WIRRAL COUNCIL

INTERNAL AUDIT SERVICE

STRATEGIC AUDIT PLAN

2013 - 2016

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

1. PURPOSE

1.1. This document provides details of the three year strategic Internal Audit Plan for 2013-16.

1.2. The function of Internal Audit is set out in the Public Sector Internal Auditing Standards:

"Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

1.3. Internal Audit also has an important role to support the Director of Finance (Resources) in discharging statutory responsibilities, which include:

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.

- S114 Local Government Act 1988 – to ensure the Council's expenditure is lawful.

- Accounts and Audit Regulations 2011 – to ensure that an adequate and effective internal audit of the Council's accounting records and of its system of internal control is undertaken in accordance with the proper practices in relation to internal control.

1.4. Internal Audit also seeks to assist Wirral Council in achieving its key priorities. Internal Audit contributes to these aims by helping to promote a secure and robust internal control environment which enables a focus to be maintained on these key priorities. This is more important to the Council than ever as it attempts to address the many significant issues and challenges facing the organisation and the public sector in this time of great change.

During this very difficult period the organisation requires a very strong internal audit function that is able to operate in a much wider and more strategic way, assisting the organisation by helping it to put in place a more efficient and effective control and governance environment.

2. INTERNAL AUDIT PLAN

2.1. In line with the Public Sector Standards the audit plan has been devised following a risk based approach using the following sources:

- The Corporate Risk Register
- Departmental Risk Registers
- Engagement with senior officers
- Discussions with the Director of Resources
- Review of the External Audit and Inspections reports
- A review of corporate strategies
- Cumulative audit knowledge and experience
- Engagement with other Heads of Audit
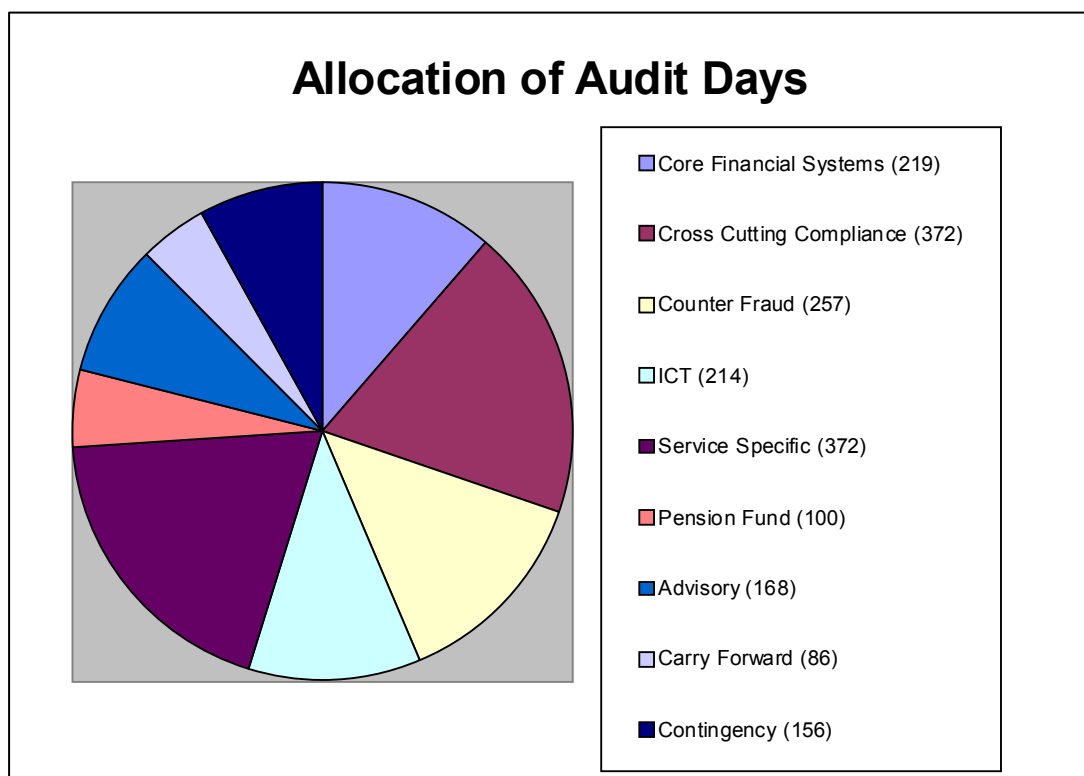- Professional judgement on the risk of fraud and error

2.2. The allocation of audit days is summarised below. Audit days identified for 2014/15 onwards has been adjusted to reflect the establishment resource available at this time. This resource should, barring any unforeseen significant issues arising, be sufficient to enable delivery across all areas of the plan and provide the required annual audit assurance opinion:

Audit	2013/14 Audit Days	2014/15 Audit Days	2015/16 Audit Days
Total Core Financial Systems	250	219	219
Total Cross Cutting Compliance	510	372	372
Total Service Specific	510	372	372
Total Pension Fund	100	100	100
Total ICT	250	214	214
Total Counter Fraud	250	257	257
Total Advisory	150	168	168
Total Carry Forward	100	86	86
Total Contingency	150	156	156
Total Audit Days	**2270**	**1944**	**1944**

2.3. Using the sources of information noted in paragraph 2.1 the plan has been drafted to balance the following:

- The requirement to give an objective and evidence based opinion on all aspects of governance, risk management and internal control,

- The requirement to provide a framework for co-operation with External Audit in planning and conducting audit work,

- The requirement to inform and support the production of the Annual Governance Statement for the Council,

- Significant control and governance issues recently identified and currently being addressed by the organisation,

- The corporate strategic vision for Internal Audit to add value through improving controls and streamlining processes,

- The allocation of time required for responding to queries on control issues,

- The allocation of time required for responding to fraud queries,

- The resource and skill mix available to undertake the work.

2.4. The split of audit days for 2014/15 is shown in diagrammatic form below*.*

Allocation of Audit Days

- Core Financial Systems (219)
- Cross Cutting Compliance (372)
- Counter Fraud (257)
- ICT (214)
- Service Specific (372)
- Pension Fund (100)
- Advisory (168)
- Carry Forward (86)
- Contingency (156)

2.5. A strategic three year approach has been taken to ensure that Internal Audit takes a wider more strategic view of risk and to ensure audit effort is utilised as efficiently and effectively as possible to mitigate risk in a rapidly changing work environment. This is particularly important for Wirral Council at present as a significant number of reported control and governance issues are in evidence and require the attention of senior management across the organisation. The audit plan is designed to inform that process providing relevant assurance opinions on systems either in place or developing and providing direction assessments regarding actions required to implement the necessary improvements required.

2.6. The table below shows the audit days allocated against each audit area. It also notes an overview of the assurance that will be sought through work conducted. The exact scope of each piece of work will be agreed with Senior Officers and Managers prior to the work commencing to ensure that the key risks that are current at that time are being addressed.

2.7. There are a number of major changes taking place across the organisation that will come into force during the period of this audit plan such as the remodelling and transformation of the type of services that the Council provides and the way in which those services are delivered. These changes have been a significant consideration in the preparation of the audit plan and will continue to have a major ongoing impact on its delivery on account of the impact that these changes will have on the structure, culture, operational and control risk environment of the organisation.

2.8. As a result of these ongoing changes the audit plan will continue to be constantly revisited during the year and any necessary adjustments made to reflect the changing environment. Chief Officers, senior managers and Members will all have a role to play in this and it is my intention to ensure that regular scheduled meetings take place to discuss these developments, any emerging risks identified as a result of this and any required changes to the plan resulting.

Contingency days have also been identified within the plan to address any risks emerging during the period.

2014/15 Internal Audit Plan

2.9 Changes that have been made to the audit plan for 2014/15 to reflect the outcome of the extensive risk planning exercise concluded recently and involving input from all stakeholders regarding new and emerging risks to the organisation include additional work in the following areas:

- Public Health Contracts
- Council Decision Making Processes
- Liquid Logic Implementation
- Health Care Integration
- Legislation Compliance
- Partnerships
- Culture

Much of this work can be accommodated from within the agreed plan however it has been necessary to examine the scope of some of those items previously identified to ensure that coverage remains adequate and continues to address evolving risk profiles. This has involved detailed discussions with relevant stakeholders to determine the ongoing nature of the risks presented in these areas and identifying audit work that is commensurate with this. In addition to this, the following items have been transferred to year 3 as the risks presented are not currently assessed as being significant during the 2014/15 period, this situation will continue to be monitored closely and any adjustments made as required:

- Assistive Technology
- Case Management
- Community Engagement
- Organisation and Development

2.10   The revised plan for 2014/15 contains sufficient audit coverage across all aspects of the Councils service delivery areas evaluating controls in key risk areas to meet the requirements detailed in 2.3 of this report.

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Core Financial Systems				
Accounts Receivable/Debt Management	Full system and compliance audits to provide assurance over the effectiveness of the Council's core financial systems.	X	X	X
Accounts Payable		X	X	X
Income / Cash Management	Detailed testing to evaluate compliance, challenge and effective reporting.	X	X	X
Council Tax		X	X	X
NNDR		X	X	X
Budget Control		X	X	X
Payroll		X	X	X
Benefits		X	X	X
Treasury Management		X	X	X
General Ledger		X	X	X
Financial Management and Accounting		X	X	X
Total Core Financial Systems		**250**	**219**	**219**
Cross Cutting Compliance Audits				
Risk Management	Review current arrangements for compliance with best practice and operational effectiveness focussing on challenging robustness of arrangements, how well embedded they are across the organisation and compliance.	X	X	x
Service Transformation / Remodelling	Targeted assessment and evaluation of the effectiveness of the control environment in key areas to mitigate the risk of potential large scale workforce change. Testing and evaluation of achievement of key targets. To ensure appropriate controls are established for the administration of these developing arrangements to ensure that stated aims and objectives are achieved.	X	X	x

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
AGS	Undertake work to support and assist in the preparation of the Annual Governance Statement.	X	X	X
Capital Programme	To provide assurance that the system in operation is fit for purpose and evaluation of compliance through testing including challenge member reporting.	X	X	X
Income /Debt Recovery	To provide assurance on effectiveness of systems in operation across all directorates and evaluation of compliance through testing.	X	X	X
Public Health Transition	To provide assurance on effectiveness of controls in operation over merger arrangements including budgeting and resource integration.	X		
Spending Freeze	Assessment and testing of compliance with policy and guidance across the organisation.	X		
Performance Management	To provide assurance that the new system and framework is operating effectively to drive improvement and support effective decision making.	X	X	X
Corporate Improvement	Evaluate actual coordination and delivery against a sample of targets, robustly challenging performance and assessing impact of achievement. Evaluate future arrangements following delivery.	X	X	
HR Policies and Procedures	Assurance that core HR policies and procedures are being complied with.	X	X	X
Transport	To provide assurance on the effectiveness of the systems in place across the Council.		X	
Constitution	Assurance that procedure rules effective and are being complied with across the organisation. To review and advise on the governance arrangements in place for Constitution.	X	X	X
Gifts, Hospitality, Conflicts	Evaluate compliance with new policy and procedure through more testing.	X	X	X

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Community Engagement	Review the overall process for consultation and evaluate the effectiveness of arrangements for including outcomes and feedback into the policy decision making process.			X
Commissioning	To provide support and guidance into any developments in this area including development of Central Commissioning Hub.		X	
Corporate / Departmental Planning	Review of current arrangements for consistency and evaluation of effectiveness of corporate policy and process.	X	X	X
Public Health Contracts	To gain assurance that arrangements in place for Public Health commissioning are robust and effective.		X	
Public Services Network	To gain assurance that arrangements in place over data sharing amongst related parties are robust, effective and comply with all relevant legislation and best practice.	X	X	X
Health and Safety	To provide assurance that controls in operation in high risk areas are fit for purpose and evaluation of Chief Officer awareness of responsibilities.		X	
Budgetary Control	To gain assurance that corporate budgeting process is effective and complied with by officers by reviewing a sample of departments arrangements.	X	X	X
Asset Management	To gain assurance that appropriate 'developed' arrangements are in place to ensure the usage of Council assets is monitored and optimised.	X	X	X
Procurement Strategy	Providing assurance on corporate procurement strategies and policies and their operation across the Council, covering works, services, and supplies.	X	X	X
CREES	Annual review of Carbon Reduction evidence submitted to Environment Agency for accuracy and completeness and compliance with legislation.	X	X	X
Decision Making	To provide assurance that corporate decision making processes and procedures in operation are efficient and effective, open and transparent and consistently applied.		X	X

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Grants	Time allocation for grant certification work	X	X	X
Partnerships	To gain assurance on the adequacy and completeness of the Partnership Register and evaluation of a sample of partnerships to ensure effectiveness of arrangements.		X	
Culture	To gain assurance on effectiveness of Cultural Change Programme.		X	
Scrutiny	To gain assurance on systems in operation to develop robustness of developing Scrutiny arrangements.			X
Total Cross Cutting Audits		**510**	**372**	**372**
Service Specific Systems Audits				
CYPD				
Adoption Reform	To gain assurance regarding delivery of responsibilities associated with new grant.	X	X	
Residential Care - Quality	To gain assurance that the systems in place for monitoring payments and quality of service provision are operating effectively.	X		
Cash Payments / Usage	To gain assurance that the systems in place are operating effectively.		X	
Schools	Individual School audits to be undertaken on a risk basis.	X	X	X
Schools Thematic Audits	Targeted audits to evaluate effectiveness of key systems in operation at a sample of Schools including Pupil Premium/ Creditors/Debtors/Payroll/Financial Procedures.	X	X	X
Early Years Services	To gain assurance as to the effectiveness of the controls in operation over the range of services especially nursery provision and payment.	X		
Schools Trading	Review of value for money achieved by schools in relation to services obtained from external bodies.		X	X
Establishments	Risk based review of centres covering all financial and general controls for fitness for purpose.		X	

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
DASS				
Establishments	Risk based review of centres covering all financial and general controls for fitness for purpose.	X		X
Liquid Logic Implementation	Input to the process for testing and developing new models of delivery ensuring the adequacy and fitness for purpose of proposed operational controls in targeted areas such as Personalisation and Direct Payments.	X	X	
Assistive Technology	To gain assurance regarding effectiveness of systems and controls in operation over achievement of outcomes and projected savings.			X
Residential Home Payments	To gain assurance regarding effectiveness of systems and controls in operation over payment processes to ensure correct timely payments with no duplicates.	X	X	X
Procurement of Commissioned Care	To gain assurance regarding control over systems for procurement of care from private and voluntary sectors evaluating controls for effectiveness.	X	X	X
Budget Models	Input to the development of more robust and fit for purpose budget models for the department.	X		
Safeguarding	Comparative review of processes in place ensuring that changes arising from the Social Care Bill relating to joint services are adequate and effective.	X	X	X
Sport and Recreation	To gain assurance that all charges are appropriate, levied correctly and income due is collected. Evaluation of staffing resource issues..	X	X	
Health Care Integration	To gain assurance that the arrangements in place for the integration are robust and deliver the required objectives.		X	

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Regeneration / Environment				
Parks and Countryside	Review of benefits realisation of in house service.	X	X	
Highways Maintenance	To gain assurance that robust processes are in place to ensure that the highways maintenance programme is in place, on time and complies with best practice. Includes residual work on existing COLAS contract and delivery; and new contract when let.	X	X	X
Environmental Health	To gain assurance that controls in operation are effective, manage risks and ensure legislative compliance.		X	
BIFFA Savings	Input to process being developed to identify and realise identified commercial negotiation savings.	X		
Floral Pavilion	Independent objective challenge to business plan and action plan developed and provide opinion on commercial viability.	X		
Regional Growth Fund	Assurance on the effectiveness of controls in operation over the utilisation and spend of the grants available in this area including systems for making payments.	X	X	X
HCA Affordable Homes Funding	To review system in operation to ensure that all income generation opportunities are maximised by the Council, identify potential funding streams and develop performance targets for the delivery of housing units in a timely manner.		X	
Inward Investment	Review the effectiveness of the systems in place to manage the various initiatives for the promotion of inward investment including Invest Wirral, Peel Development and delivery of the Enterprise Zone.	X	X	
BT Charges	To gain assurance on the robustness and effectiveness of payments/charges validation systems in operation.			X

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Resources				
Refunds	Counter money laundering exercise to determine validity of a sample of refunds provided by the Council.		X	
Business Travel	To review the policies and contractual arrangements in place for business travel for fitness for purpose.			X
Personal Finance Unit	To ensure the recommendations identified from the independent review are effectively implemented and completion on wider review of systems and controls across organisation.	X	X	
Welfare Benefits Scheme	To provide support and guidance on controls within the new arrangements under welfare reform.	X	X	
VAT	Review to ensure that VAT on Council expenditure has been reclaimed correctly including that on credit cards.		X	X
Procure to Pay	To gain assurance on the effectiveness of the controls in operation of the iprocurement system ensuring compliance with policies, accuracy, and consistency.		X	
Libraries/One Stop Shops	To ensure the processes in place for the combined operation are robust.	X	X	
Procurement	To gain assurance on fitness for purpose of corporate procurement strategies and policies and their operation across the Council, covering works, services, and supplies and procure to pay.	X		X
Transformation				
Organisation and Development	To provide assurance on the effectiveness of the systems in place to administer training and development across the Council.			X
Confidential Reporting	To ensure that the revised policy and procedure in place has been communicated effectively, is embedded across the organisation and monitored.	X	X	X
Grievances	To ensure that the revised policy and procedure in place has been communicated effectively, is embedded across the organisation and monitored.	X	X	X

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Complaints	To ensure that the current system is fit for purpose and that targets are appropriate and deliverable. Included within this review will be an evaluation of targets in Customer Charter.	X		
Staff Vetting	To provide assurance that systems and procedures in operation ensure that relevant permissions to work in the UK are correctly obtained and that DBS checks undertaken are current and valid.		X	
Case Management	To gain assurance over effectiveness of the Council's procedures for maintaining an accurate, relevant and meaningful database on current and expired employee cases, with effective reporting lines.			X
Elected Members – Toolkit	Input to developing system providing advice and guidance on proposed controls.	X		
Elected Members – ICT	Input to the review of Members ICT providing assurance regarding the effectiveness and fitness for purpose of proposed systems and procedures.	X	X	
Neighbourhood Working	Input to developing system providing advice and guidance on proposed controls over the Council's process for revising structures and responsibilities including Area Committees.		X	
Reprographics	Assurance that the systems and procedures in operation provide effective control over the security of confidential and sensitive information.	X		
Freedom of Information	Full system and compliance review to provide assurance over the effectiveness of controls in operation.	X		X
People Strategy	To gain assurances that the systems in place to manage the transitional arrangements for changing services are fit for purpose.	X	X	X
Legal Services	To gain assurance that the systems in place for ensuring that the Council continues to comply with any relevant legislative changes are effective and efficient.		X	
Total Service Specific		**510**	**372**	**372**

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Pension Fund				
Investments	Review of items identified on Risk Register and evaluation of controls implemented to manage and mitigate risks.	X	X	X
	Annual review and evaluation through testing of key controls in operation to mitigate any risks to the fund.	X	X	X
Benefits and Payroll	Review and testing of Benefits and Payroll operation to provide assurance that controls in place are effective and being complied with.	X	X	X
Admin / Member Services	Review of controls in operation over processes in place for administering AVC's, Membership, Admitted bodies and Transfers.	X	X	X
Total Pension Fund		**100**	**100**	**100**
ICT				
Information Assurance	Assess the developing corporate arrangements for the management of information and compliance with relevant legislation and best practice concerning FOI, Data Protection and Information Security.	X	X	X

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
ICT Applications	To provide assurance that controls are in place to ensure the Confidentiality, Integrity and Availability of key ICT applications.	X	X	X
Business Continuity/Disaster Recovery	Assurance that corporate arrangements are fit for purpose and being complied with effectively.	X	X	X
Re-modelled ICT Service Arrangements	Assurance that controls put in place to manage and mitigate risks presented as a result of this process are adequate.	X	X	X
Geographic Information Systems (GIS)	Assurance that the system is consistently managed across the Authority and that technical solutions meet the Authority's strategy.	X		
Agile Working	To provide assurance that technical solutions meet the Authority's strategic requirements and that the associated risks are mitigated.	X		X
Security of Mobile Devices To include: • Smart phones configuration and usage • Mobile device encryption	Linked to Agile Working: Assurance that the use of mobile devices to access Council information is secure.	X		X
Virtualised Desktop	Review of the project to support Agile Working as part of the Strategic Asset Review.	X		
Public Health (Information Governance Toolkit)	Assurance that the Authority complies with Public Health information security standards.	X	X	X
Data Leakage Prevention	Review of developing systems to protect Council Information from malicious or accidental leakage to unauthorised persons.	X		

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
ICT Infrastructure	Assurance that appropriate controls are in place to ensure the resilience and correct operation of critical elements of the ICT Infrastructure including hardware and systems software.	X	X	X
Bring-your-own-Device	Assurance that Council information is protected when accessed via personal devices.	X	X	
Developing ICT systems	Assurance that new ICT systems, whether developed in-house or procured, are fit for purpose, compatible with existing systems and ensure the confidentiality, integrity and availability of Council information.	X	X	X
Total ICT		**250**	**214**	**214**
Counter Fraud				
Money Laundering	Assurance exercise to ensure continued compliance with current legislation including update of existing Council Policy.	X	X	
Counter Fraud Policies	Time allocation for the annual update of internal fraud policies and evaluation of awareness and compliance across the Council.	X	X	X
Fraud Awareness Training	Continued delivery of awareness training for all employees including online and face to face training..	X	X	X
National Fraud Initiative	To identify possible cases of fraud from data provided through NFI and ensure that corrective action is taken in respect of any identified under/overpayment.	X	X	X
Fraud - Reactive	Investigations of allegations/referrals to Internal Audit	X	X	X
Fraud – Proactive	Risk based proactive work to prevent and detect fraud.	X	X	X
Total Counter Fraud		**250**	**257**	**257**

Audit	Overview of Assurance	2013/14 Audit	2014/15 Audit	2015/16 Audit
Advisory				
Audit Queries	Time allocation for specific queries that arise from departments that require audit advice	X	X	X
VFM	Time allocation for reviewing the overarching arrangements in place for securing VFM and for undertaking individual reviews.	X	X	X
Corporate Working Groups	Time allocation to contribute to corporate working groups	X	X	X
National/Regional Working Groups	Time allocation to contribute to Audit Working Groups	X	X	X
Total Advisory	Including Control Awareness and Counter Fraud training.	**150**	**168**	**168**
Carry Forward	Residual work from 2013/14	**100**	**86**	**86**
Contingency	Time allocation to allow for new emerging risks and unplanned work for example large investigations.	**150**	**156**	**156**
Total Audit Days		**2270**	**1944**	**1944**