

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

13 MARCH 2012

SUBJECT:	INTERNAL AUDIT PLAN 2012/13
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF INTERNAL AUDITOR
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TOM HARNEY
KEY DECISION ?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the draft plan of work for Wirral Council's Internal Audit Service for 2012/13. The Service is currently the subject of an external review and following the outcome of this and any subsequent changes in the structure of the service, alterations may be required to be made to the planned areas of work. In addition to this, and as part of the routine annual process a number of meetings are currently taking place with Chief Officers and their management teams to identify the current and emerging risks and confirm the accuracy risk registers. This is an essential part of the planning process to ensure that risks to objectives being achieved in their respective service areas are identified and audit work programmes formulated to assess the adequacy of controls in these areas. Regular reports on this will be brought to the Committee in due course identifying any necessary changes to the Audit plan as they arise.
- 1.2 Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 requires the Council to conduct a review at least once in a year of the effectiveness of its systems of internal control and to prepare a statement of internal control in accordance with proper practices. CIPFA and SOLACE have jointly determined that the preparation and publication of an Annual Governance Statement, published with the financial statements, is necessary to meet this statutory requirement. The scope of this governance statement incorporates consideration of not just internal control, but also risk management and other aspects of governance.
- 1.3 The regulations also require the findings of the review to be considered by a committee of the Council – the Audit Committee – or else by the Council as a whole.
- 1.4 The responsibility for implementing, maintaining and reviewing the system of internal control clearly rests with the Council, but the process by which the effectiveness of its system of internal control is reviewed, and the governance statement is made, includes obtaining assurances on the effectiveness of key controls. In practice, these assurances will be substantially drawn from the work of Internal Audit, other inspection agencies and the Audit Commission.

- 1.5 The Internal Audit Plan is therefore focussed on reviewing the critical areas and including those issues identified by Chief Officers and in recent external reports and providing assurances to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement.
- 1.6 The plan amounts to a total planned resource of **2787** audit days, of which **2437** days will support the provision of the annual assurance opinion on the effectiveness of the Council's control systems and the Annual Governance statement.

2.0 BACKGROUND AND INTERNAL AUDIT OUTPUT

- 2.1 The Audit and Risk Management Committee is required by its terms of reference to advise on the adequacy of the Council's strategic risk management, internal control and governance processes.
- 2.2 The Committee is also required to review and approve the Council's Statements of Account, including the Governance Statement made annually by the Chief Executive and Leader of the Council. The Committee's terms of reference also oblige it to consider and challenge the annual Internal Audit Plan and the Statement of Internal Control, now subsumed within the Annual Governance Statement.
- 2.3 Appendix 1 sets out the Internal Audit Plan and explains the audit resources available to deliver the service and provide management with sufficient assurance for the Annual Governance statement.
- 2.4 In developing this plan the Internal Audit Section has:
 - Considered the Council's corporate and individual departments' risk registers;
 - Regularly met with the Chief Executive, Chief Officers, Members and departmental management teams to discuss their risks and related controls.
 - Made its own assessment of the risks facing the Council from experience, information from professional bodies and the Audit Commission.
 - Considered the findings of external reviews of aspects of the Council's service delivery including the effectiveness of its governance arrangements.

The information derived from these consultations has been incorporated into the Internal Audit Plan.

- 2.5 The Internal Audit Plan identifies all of those audits required to provide the Council with adequate assurance regarding the effectiveness of its systems in operation to manage and mitigate all of the identified risks to the achievement of the Council's objectives.

2.6 The basis, on which the Internal Audit Plan has been prepared, specifically the risk based approach and the approach to the audit of corporate systems complies with CIPFA best practice guidance and has been discussed with the Audit Commission.

3.0 RELEVANT RISKS

If appropriate systems are not in place or are not effective there is a risk of potential failure of;

3.1 The Council not achieving its corporate objectives.

3.2 The potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

3.3 Meeting statutory requirements to provide adequate and effective systems of internal audit.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options considered.

5.0 CONSULTATION

5.1 Members of this Committee, Chief Officers and other stakeholders are consulted throughout the process of developing and delivering the Internal Audit Plan.

5.2 The Audit Commission has been approached for their views on the document.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION

12.1 That the report is noted and the Audit Plan endorsed.

13.0 REASON FOR RECOMMENDATION

13.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service.

13.2 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

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APPENDICES

Appendix 1: Internal Audit Plan 2012/13

REFERENCE MATERIAL

CIPFA Code of Practice for Internal Audit in Local Government
Chartered Institute of Internal Auditors Standards & Protocols for Internal Auditing

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Annual report presented to March meetings of this Committee during last 3 years.

WIRRAL COUNCIL

INTERNAL AUDIT SERVICE

ANNUAL PLAN 2012/13

**Internal Audit Service
Treasury Building
Cleveland Street
Birkenhead
Wirral
CH41 6BU**

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1. EXECUTIVE SUMMARY

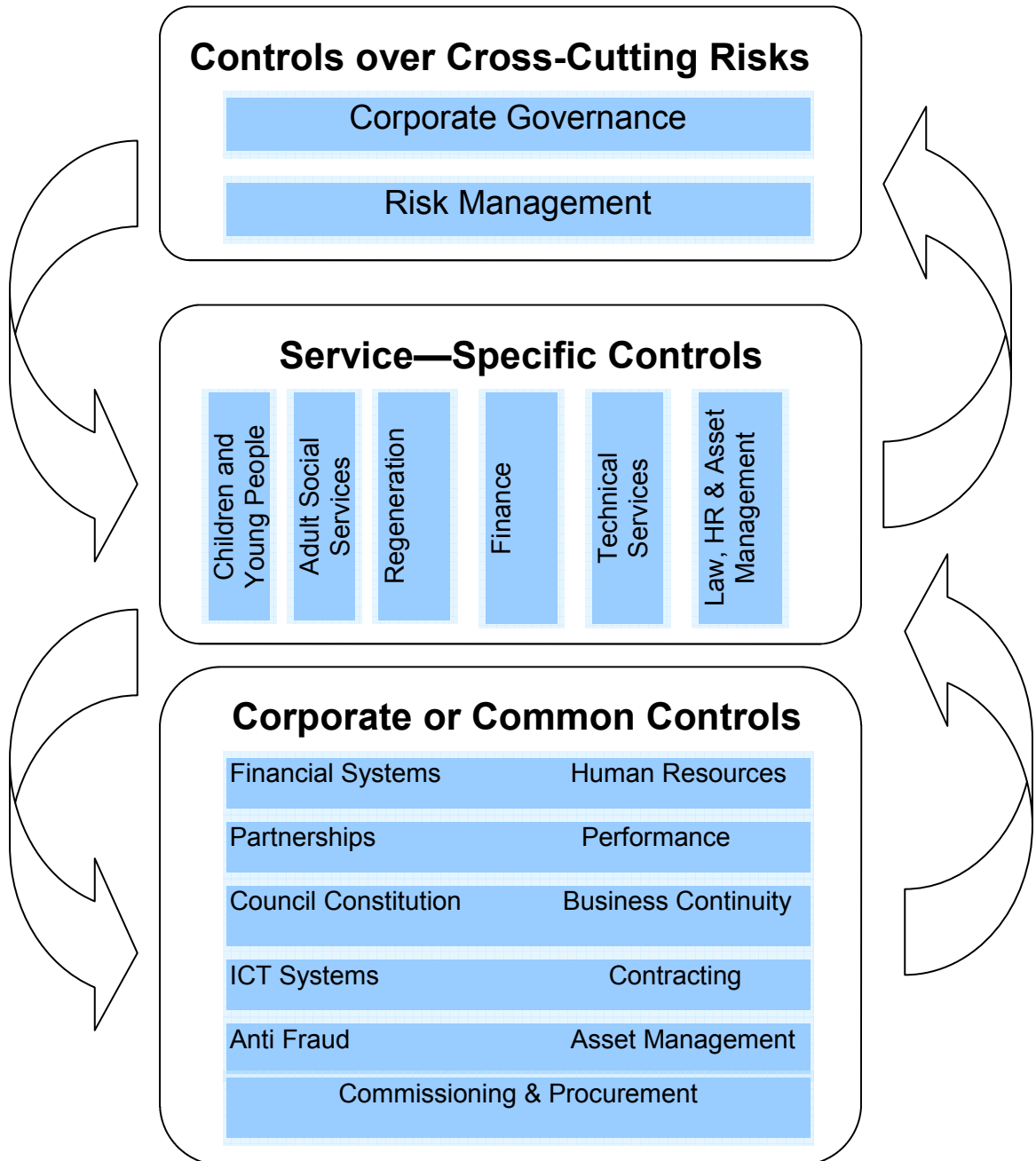
- 1.1 The Council provides a very wide and diverse range of services that includes the management of a significant pension fund and its senior management teams will be aware both of the risks to achieving their service objectives and the risks inherent in their work. Each of these risks is managed by a set of controls designed to reduce the risk to an acceptable level and intended to operate effectively and consistently in practice. Likewise there are a number of corporate objectives and activities that affect individual departments, that bring their own risks and which are similarly subject to control.
- 1.2 The Audit and Risk Management Committee, and ultimately the Council, needs assurance that these controls have been adequately designed and are operating effectively in practice. Annually the Chief Executive and the Leader of the Council jointly sign an Annual Governance Statement which refers to the effectiveness of both the system of internal audit and internal control.
- 1.3 The assurance needed to make this statement is available from a variety of sources including external regulators, but also from the Council's Internal Audit Service. The audit plan identifies those areas where assurance is required but not otherwise available.
- 1.4 This Annual Internal Audit Plan for Wirral Council is intended to provide the assurance that the Chief Executive and Leader of the Council need that the risks to the Council's objectives are being adequately identified and effectively controlled.
- 1.5 The principles on which it has been developed and the corporate issues in particular have been discussed with the Chief Executive, the Director of Finance, Chief Officers and their management teams, Members and the Audit Commission.
- 1.6 In preparing this plan due recognition has been taken of the current financial pressures on the Council and the recent ongoing changes in the operating environment, in particular those arising from funding constraints and increased risks in those areas and the critical findings from a number of external reviews recently conducted of Council services. Particular attention has been paid to the criticism levelled at the Council in relation to its existing governance arrangements and the need for dramatic improvements in these areas.
- 1.7 The Service is also currently working hard to establish more robust relations with Chief Officers and their management teams in an attempt to ensure that emerging risks within departments are brought to the attention of Internal Audit in a timely manner to allow specific audits to be conducted and

assurance provided to management and Members regarding the effectiveness of controls in these areas as appropriate.

- 1.8 At the time of writing this report the Internal Audit Service has an organisational structure of nineteen members of staff having seen a reduction of six members over the previous twelve months to reflect the changes that were made across the Council. The plan is therefore based on this available resource which is sufficient to provide the annual assurance opinion.
- 1.9 The plan recognises and aims to provide assurance over the following controls and the audit teams are structured to deliver this effectively:
- Cross-cutting controls: These controls manage the risks arising from the Council's over-arching business objectives that cut across all service areas and departments.
 - Service-specific controls: The controls designed to manage the risks arising in individual service areas or departments.
 - Corporate, or common, controls: These are the controls that under-pin the Council's work whatever service is being provided and in whatever service area or department.
- 1.10 The plan amounts to a total resource input to Wirral Council of 2787 audit days of which 2437 days are required to deliver those audits essential to provide the annual assurance opinion and support the delivery of the Annual Governance Statement.
- 1.11 This has enabled the service to identify and target audits to address all of the risks presented in the most efficient and effective manner. The service is fully committed to reviewing its own costs and service delivery on an ongoing basis to continue to provide the best value for money service possible in a very challenging environment.

1.12 The building blocks of our Audit Plan, are illustrated below.

The Council's Control Framework



2. BACKGROUND

- 2.1 The current legislative framework, as interpreted by the relevant professional bodies, sets out a requirement for the Internal Audit service to ensure that assurance is provided over the operation of the Council's key controls, and to gain an understanding of the various sources of assurance available to the Council.

The requirement for assurance over the operation of key controls

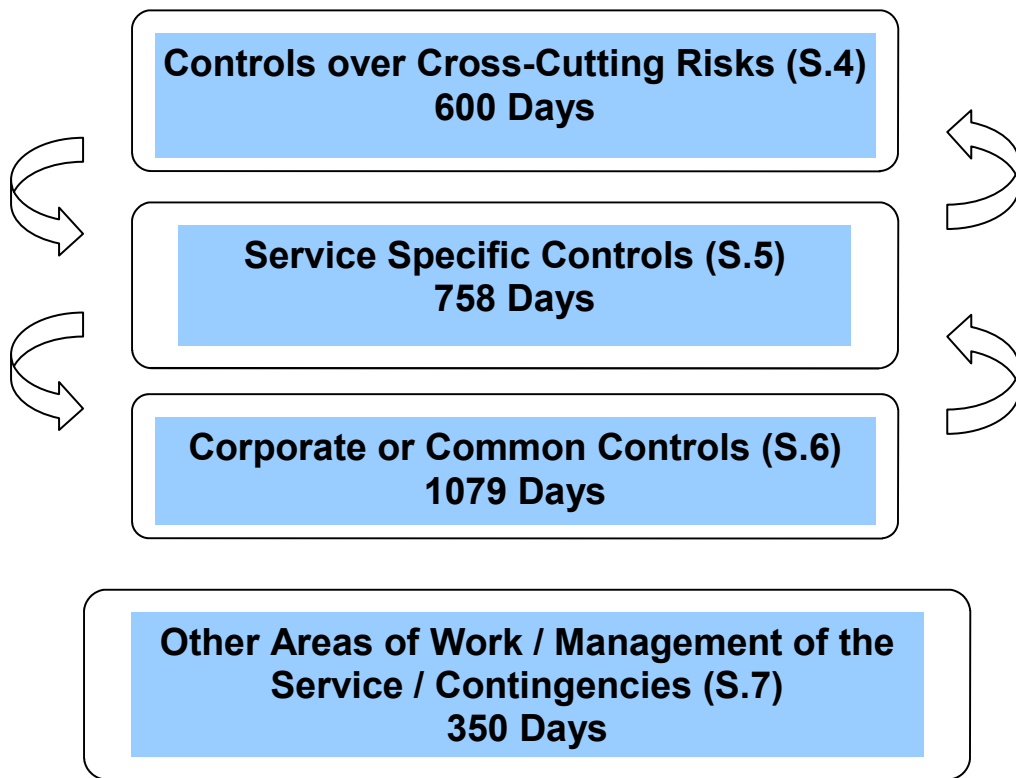
- 2.2 The plan is intended to provide assurance that key controls are identified and are operating effectively. The Audit and Risk Management Committee is required by its terms of reference to advise the Council on its strategic processes for risk management, internal control and governance.
- 2.3 Regulation 4 of the Accounts and Audit Regulations 2006 requires the council to conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement of internal control in accordance with proper practices. CIPFA and SOLACE have jointly determined that the preparation and publication of an Annual Governance Statement, published with the Financial Statements, is necessary to meet this statutory requirement. The scope of the governance statement is wide, incorporating consideration of internal control and risk management as well as other aspects of governance.
- 2.4 The responsibility for implementing, maintaining and reviewing the system of internal control clearly rests with the Council, but the process by which the effectiveness of its system of internal control is reviewed includes obtaining assurances on the effectiveness of key controls. In practice, these assurances will be substantially drawn from the work of Internal Audit.

The framework of assurance

- 2.5 Regulation 6 of the Accounts and Audit Regulations 2006 also refers to the concept of the system of internal audit. This is defined by CIPFA's Audit Panel as the whole framework of available assurance that mirrors the framework of internal control, and is explicitly wider than the assurance available solely from the Internal Audit service.
- 2.6 The framework of assurance will derive from a variety of sources, but it is expected that the audit service will be in a position to take a holistic view of the assurance available.

3. DEPLOYMENT OF INTERNAL AUDIT RESOURCES

- 3.1 The Audit Plan is stated in terms of days input, and this has been estimated as accurately as possible. However neither the resources available nor the exact time that will be taken for any single piece of audit work is capable of exact estimation at this stage. The plan therefore represents only a best estimate of the audit resources and the ways in which they will be deployed.
- 3.2 The plan must be flexible and 'dynamic' by its very nature, to ensure that it can react and accommodate the identification of any unforeseen risks and the subsequent requirement for additional audits to be conducted in all areas during the year.
- 3.3 The planned overall deployment of audit resources on the Council's Internal Audit service is as follows:



- 3.4 A more detailed breakdown of the plan by control system is shown overleaf and each of the separate elements of the audit plan for the Authority is explained in more detail on the pages below.

CONTROLS ASSURANCE	Estimated Audit Days	
Controls Over Cross Cutting Risks		
Corporate Governance	400	600
Risk Management	150	
Other Related Work (See Section 4)	50	
Service Specific Controls		
Adult Social Services	150	758
Children and Young Peoples (Incl Schools)	230	
Technical Services	108	
Regeneration	70	
Law, HR and Asset Management	100	
Merseyside Pension Fund	100	
Corporate or Common Controls		
Financial Systems	400	1079
ICT Systems	300	
Anti-Fraud	299	
Commissioning and Procurement	20	
Human Resource	20	
Partnerships	10	
Constitution	10	
Contracting	20	
Total - Controls Assurance Opinion		
Other Areas of Work (incl Follow Ups)	200	350
Management and Contingencies	150	
Total Audit Plan		2787

4. CONTROLS OVER CROSS-CUTTING RISKS

- 4.1 There are a number of important areas that cut across all the work of the Council and that should always form part of the Audit Plan; governance and risk management in particular. Audits are scheduled to be completed in those areas that include;
- Increased ongoing input throughout the year to the Council's governance processes, working with managers to ensure that systems and procedures are effective and efficient. Included within this initiative will be detailed reviews and testing of existing arrangements and the formulation of actions required to improve current operations in line with best practice and the requirements of the findings of external reviews undertaken. Work in this area will include:

Corporate/Service Plans
Corporate Policy
Performance
Departmental Budgetary Control
Constitution/Localism
 - The annual governance exercise to be completed in compliance with the CIPFA/ SOLACE document "Delivering Good Governance in Local Government" (2007), encompassing obtaining assurances from Chief Officers and senior managers, review of some key elements of the governance structure, and the review of external reports. The results of the review are used to inform the production of the Annual Governance Statement for publication in the Council's Statement of Accounts.
 - A review of the implementation of recommendations identified in Audit Commission reports, especially the Annual Audit and Inspection letter.
 - A review of the Council's risk management arrangements is to be completed during the year in accordance with the CIPFA publication "It's a Risky Business" to evaluate the degree to which these systems are embedded into the culture of the organisation.
- 4.2 There are other areas that may also be regarded as critical and require periodic review, for example the Council's role as the accountable body for substantial government funding to other organisations in the area, and partnership working which is a recurring theme and remains a high risk.
- 4.3 More work to review the Council's arrangements to reduce its Carbon footprint is scheduled for 2012/13 to evaluate the likely effectiveness of the planned measures identified and comply with the legislative requirements.
- 4.4 We estimate that we need to spend **600** days in total reviewing controls over cross-cutting risks.

5. SERVICE SPECIFIC CONTROLS

- 5.1 Internal Audit have assessed the risks facing systems in operation within each department taking account of revised structures and some fundamental changes to the way in which services are to be delivered in these areas, as well as external criticism of governance systems in operation and devised a risk-based audit plan based on this. A judgment has been made within the audit team of the relative weightings of each risk identified (based on a combination of the significance, nature and impact of each risk, and its likelihood), and this has served as a benchmark against which the audit input to each area has been assessed. Our assessment has also been informed by detailed discussions with Chief Officers and Members, examination of risk registers, plans and similar documents developed by each department and by participation in the development of risk management processes including on-going liaison with the Corporate Risk Manager.
- 5.2 Audit resources have been set aside for each department and service area to address the need to liaise with the senior management teams on a regular basis, to report our work to them, and to follow up and re-assess our findings as the actions previously agreed with management are implemented.
- 5.3 Key elements of the audit plans for each department are set out below.

Adult Social Services

- 5.4 The department continues to operate in a challenging environment where it is under pressure to examine the services it provides and those it commissions to deliver positive outcomes for service users in an efficient and effective manner within constrained resources. Our work will focus on a number of initiatives underway in the department to respond to these key pressures. They include the following, however it must be noted that discussions are still taking place with senior officers from both within the department and across the Council regarding systems to be audited:
- Care Quality Commission – monitoring and governance around the DASS Improvement Plan.
 - Safeguarding Adults
 - Personalisation
 - Risk Management
 - Performance
 - Inter Authority Payments
 - Residential, Nursing and Domiciliary Accredited Providers
 - Service User Finances
 - Income
- 5.5 Our planned work for 2012/13 amounts to **150** days.

Children and Young People

5.6 The review of Schools is to be undertaken via two strategies. Firstly, by completing full audit reviews of the controls at a sample of schools assessed as “high risk” following an evaluation exercise utilising key risk factors. Secondly, important cross-cutting themes will be reviewed across a number of schools so as to enable more timely assurances to be provided on controls in key systems, such as Payroll and Personnel, and Budget and Treasury Management.

5.7 Other work that will be scheduled includes the following:

- Schools Financial Value Standards
- Schools Transition to Academy Status
- Leaving Care
- Safeguarding Children
- Foster Care
- Free School Meals

5.8 Our planned work for 2012/13 for the department amounts to **230** days.

Technical Services

5.9 Audit work currently scheduled within the department includes the following, however it must be noted that discussions are still ongoing with management across the Council regarding specific risks and the requirement for individual audits to be undertaken in those areas:

- Road Safety
- Health and Safety
- Business Continuity
- Emergency Planning
- Highways
- Performance
- Transport Planning
- Financial Procedures
- Leisure Services Income

5.10 We have allocated **108** days to carry out our planned work for 2012/13.

Regeneration

5.11 Audit work currently scheduled within the department includes the following, however discussions are still ongoing with management across the Council

regarding specific risks and the requirement for individual audits to be undertaken in those areas:

- European Social Fund
- Grants – Control and Coordination
- Grants – end to end process review
- Local Business Grants

5.12 At this stage **70** days have been allocated within the audit plan for this service.

Law, HR and Asset Management

5.13 Some of the key risks identified in this area of service delivery are predominantly associated with systems that are identified as being of a corporate or common nature. Work identified in the audit plan for 2012/13 to evaluate the efficiency and effectiveness of arrangements in place have been identified at Section 6 of this report and include such things as Absence Management and HR Self Service.

5.14 Audit work currently scheduled within the department includes the following, however discussions are still ongoing with management across the Council regarding specific risks and the requirement for individual audits to be undertaken in those areas:

- Payroll
- Conflicts/Declarations of Interest
- Performance Management
- Asset Management
- Carbon Reduction
- Council Policies and Procedures

5.15 Our planned coverage for 2012/13 amounts to **100** days.

Finance Department

5.16 Our work in this department during the year will continue to focus predominantly on audits of the key financial systems. More detail can be found regarding scheduled work in this area at Section 6 of this report. In addition to this, a number of audits are scheduled to evaluate the controls in operation across other services currently managed by the department that present a risk to the organisation, for example Information Management which includes Records Management and Freedom of Information systems.

5.17 Additional work in this area is identified:

- VAT Compliance
- Capital Investment Programme

- Accounts Write Offs
- One Stop Shops/Library Mergers.

Pensions

5.18 The Pension Fund presents significant risks to the organisation due to the very complex, high profile nature of the work undertaken and the significant monetary value of the fund. Our work in 2012/13 will continue to focus on three distinct areas:

- Governance of the Pension Fund;
- Management of the fund's assets; and
- Pension's Administration and Payroll – processes and systems.

5.19 Our planned coverage for 2012/13 amounts to **100** days.

6. CORPORATE CONTROLS

6.1 The Council's work is underpinned by controls that are operated in common across the whole organisation. We have discussed what other corporate or common controls exist to manage the Council's key risks with the Director of Finance, the Members and Chief Officers during the course of our planning process.

6.2 The audit plan therefore includes provision for **1079** days on corporate or common controls, broken down as follows:

Financial Control Systems

6.3 Financial control is a key element of the Council's overall control environment. Therefore audits of the core financial systems under-pinning the operations of the Council are included in the Audit Plan. To comply with the International Financial Reporting Standards (IFRS), we have identified the core financial systems and agreed them both with the Director of Finance and the Audit Commission. They include

- Main Financial Information systems,
- Payroll,
- Payments,
- General Ledger and Accounting Arrangements,
- Cash Collection and Income Control,
- Treasury Management,
- Housing Benefits,
- Revenue systems i.e. Council Tax, Business Rates, Sundry Debtors.

Reviews of all these systems have been designed to include specific work on the risks associated with non compliance with the International Auditing Standards and the centralisation of Revenue functions within the Finance Department.

6.4 We plan to continue to audit each system from the corporate centre to individual services and back to ensure that we address each system as a whole. This approach, agreed with the Audit Commission will allow them to place more reliance on our work both as part of their assessment of the Council's overall risk and control environment, and to obtain audit evidence over the systems by which the Council's financial reports are generated.

6.5 The plan includes **400** days to cover the Council's key financial systems, including work on centrally operated controls and those operated within departments, and work using computer assisted audit techniques to test the data processed through these systems.

ICT Systems and Controls

6.6 The plan includes **300** days on the key corporate ICT and information systems and, together with our work on the financial systems; these areas will

provide the core assurance required by the Director of Finance as the Section 151 Officer.

- 6.7 In the light of ongoing national government initiatives, such as the Government ICT Strategy and the Protection of Freedoms Bill, we will continue to advise on the controls being developed for the protection of personal and sensitive information that is transferred or shared with bodies both within and outside of the Council.
- 6.8 Changes in departmental structures and roles & responsibilities, resulting from the severance exercises may have exposed ICT systems to significantly increased risks in some areas. We will review the control environment to ensure that it remains robust and effective and that where controls are dramatically weakened appropriate actions including compensating controls are implemented to negate the threat presented.
- 6.9 Other work scheduled in this area to date includes:
- Information Assurance and Governance
 - Virtualisation
 - Information Assets
 - Departmental ICT Systems
 - Disaster Recovery
 - Firewall

Commissioning and Procurement

- 6.10 To provide services which meet the needs of the people of Wirral, and develop improved outcomes cost effectively, it is essential that the Council has effective procurement arrangements. We intend to review the effectiveness of the current arrangements operated within the central function and in departments, specifically identifying areas of good practice which can be shared across other service areas. We will also provide advice and guidance on the control environment to any teams established to develop and improve the service utilising the latest technology.

Contracting

- 6.11 The management and delivery of major works contracts present a significant risk to the Council and consequently we plan to undertake a significant amount of work in this area during the year. The focus of this work will be on the scrutiny of final amounts paid to contractors for a sample of projects evaluating the evidence trail for any significant variances from the original contracted total and for compliance with the Council's Constitution.

Partnerships

- 6.12 Work will be undertaken during the year to evaluate the governance of partnerships across the Council, examining contract agreements with partners including those of a third party arms length nature, looking specifically at the delivery of agreed outcomes, monitoring targets and reporting lines and all of the financial aspects.

Constitution

- 6.13 Further work will be undertaken to evaluate key elements of the Council's Constitution to ensure that they remain compliant with current best professional practice and fitness for purpose.

Human Resources Systems and Controls

- 6.14 One of the Council's priorities is to further reduce working days lost due to sickness absence and this continues to be closely monitored at the highest levels, especially in the current environment. With this in mind, we intend to provide assurance over the adequacy and effectiveness of the corporate absence management system. This will involve reviewing the consistency with which policy has been implemented throughout departments, and we will also consider the development of the electronic management system, paying particular attention to the accuracy and timeliness of management information reports which ultimately feed into key performance information for the Council.
- 6.15 Discussions are currently ongoing with Chief Officers regarding work that will be conducted in this area of operations; however a number of systems have been identified in relation to a number of key corporate initiatives that will require audit input. These include:
- HR Self Service
 - Workforce Planning
 - Severance

- 6.16 Our plan includes **30** days to address this work.

Controls to Manage the Risk of Fraud

- 6.17 During 2012/2013 significant progress was made with regard to the development of the Counter Fraud Team as a corporate resource to deter fraud.
- 6.18 A further exercise is to be completed to raise the awareness of Wirral Council employees to fraud. Utilising a CIPFA Fraud evaluation diagnostic, the exercise should continue to raise staff awareness to the threat of fraud, identify the existing policies and procedures which Wirral Council has in its armoury to fight fraud whilst also identifying training needs amongst those involved in the exercise.
- 6.19 Key areas included in the Audit Plan to address issues raised include the following initiatives that will be delivered during the year:
- Implementing Fraud Awareness Training to ensure that all Council staff are better prepared to identify potential frauds and are aware of what actions are required by them to reduce the risk of fraud; and following potential identification, the correct reporting procedures to follow,
 - Continuing to promote a counter fraud culture amongst all Council staff to prevent potential opportunities for fraud from arising. and ensuring that appropriate policies and procedures are either in place or developed to deter the would be fraudster. This will be undertaken through

attendance at team and management meetings, circulating fraud newsletters, utilising the Intranet, and providing ongoing best practice advice and guidance in a variety of different ways throughout the year.

- 6.20 Other work identified in the Counter Fraud section of the Audit Plan is concerned with detecting fraud, for example through the use of audits of the following systems where detailed testing and scrutiny will be conducted utilising Computer Aided Auditing Techniques to examine and test 100% of the output for potential frauds:
- Payroll
 - Creditors
 - Debtors
 - Pensions
 - Travel and Expenses
 - Gifts and Hospitality
 - Car Mileage
 - Corporate Credit Cards
 - Mobile Phone Systems
 - Non Executive Directors
 - Employee Vetting
- 6.21 The Counter Fraud Team is also responsible for managing the Audit Commission's National Fraud Initiative. This is effectively a large-scale programme of computer assisted audit techniques undertaken nationally, which generates a variety of indications of potential irregularities that are investigated and appropriate actions taken.
- 6.22 Legislation to combat fraud and corruption such as the Bribery and Money Laundering Acts have recently been introduced and Local Authorities are required to demonstrate compliance through the introduction of various policies, procedures and working practices not previously required. The Internal Audit service plans to undertake some work in this area during 2012/13 to evaluate progress made by the Council to comply with legislative requirements. We also intend to work with officers, providing training in key areas to ensure compliance with the law.
- 6.23 In addition, all potential frauds against the Council will be investigated by the team and following this appropriate advice and guidance provided to managers and officers to enable them to implement improved fraud prevention and detection systems.
- 6.24 We have allocated **300** days for this work.

7. OTHER AREAS INCLUDED WITHIN THE AUDIT PLAN

- 7.1 An allocation of **100** days has been made for contingencies to be utilised during the year to provide additional support to those areas of the organisation identified as presenting significant risks and having, due to circumstance, not been previously considered during the planning process.
- 7.2 Another **50** days have been set aside to cover other management and tasks in support of the Internal Audit service to the Council, such as:
- Liaison with departmental management teams, the Chief Executive and the Chair of the Audit and Risk Management Committee,
 - Liaison with the Audit Commission;
 - Attendance, support, and reporting to the Audit and Risk Management Committee as required;
 - Supporting Service Managers.
- 7.3 A further **200** days have been allocated to evaluate progress made to address issues identified during earlier audit reviews within all individual service delivery areas and report to Committee any significant issues identified.