 Internal Audit work is to be split across three major areas as summarised in Table 1 below.

Area	No of Planned Audit Days
Systems Reviews	732
Financial Reviews of Service Units	400
Review of Internal Controls and Financial audits in Schools	200
Consultancy	51
Total	1383

Table 1: Allocation of Audit days by Audit Type.

- 1.11 A schedule of all planned systems and financial audit work will be sent to each Service Area Director in due course for information and circulation. A summary of the planned audits is shown in the schedule below:

Area	Title	Summary
Corporate	Review of Main Financial Systems	The purpose of these audits will be to confirm the adequacy of the high level controls within the Authority's main financial systems. Reviews will be undertaken in the following areas: <ul style="list-style-type: none"> - Housing Benefits - Council Tax - NNDR - Payroll Implementation Review
	Review of Risk Management arrangements	A review of the Authority's risk management arrangements and the work of the Risk Management Group.
	Employment of Consultants	A review of the procedures across each service area for appointing consultants and whether there is sufficient corporate guidance in this area.
	Contract Management	A review of a number of external contracts across the Council – this will include a review of the procedures in place for ensuring that the interests of the Authority are adequately protected and that monitoring arrangements are adequate.
	Debt Recovery	This will include a review the processes for debt monitoring and management across all service areas and the adequacy of debt recovery procedures.
	Payroll	Review of administrative arrangements across service areas and compliance with corporate standards.
	Gifts & Hospitality	A review of arrangements for declaring and reporting gifts and hospitality received and refused and declaration of interests.
	Budget Monitoring	Review of the Authority's budget monitoring arrangements in then light of the requirements of the Local Government Act 2003.
	Property Disposal Arrangements	A review of the arrangements for disposing of council owned property.
Education, Arts & Libraries	Out of Borough Placements	Review of the cost of placing children with special education needs in out
	Provision of Hospital and Home Education Support	Review of the LEA's procedures for meeting the educational needs of children in hospital or requiring home tuition.
	Financial Management Tool Kit	Review of effectiveness of implementation of the financial management toolkit devised by Dfes and CIPFA by a sample of the Authority's schools
	School attendance and behaviour	Review of the mechanisms in place within the LEA for improving school attendance and behaviour.
Environmental Services	Review of Wembley Access Corridor Contract	Review of the management and monitoring of the contract including the reasons for any budget overspends.
	Land Charges	Review of processes and procedures for dealing with land charges.
	Follow up reviews:	Follow up audits in the following areas to determine the extent to which agreed recommendations have been implemented: Parking Enforcement, Parking Control, Transportation Capital Schemes, On Street Parking, Bridge Park
Housing Services	Supporting People	– Review of the implementation and effectiveness of the arrangements and contracts in respect of the Supporting People Strategy in Housing.
	Major Advice Contracts	– Review of the management and monitoring arrangements for major advice contracts.
	Follow up reviews:	Asylum Seekers – review of implementation of agreed recommendations.

Social Services	Client Monies	Review of the arrangements in place within social services for the management of client monies
	Joint Funding Arrangements with PCT	Review of the arrangements in place for the management of clients jointly funded by Social Services and the Brent Primary Care Trust (PCT)
	Petty Cash and Imprest Accounts	Review of the control mechanisms in place within Social Services for ensuring the petty cash and imprest accounts are being properly managed and expenditure incurred through these accounts are bona fide and supported by adequate documentation. Concerns here about protecting the public purse.
	Partnership Arrangements	Review of effectiveness of the partnership arrangements between Social Services and the Brent Teaching Primary Care Trust
	Asylum Seekers	Review of the system for looking after unaccompanied minors (especially in the light of the LB Hillingdon case)
BHP		Internal Audit will be undertaking a number of audits for the Brent Housing Partnership as part of the service level agreement. The Audit Plan for BHP will form part of a separate document to be agreed by the BHP Board.
Financial Audits of Units and School Audits		The numbers of financial audits of unit returns are determined in conjunction with External Audit and on the basis of an assessment of financial and control risks. This work is largely undertaken on behalf of External audit as a means of reducing the external audit fee. The Authority is currently responsible for the audit 54 community, five special and four nursery schools. The community and nursery schools are audited on a three ear rotational basis as part of the audit plan. The authority's eighteen foundation schools have in the main been allowed to continue with their external audit arrangements with the proviso that the audits are carried out on the basis of the terms of reference set out by Internal Audit. The authority retains the right of access to working papers and there is a requirement for all such schools to send copies of both the audit report and management letters to Internal Audit for review annually. Where foundation schools have no external audit arrangements, they are included as part of our three year rotational audit plan for schools.