

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

24 MARCH 2010

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT PLAN 2010/11

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the plan of work to be undertaken by Wirral Council's Internal Audit Section for the coming year.
- 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 however, is very wide, incorporating consideration of not just internal control but also risk management and other aspects of governance.
- 1.3. The same regulations require the findings of this 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.
- 1.5. The Internal Audit Plan is therefore focussed on providing these assurances to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement.
- 1.6. Following the triennial review of internal audit and recent discussions with the Audit Commission the format and presentation of the Internal Audit Plan have been revised this year to make it more informative and to reflect changes in current best practice, including a more detailed explanation of the assurance process and the delivery of the plan.
- 1.7. The plan amounts to a total planned resource of 4650 audit days, of which 3230 days will support the provision of the annual assurance opinion on the effectiveness of the Council's control systems.

2. BACKGROUND

- 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, 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 A sets out the Internal Audit Plan in more detail 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 and departmental management teams to discuss their risks and related controls.
 - Made its own assessment of the risks facing the Council.

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 our approach to the audit of corporate systems, has been discussed and agreed with the Audit Commission and some changes made to how this information is presented in the plan.

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1. There are none arising from this report.

4. LOCAL MEMBER SUPPORT IMPLICATIONS

- 4.1. There are no local member support implications.

5. LOCAL AGENDA 21 STATEMENT

5.1. There are no local agenda 21 implications.

6. PLANNING IMPLICATIONS

6.1. There are no planning implications.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1. There are no equal opportunities implications.

8. COMMUNITY SAFETY IMPLICATIONS

8.1. There are no community safety implications.

9. HUMAN RIGHTS IMPLICATIONS

9.1. There are no human rights implications.

10.. BACKGROUND PAPERS

10.1. Audit & Risk Management Committee – Terms of Reference (Feb 2006).

10.2. Accounts and Audit (Amendment) (England) Regulations 2006.

10.3. Accounts and Audit Regulations 2003.

11. RECOMMENDATION

11.1. That the Internal Audit Plan for 2010/11 be considered and approved.

DAVID A GARRY
CHIEF INTERNAL AUDITOR

FNCE/51/10

INTERNAL AUDIT PLAN 2010/11

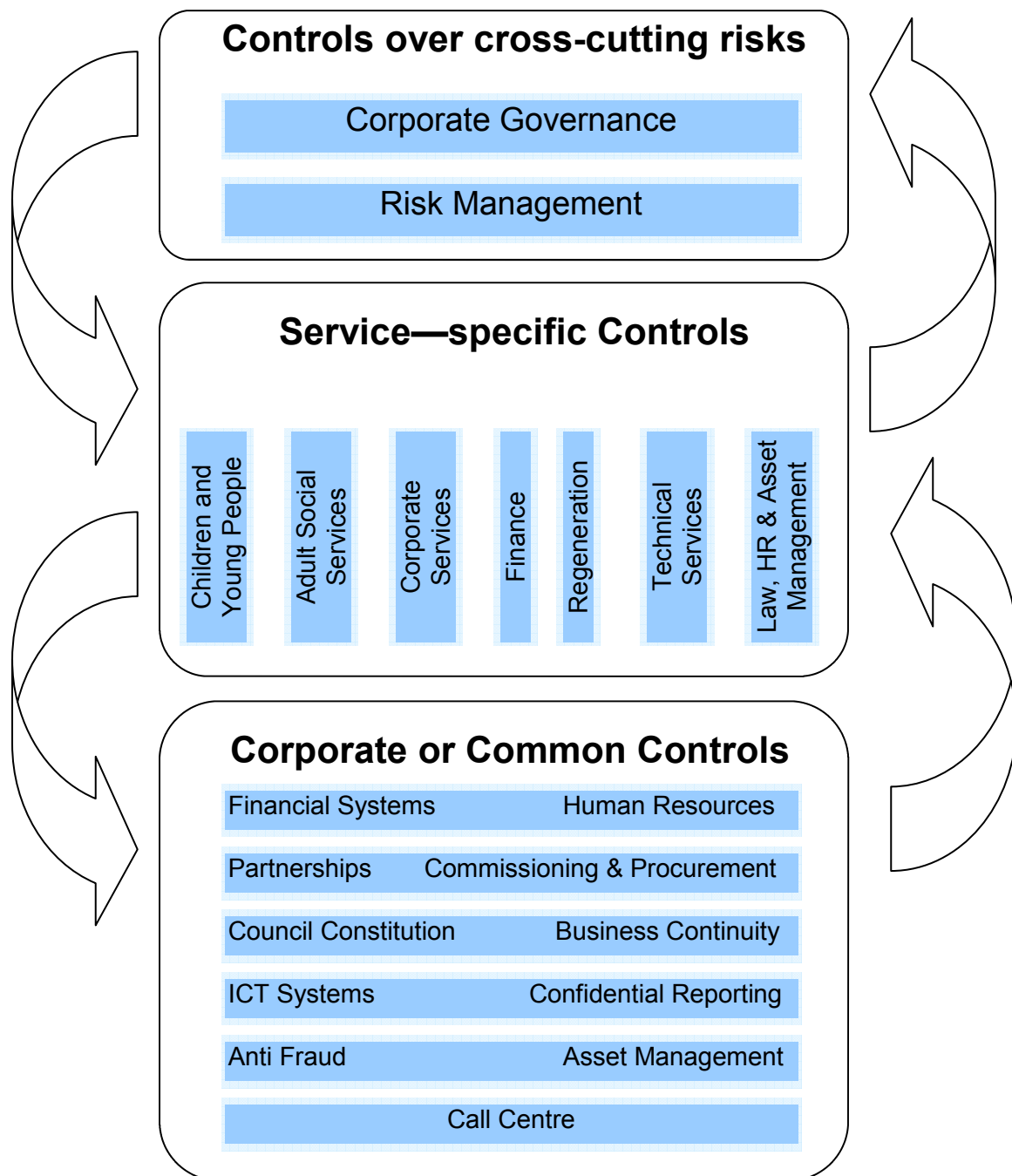
1. EXECUTIVE SUMMARY

- 1.1 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 and effectively controlled.
- 1.2 The principles on which it has been developed and the corporate issues in particular have been discussed with Chief Executive, the Director of Finance, Chief Officers and their management teams, and the Audit Commission.
- 1.3 The plan amounts to a total resource input to Wirral Council of **4650 audit days** of which **3230** days are required to deliver those audits essential to provide the annual assurance opinion and support the delivery of the Annual Governance statement. It is possible that additional audit resources may be available, to allow for sickness and unanticipated staff turnover on the basis of previous experience, and to ensure that the plan is delivered in its entirety.
- 1.4 The Council provides a wide range of services 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 transcend individual departments, that bring their own risks and which are similarly subject to control.
- 1.5 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. In due course the Chief Executive and the Leader of the Council will jointly sign an Annual Governance Statement which will refer to the effectiveness of both the system of internal audit and internal control.
- 1.6 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. To avoid duplication with other assurance providers and ensure that resources are maximised it is important that this framework of assurance is understood. Where assurance is required but not otherwise available, the audit service may provide it, and this forms our annual internal audit plan.
- 1.7 The plan recognises and aims to provide assurance over the following controls:
 - 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: these controls are 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.

1.8 These form the building blocks of our audit plan, and can be illustrated as shown 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

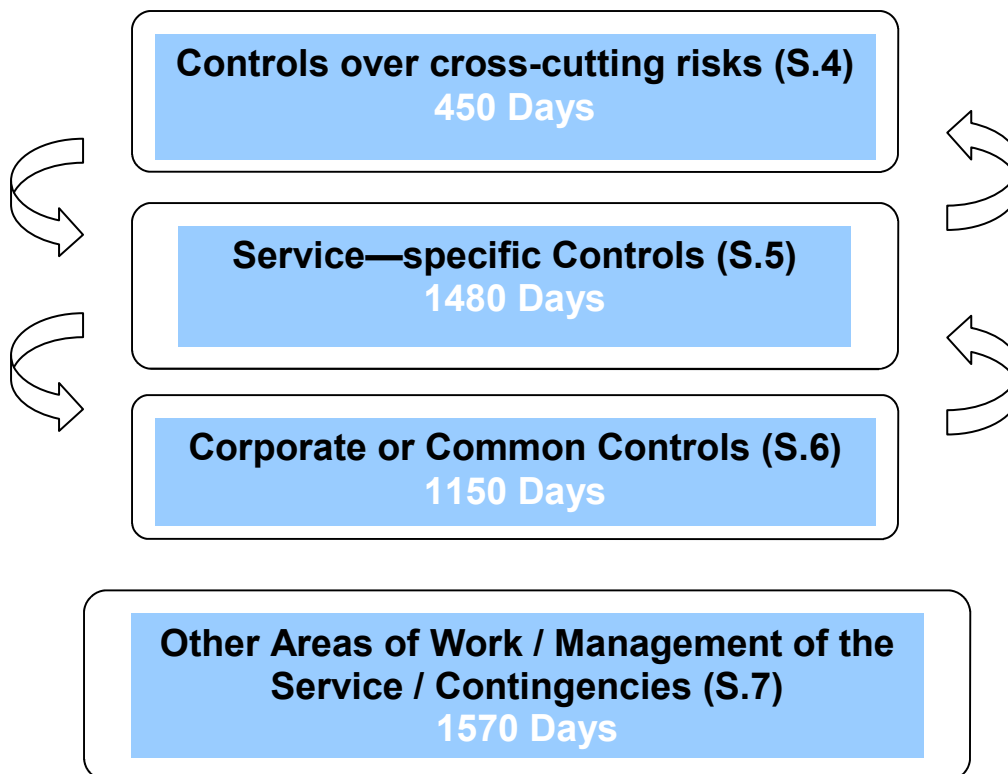
- 2.2 The plan is intended to provide assurance to the Chief Executive and the Leader of the Council who are jointly required to sign an Annual Governance Statement which is published with the Financial Statements. The Audit and Risk Management Committee is required by its terms of reference to advise 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 (although 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 has recently been 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 as a whole.

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 In addition to this, some audits and risks may well require re-prioritisation during the year to reflect the changing nature of the many different types of evolving services provided by the Council. The plan is required to 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 these 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	300	450
Risk Management	50	
Other Work (See Section 4)	100	
Service Specific Controls		
Adult Social Services	160	1480
Children and Young Peoples	350	
Technical Services	190	
Corporate Services	150	
Regeneration	190	
Law, HR and Asset Management	200	
Finance	90	
Pensions	150	
Corporate or Common Controls		
Financial Systems	440	1150
ICT Systems	260	
Commissioning and Procurement	70	
Human Resource	50	
Partnerships	30	
Constitution	30	
Asset Management	30	
Contracting	20	
Confidential Reporting	20	
Customer Services	20	
Anti-Fraud	180	
Management and Contingencies		
Total - Controls Assurance Opinion		3230
Other Areas of Work		1420
Total Audit Plan		4650

4. CONTROLS OVER CROSS-CUTTING RISKS

- 4.1 There are a small 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;
- The annual review of the Council's key governance processes in accordance with the CIPFA/ SOLACE document "Delivering Good Governance in Local Government" (2007), encompassing obtaining assurances from Chief Officers and senior managers, review of 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, Wirral's Area Assessment and the Wirral Organisational Assessment reports.
 - 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.
- 4.3 We therefore plan to spend **450** days in total reviewing controls over cross-cutting risks.

5. SERVICE-SPECIFIC CONTROLS

- 5.1 We have assessed the risks facing systems in operation within each department and service delivery area, and devised a risk-based audit plan based on this. An approximate 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 an approximate benchmark against which the audit input to each area has been assessed. Our assessment has also been informed by 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, 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 again focus on a number of initiatives underway in the department to respond to these key pressures.

5.5 The department is still working towards the implementation of the national In-Control agenda, which is changing the organisation of social care into directed support, with the further roll out of individual service user budgets to achieve take-up targets set by the Department of Health. This radical change to more directed support will continue to place an emphasis on partnership working between families, individuals, services, local authorities, central government and many other organisations. We plan to continue to support the processes surrounding this area and to provide specific guidance, advice and assurance regarding the effectiveness of controls over the ongoing work of the department.

5.6 We plan to provide assurance again on the key financial systems relating to residential services and non-residential services and will be undertaking a number of reviews that include income collection and management and business processes in operation for hospital discharges into permanent residential care.

5.7 We will also continue to monitor the actions taken by the department in response to the PIDA report produced by the Audit Commission including a review of the charging policies in operation across all supported living establishments.

5.8 Service user finances continue to be a key risk area to the department, illustrated by the continuing level of reactive/ investigatory work in this area. Our work will again include the review and testing of the control arrangements put in place to minimise the risks of loss to vulnerable service users and the Council.

5.9 Our planned work for 2010/11 amounts to **160 days**.

Children and Young People

5.10 Our work in the department will focus on controls to ensure the adequacy and transparency of decision making process and financial management arrangements relating to extended services provision in schools and children's centres, including their use of funding. We also intend to consider budget management arrangements within children's services. We will assess the information, guidance and support provided to managers and the senior management team, to ensure budgets are managed effectively.

5.11 The department is working towards implementing ContactPoint, the online contact directory available to authorised staff from the Council and partner agencies to enable the delivery of coordinated support for children and young people, and the common assessment framework (CAF) as part of the Every Child Matters agenda. The CAF will promote more effective, earlier

identification of additional needs, particularly in universal services. It will standardise the assessment of a child's additional needs across children's services and help to improve integrated working by promoting coordinated service provision across partner organisations

- 5.12 We will continue our programme of visits to Schools, Residential Homes and Children's Centres to assess the internal control and governance frameworks in place and to test the operation of controls implemented or supported corporately in key areas such as safeguarding and health and safety.
- 5.13 A review of the process in operation within the department for undertaking the annual Special Educational Needs (SEN) assessment, focussing on the efficiency and effectiveness of the system in operation, the accuracy and timeliness of the data collected, the quality of the documentation maintained and the appropriateness of actions taken following the assessment is scheduled for completion this year.
- 5.14 Our planned work for 2010/11 for the department amounts to **100** days and we plan to spend a further **250** days on routine visits to schools, amounting to **350** days in total.

Technical Services

- 5.15 Waste and Refuse management continues to present significant risks to the council and, as such we plan to appraise the operation of the contract arrangements with our provider Biffa Ltd to ensure that agreed contractual commitments are being delivered. We also intend to evaluate the effectiveness of the control arrangements in place over the operation including collection and disposal of waste and refuse, recycling and management and payment arrangements, in addition of course to providing ad hoc advice over relevant control issues.
- 5.16 We plan to review the department's actions taken in response to the requirements of the Traffic Management Act, and to examine development control with a particular focus on section 106 and section 278 agreements. In addition, we intend to undertake application reviews of the systems in operation relating to winter maintenance and abnormal load management in light of recent seasonal experiences.
- 5.17 Work is planned relating to the departments arrangements for claiming Local Transport Plan grant funding and the approval of schemes identified to receive this funding. The work will involve an examination of outcomes across all of the identified schemes such as signage, traffic calming and cycle routes, for relevance and appropriateness and include an evaluation of the monitoring and reporting systems currently in place.
- 5.18 In addition, a wide-ranging review of the partnership arrangements entered into by the department will be undertaken to assess whether risk is minimised through appropriate governance and monitoring processes.
- 5.19 The management and delivery of major works contracts present a significant risk to the Council and consequently we plan to undertake as significant amount of work in this area during the year. The focus of this work will be on the scrutinisation 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.

5.20 We have allocated **190** days to carry out our planned work for 2010/11.

Corporate Services

5.21 Discussions with the departmental management team indicate that assurance over the service's key systems would be valuable, particularly the Performance and Data Quality systems as significant changes in this area of delivery have taken place over the last twelve months. Work to review and test the effectiveness of controls over these systems have been incorporated into the audit programme.

5.22 Systems in operation over the Common Engagement Strategy and the Local Area Agreement's are two areas that are identified in the corporate risk register and therefore we have targeted for review during the year. The review will focus on the efficiency and effectiveness of the controls in operation over these important Council systems to ensure that the systems operate as intended and in compliance with legislation, policy, procedure and best practice.

5.23 At this stage **150** days have been allocated within the audit plan for this service.

Regeneration

5.24 This area continues to change and develop as the Council enters into arrangements with new partners and develops new ventures to support the Council's role in the economic development of the Borough.

5.25 Parks and Countryside Services is an area that is identified for major change during 2010/11 and we are committed to providing advice and guidance to the various groups evaluating this service. Our aim is to ensure that key objectives of service improvement, investment in the infrastructure and value for money are the focus of the delivery options considered, Council rules are complied with and effective consultation and benchmarking has been undertaken throughout the process.

5.26 Library Services is another area that is earmarked for future development and we plan to visit a number of these establishments during the year to ensure that the Council policy objectives for libraries as information centres are being achieved. Additional work will be undertaken to evaluate the effectiveness of the systems in operation over finances, stocks, ordering and disposal practices and performance systems for efficiency and effectiveness.

5.27 We plan to review the risk assessment methodology used by Trading Standards in undertaking enforcement activity under the Regulatory and Enforcement and Sanctions Act 2008 during the year.

5.28 Our planned work for 2010/11 amounts to **190** days

Law, HR and Asset Management

5.29 Key risks identified in this area of service delivery tend to be associated with systems that are identified as being of a corporate or common nature and cut across all departments, as such work identified in the audit plan for 2010/11 to

evaluate the efficiency and effectiveness of arrangements in place have been identified at Section 6 of this report and include such things as Partnerships, Confidential Reporting and Absence Management.

5.30 Our planned coverage for 2010/11 amounts to **200** days.

Finance Department

5.31 Our work in this department during the year will continue to focus predominantly on audits of the key financial systems evaluating the efficiency and effectiveness of the control environment for these systems and providing relevant assurance for management and Members. In addition to this, a number of audits are scheduled to evaluate the controls in operation across other services provided by the department that also present a risk to the organisation, for example Leasing. More detail can be found regarding scheduled work in this area at Section 6 of this report.

5.32 Our planned coverage for 2010/11 amounts to **90** days.

Pensions

5.33 Our work in 2010/11 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.

5.34 The planned work will provide a consistent, risk based approach to determining the audit plan for the Pension Fund, which takes maximum advantage of existing management assurance processes and reports, and is in line with recent guidance issued by the Society of County Treasurers and CIPFA.

5.35 We will continue to use statutory reporting from the investment managers, custodian and property manager in the first instance to gain assurance over external investment management activities. Where such documents are not available or do not comply with the appropriate standards, reliance will be placed on local management assurance processes. Additional specific internal audit work may be required, depending on the level of identified risk.

5.36 In the same way that we are required to consider controls over the corporate financial systems, any assessment of the risks to the Pension Fund will require that we provide assurance over the key controls over the administration of the pension fund. This year's work will further develop the approach adopted in previous years to fully document the system and to interrogate the system using computer assisted audit techniques to gain assurance over the operation of controls over the Pension Fund's financial data.

5.37 Our planned coverage for 2010/11 amounts to **150** days.

6. CORPORATE OR COMMON CONTROLS

6.1 The Council's work is underpinned by controls that manage the risks of its day to day operations that are operated in common across the whole organisation. The audit plan has for many years addressed such controls, and particularly the council's financial control systems, but we have in recent years gradually extended our work to other areas of control. We have discussed what other corporate or common controls exist to manage the Council's key risks with the Director of Finance and Chief Officers during the course of our planning process.

6.2 The audit plan therefore includes provision for **1150** 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 and as such we recognise that the core financial systems under-pinning the operations of the Council must be considered in our risk based audit plan. We have identified the core financial systems and agreed them both with the Director of Finance and the Audit Commission. They include, for example, the Payroll systems, Cash and Treasury Management, Benefits and Revenues and Pensions.

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 should allow the Audit Commission 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 We plan to undertake an authority wide review of Income Generation and Collection systems in operation following issues identified during 2009/10 in these areas.

6.6 The plan includes **440** 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

6.7 The plan includes **260** 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.

6.8 There have been significant developments in information security recently with the publication of Local Government Data Handling Guidelines and the security requirements relating to the secure government network. Key elements of the Council's overall security framework include Access to Council systems and Data Management, both areas where we plan to undertake audits to evaluate the efficiency and effectiveness of current arrangements and provide advice and guidance as appropriate.

Commissioning and Procurement

- 6.9 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 and this is an area where a particular need for assurance is required. 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 change teams established to develop and improve the service utilising the latest technology.
- 6.10 We have allocated **70** days for this work.

Human Resources Systems and Controls

- 6.11 The Council's commitment to further reduce working days lost due to sickness absence continues to be closely monitored at the highest levels. 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.
- 6.12 The corporate risk register highlights recruitment, retention and succession planning as a key risk. We therefore intend to review the systems in place for ensuring that effective staff structures exist, and an appropriate skills and learning culture exists for staff to receive training and work experience to facilitate consistently high performance across the organisation.
- 6.13 Our plan includes **50** days to address this work.

Partnerships

- 6.14 In recent years the Council has undertaken a significant amount of work to improve the way that it operates in partnership with other organisations and has recently approved a Partnership Toolkit for this purpose. Internal Audit will be undertaking a detailed review of this document during the year to evaluate the effectiveness of the publication and its communication to the workforce and other related parties. We plan to examine the arrangements in place for a number of key partnerships for effectiveness and compliance
- 6.15 We have allocated **30** days in the audit plan for 2010/11 to review these arrangements.

Constitution

- 6.16 A detailed review of the Wirral Council Constitution is scheduled for 2010/11 to ensure that the document is clear, comprehensive, fit for purpose and free from any contradiction.
- 6.17 Our plan includes **30** to undertake this work.

Asset Management

- 6.18 A review of the arrangements for Asset Management is to be completed during the year that will encompass an evaluation of the roles and responsibility of the Asset Management function, the procedures for acquisition, disposal and revaluation of assets, compliance with relevant legislation and regulations and an assessment of the planned rationalisation of Council assets program.
- 6.19 **30** days are included in the audit plan to complete this work during 2010/11.

Contracting

- 6.20 We plan to continue to provide input to the strategic partnering arrangements currently operated by the Council. We also plan to review the effectiveness of the Contractor partnering arrangements that have been in operation for some time and were introduced to gain a number of benefits including, amongst other things, better cost/ time predictability and improvements in user satisfaction.
- 6.21 We also plan to include reviews on the quality assurance process and tendering arrangements in operation across the Council. We will continue to provide assurance on the final accounts with contractors on a sample basis.
- 6.22 Our planned work for 2010/11 amounts to **20** days.

Confidential Reporting

- 6.23 During the 2009/10 the Council introduced a revised Confidential Reporting (Whistleblowing) policy and procedure in order to provide the workforce and other related parties with clear guidance for raising issues of this nature. We plan to undertake a full review of the effectiveness of this document, its fitness for purpose and its availability to the whole of the workforce. We will also attempt to determine, through sample testing individual employees across the Council, whether the document is clearly understood and being fully complied with, by officers and related parties. The inclusion of this work follows well documented issues experienced by the Council in this area of operations during the previous year.
- 6.24 We have allocated **20** days to complete this review during 2010/11.

Customer Services Call Centre

- 6.25 The Call Centre is key to the way in which a growing number of the Council's services are initiated and clients are supported. It is therefore increasingly integral to a number of diverse operational systems, for example benefits and revenues, emergency social care, and street lighting. We therefore plan to review the controls operated by the Call Centre that support its role in other services, for example the means by which it communicates with a sample of other service areas and departments.
- 6.26 Planned work for 2010/11 on the Call Centre amounts to **20** days in total.

Controls to Manage the Risk of Fraud

- 6.27 A detailed self assessment exercise was undertaken by the Council in 2009 to evaluate the effectiveness of its systems in place for managing the risk of

fraud against the CIPFA 'Managing the Risk of Fraud – Actions to Counter Fraud in local government' and the Audit Commission's 'Protecting the Public Purse' publications.

- 6.28 A number of actions were subsequently undertaken by the Council to address issues identified that included the setting up of an Anti Fraud team in the Internal Audit Section. The remit for this new team includes determining policy and procedure for the Council, creating a 'zero tolerance' culture within the organisation through awareness training and a publicity campaign and the completion of detailed pro-active work to identify potential fraud and corruption against the Council in key risk areas.
- 6.29 Work will continue during 2010/11 to develop the role and remit of this team and undertake agreed work and audits identified.
- 6.30 We have allocated **180** days for this work.

7. OTHER AREAS INCLUDED WITHIN THE AUDIT PLAN

This section identifies work that the internal audit service has included in the plan that is important to the effectiveness of the Council and the achievement of its objectives but does not necessarily support the annual assurance opinion provided. The work is considered essential to the well being of the organisation and complies with CIPFA best practice guidance and consequently audits have been scheduled to provide assurance to management regarding the effectiveness of systems in these areas amounting to **1420** audit days for 2010/11. Also included in this section is further allocation of **150** days for contingencies and management support provided by internal audit, as detailed at 7.10 and 7.11.

Service Delivery Areas

- 7.1 We plan to undertake a substantial number of audits within all individual service delivery areas to evaluate the systems in operation for efficiency, effectiveness and their contribution towards the achievement of departmental and corporate objectives. The planned resource for this work during 2010/11 amounts to **320** days.

Strategic Change Programme

- 7.2 The Council's ongoing commitment to introduce efficiencies and service improvements is evidenced through the introduction of the Strategic Change Program, established to achieve clearly defined targets across six key work streams that include strategic assets, customer access, common administrative processes, ICT, Adult Social Services and Schools for the future. The programme is regarded as a key corporate driver for delivering the improvements and cost reductions which the Council will need to make in order to maximise the delivery of efficiencies.
- 7.3 In January 2010, Cabinet identified an expansion of this initiative to incorporate additional elements required to increase the identified efficiencies; we aim to provide specific guidance, advice and assurance to the Strategic Change Program Board during 2010/11, regarding the effectiveness of the

controls in operation and the progress being made to deliver this major corporate initiative across all of the associated work streams.

- 7.4 Our planned work in this area amounts to **100** days during 2010/11.

ICT systems

- 7.5 We plan to consider the progress of IT Services in providing efficient and effective support to users, and implementing controls over service users, in response to the increasing demands to support the delivery of services throughout the Council and include such audits as Remote and Flexible Working, On-line Procurement Account Management, the Corporate Email system and ICT Asset Disposal.

- 7.6 We will continue to support the many new ICT projects scheduled across the Council, providing advice, guidance and support over a range of these projects that include Desktop Virtualisation, the HR Self Service facility and the Strategic Change Program.

- 7.7 Our planned work in this area amounts to **330** days during 2010/11

Schools

- 7.8 Wirral Internal Audit services is contracted to provide an annual assurance service to Schools regarding their compliance with the requirements of the DCSF's Financial Management Standard in Schools. The resource planned to deliver this work for 2010/11 currently amounts to **500** days in total.

Managing Fraud

- 7.9 Following the detailed self assessment exercise identified at 6.27 and the formulation of an Anti Fraud Team in Internal Audit, all identified financial fraud against the Council will be investigated by this team along with the completion of other proactive anti fraud work identified, including testing the data provided by 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. The resource planned to deliver this work for 2010/11 currently amounts to a further **170** days in total.
- 7.10 An allocation of **50** 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.
- 7.11 Another **100** days have been set aside to cover other management and tasks in support of the Internal Audit service to the Council:
- Liaison with departmental management teams and the Chief Executive,
 - Liaison with the Audit Commission;
 - Attendance, support, and reporting to the Audit and Risk Management Committee as required;
 - Supporting Service Managers.

8. RESOURCES WITHIN THE INTERNAL AUDIT SERVICE

- 8.1 The Audit Service establishment is now 25 staff most of whom are employed on full-time contracts. Two vacant posts exist at the 31 March 2010 at Senior Auditor and Assistant Auditor levels and consequently the staff resource available for 2010/11 has been calculated as detailed below:

Approximate Audit Resource	Days
Working Days Available	6511
Non Chargeable Days (Training, professional development, study leave, team management, general administrative tasks)	(1416)
Sickness Provision	(130)
Vacancy Provision	(315)
Total Chargeable Days Available	4650
Controls Assurance Allocation	3230

- 8.2 A significant allocation of resource has been targeted on workforce training and development during the year, to ensure that the service is able to maintain and develop a professionally qualified and experienced workforce in house. This is particularly important given our experiences in recent years concerning the recruitment and retention of suitably qualified and experienced staff. In addition to this, we have recently set up a new Anti Fraud team within the service and we will be professionally training two members of staff from this team as qualified, accredited fraud investigators, to ensure effective delivery of this area of the plan during the year.
- 8.3 It is our intention to fill the two vacant posts at the earliest opportunity; however a vacancy provision has been identified and included in the planning process for this document.

External clients

- 8.4 Wirral Internal Audit also provides internal audit services to a number of external clients within the borough, Family Housing Association and Wirral Methodist Housing Association. These services are provided following a tendering exercise and are subject to a fee based contract that is reviewed on an annual basis. The resources planned to support this work during 2010/11 currently amounts to a further **25** days in total and is excluded from the total chargeable audit days identified above.