

WIRRAL COUNCIL

INTERNAL AUDIT SERVICE

STRATEGIC AUDIT PLAN

2013 - 2016

**Internal Audit Service
Treasury Building
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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

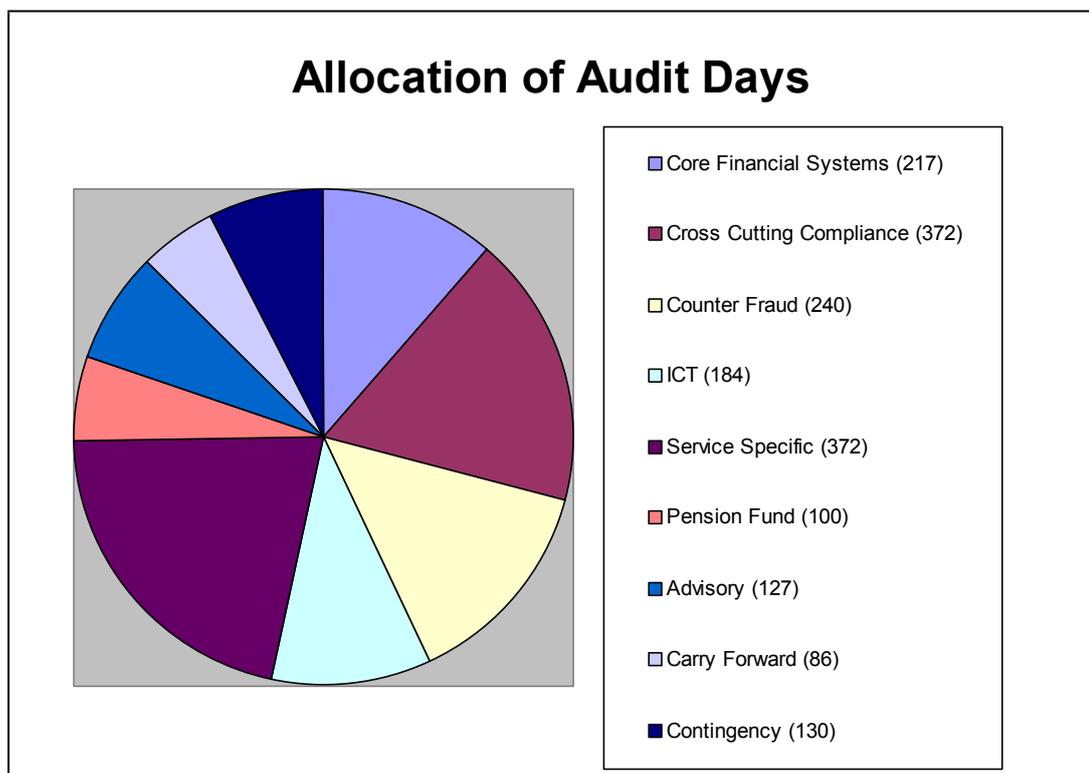
2.2. The allocation of audit days is summarised below. Audit days identified for 2015/16 onwards has been adjusted to reflect the establishment resource available at this time. This resource should be sufficient to enable delivery across all areas of the plan and provide the required annual audit assurance opinion. Comparative data obtained from other similarly sized public sector internal audit providers indicates that Wirral IA Services currently provide a very efficient and affordable service.

Audit	2013/14 Audit Days	2014/15 Audit Days	2015/16 Audit Days
Total Core Financial Systems	250	219	217
Total Cross Cutting Compliance	510	372	372
Total Service Specific	510	372	372
Total Pension Fund	100	100	100
Total ICT	250	214	184
Total Counter Fraud	250	257	240
Total Advisory	150	168	127
Total Carry Forward	100	86	86
Total Contingency	150	156	130
Total Audit Days	2270	1944	1828

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 2015/16 is shown in diagrammatic form below.



- 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 challenges 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 changes, efficiencies and 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.

2015/16 Internal Audit Plan

- 2.9 Changes that have been made to the audit plan for 2015/16 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:

- Care Act
- Local Authority Company
- Transaction Centre
- Intensive Families Intervention Programme
- CYBER Security

This can be accommodated from within the agreed plan however it will be necessary to constantly examine the scope of some of those items during

year to ensure that coverage remains adequate and continues to address evolving risk profiles. This will involve continuous 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.

- 2.10 The revised plan for 2015/16 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	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. Detailed testing to evaluate compliance, challenge and effective reporting.	X
Accounts Payable		X
Income / Cash Management		X
Council Tax		X
Business Rates		X
Budget Control		X
Payroll		X
Benefits		X
Treasury Management		X
General Ledger		X
Financial Management and Accounting		X
Total Core Financial Systems		217
Cross Cutting Compliance Audits		
Risk Management	Review corporate and directorate arrangements for risk management including the extent to which corporate risk management policy is consistently applied.	X
Organisational Change	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. Review of controls over the administration of these developing systems to ensure that stated aims and objectives are achieved. Ongoing input into the organisational transformation and reorganisation of the Council.	X
AGS	Undertake work to support and assist in the preparation of the Annual Governance Statement.	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

Audit	Overview of Assurance	2015/16 Audit
Debt Management	To provide assurance on effectiveness of systems in operation across all directorates and evaluation of compliance through testing.	X
Performance Management and Planning	Review of corporate, directorate and management arrangements including governance and reporting.	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
HR Policies and Procedures	Assurance that core HR policies and procedures are being complied with (includes Whistleblowing, Grievances, Gifts and Hospitality, and Absence Management).	X
Constitution	Assurance that procedure rules are effective and are being complied with across the organisation. To provide assurance that corporate decision making processes and procedures in operation are efficient and effective, open and transparent and consistently applied.	X
Neighbourhood Working Community Engagement	Input to developing system providing advice and guidance on proposed controls over the Council's process for revising structures and responsibilities including Area Committees. Review the overall process for consultation and evaluate the effectiveness of arrangements for including outcomes and feedback into the policy decision making process.	
Regional Change Initiatives	Input to developing arrangements and systems providing assurance opinions as to the effectiveness.	X
Homelessness and Supporting People	Review, evaluation and input into developing arrangements and provision of opinions regarding effectiveness and fitness for purpose of 'combined' operations.	X
Strategic Commissioning and Procurement	To provide support and guidance into any developments in this area. Providing assurance on corporate procurement strategies and policies and their operation across the Council, covering works, services, and supplies.	X
Public Health Contracts	Review of commissioning of major public health contracts including dissemination of any lessons learnt.	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

Audit	Overview of Assurance	2015/16 Audit
Budgetary Control	To gain assurance that corporate budgeting process is effective and complied with by officers by reviewing a sample of departments arrangements.	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
CREES	Annual review of Carbon Reduction evidence submitted to Environment Agency for accuracy and completeness and compliance with legislation.	X
Grants	Time allocation for grant certification work.	X
Partnerships	Review of partnership governance based upon a sample of partnerships taken from the corporate partnership register.	X
Culture	To gain assurance on effectiveness of Cultural Change including management framework and performance appraisal.	X
Total Cross Cutting Audits		372
	Service Specific Systems Audits	
CYPD		
Adoption Reform	To gain assurance regarding delivery of responsibilities associated with new grant.	X
Residential Care - Quality	To gain assurance that the systems in place for monitoring payments and quality of service provision are operating effectively.	X
Schools	Individual School audits and ongoing support and guidance on effective control environments to be provided on a risk basis.	X
Schools Traded Services Arrangements	Input to developing systems providing control advice and guidance.	X
Establishments	Risk based review of centres covering all financial and general controls for fitness for purpose.	X
Intensive Families Intervention Programme (IFIP)	Review of controls in operation to ensure that IFIP grant requirements are achieved.	X
DASS		
Local Authority Trading Company	Appraise effectiveness of governance, performance and financial aspects.	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

Audit	Overview of Assurance	2015/16 Audit
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
Safeguarding	Evaluation of effectiveness of controls in operation over care provision for vulnerable adults	X
Sport and Recreation	To gain assurance that all charges are appropriate, levied correctly and income due is collected. Evaluation of staffing resource issues.	
Better Care Fund	Review effectiveness of Better Care Fund systems following implementation in 2015.	X
Care Act	Assessment of readiness of organisation for implementation of new legislation.	X
Regeneration / Environment		
Parks and Countryside	Review of benefits realisation of in house service.	X
Highways Maintenance	Ongoing review and monitoring of effectiveness of controls in operation over management of contract and service provision.	X
Environmental Health	To gain assurance that controls in operation are effective, manage risks and ensure legislative compliance.	X
BIFFA Savings	Evaluate the potential of system to deliver projected savings over extended lifecycle of contract.	X
Resources		
Personal Finance Unit	To ensure the continued implementation of recommendations identified from the independent review are effectively implemented and completion on wider review of systems and controls across organisation.	X
Welfare Benefits Scheme	To provide support and guidance on controls within the new arrangements under welfare reform including the Welfare Assistant Scheme.	X
Transaction Centre	Assurance on effectiveness of systems of control Including Cash and Post functions.	X
Transformation		
Transparency	Evaluation and review to provide assurance over the effectiveness of controls in operation.	X
Legislative Compliance	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		372

Audit	Overview of Assurance	2015/16 Audit
Pension Fund		
Investments	Review of items identified on Risk Register and evaluation of controls implemented to manage and mitigate risks.	X
	Annual review and evaluation through testing of key controls in operation to mitigate any risks to the fund.	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
Admin / Member Services	Review of controls in operation over processes in place for administering AVC's, Membership, Admitted bodies and Transfers.	X
Total Pension Fund		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. Gain assurance that arrangements in place over data sharing amongst related parties are robust, effective and comply with all relevant legislation and best practice including Public Service Network.	X
Business Continuity/Disaster Recovery	Assurance that corporate arrangements are fit for purpose and being complied with effectively.	X
ICT Applications and Infrastructure	To provide assurance that controls are in place to ensure the Confidentiality, Integrity and Availability of key ICT applications. Assurance that appropriate controls are in place to ensure the resilience and correct operation of critical elements of the ICT Infrastructure.(hardware & systems software)	X
ICT Change	Assurance that controls put in place to manage and mitigate risks presented as a result of remodelling and change processes are adequate. Input to developing ICT systems, whether in-house or procured, to ensure that they are fit for purpose, compatible with existing systems and ensure the confidentiality, integrity and availability of Council information.	X

Audit	Overview of Assurance	2015/16 Audit
Agile Working	To provide assurance that technical solutions meet the Authority's strategic requirements and that the associated risks are mitigated.	X
Public Health (Governance Toolkit)	Assurance that the Authority complies with Public Health information security standards.	X
Total ICT		184
	Counter Fraud	
Counter Fraud Strategies, Policies and Awareness Training	Update of internal fraud policies and evaluation of awareness and compliance across the Council and continued delivery of awareness training for all employees.	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
Fraud - Reactive	Investigations of allegations/referrals to Internal Audit	X
Fraud – Proactive	Risk based proactive work to prevent and detect fraud.	X
Total Counter Fraud		240
	Advisory	
Audit Queries	Time allocation for specific queries that arise from departments that require audit services.	X
Corporate Working Groups	Time allocation to contribute to Audit Working Groups	X
National/Regional Working Groups	Time allocation to contribute to Audit Working Groups	X
Total Advisory	Including Control Awareness training.	127
Carry Forward	Residual work from 2014/15	86
Contingency	Time allocation to allow for new emerging risks and unplanned work for example large investigations.	130
Total Audit Days		1828