

WIRRAL COUNCIL

INTERNAL AUDIT SERVICE

INTERNAL AUDIT PLAN

2016 - 2017

**Internal Audit Service
Treasury Building
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Wirral
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1. PURPOSE

1.1. This document provides details of the Internal Audit Plan for 2016-17.

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 both the organisation and the public sector in this time of great change.

During any period of transformation or change organisations require strong internal audit functions that are able to operate in a much wider and more strategic way, assisting the organisation by helping it to put in place and maintain an 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

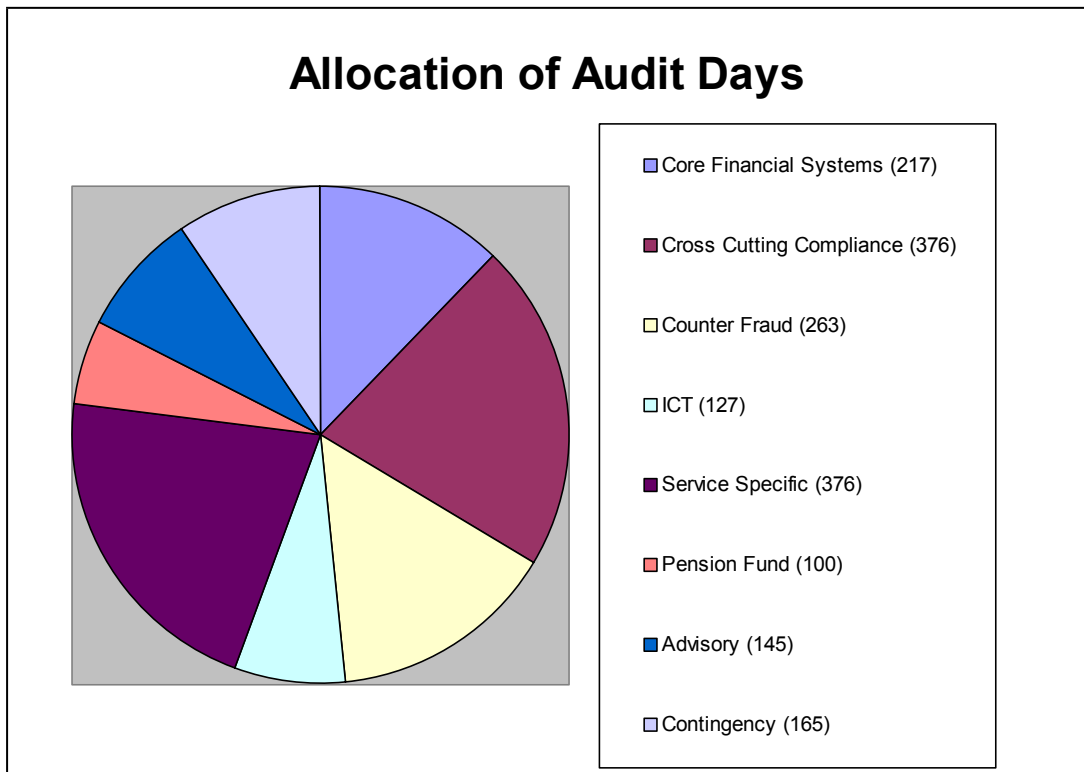
2.2. The allocation of audit days is summarised below. Audit days identified for 2016/17 has been adjusted to reflect the establishment resource available at this time. This resource should be sufficient to enable delivery across all areas of the plan and provide the required annual audit assurance opinion. 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	2016/17 Audit Days
Total Core Financial Systems	217
Total Cross Cutting Compliance	376
Total Service Specific	376
Total Pension Fund	100
Total ICT	127
Total Counter Fraud	263
Total Advisory	145
Total Contingency	165
Total Audit Days	1769

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 2016/17 is shown in diagrammatic form below.



- 2.5. An 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. 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 a brief overview of the assurance that will be sought through work conducted. It is not possible or sensible to identify the exact scope of each piece of work at this moment in time due to the highly volatile nature of service delivery across the public sector. The plan has consequently been designed to ensure that it remains dynamic and flexible, allowing risks emerging as a result to be incorporated into work plans as they materialise.
- 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 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.

Audit	Overview of Assurance	2016/17 Audit Area
Core Financial Systems		
Accounts Receivable	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 / Banking		X
Revenues		X
Budget Control		X
Payroll		X
Benefits		X
General Ledger		X
Financial Management		X
Capital		
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 and Commercialism.	Targeted assessments and evaluation of the effectiveness of the control environment in key areas to mitigate the risk of potential large scale workforce change including evaluation of identification and achievement of key targets. Ongoing input into the organisational transformation and reorganisation of the Council including assessment and evaluation of commercial appetite and implementation.	X
AGS	Undertake work to support and assist in the preparation of the Annual Governance Statement.	X
Social Care Transformation	Input to developing systems and evaluation/assessment of arrangements to achieve agreed objectives.	X
Financial Savings Delivery	Evaluation and assessment of achievement of agreed targets.	X

Audit	Overview of Assurance	2016/17 Audit
Contracts	Targeted assessments and reviews to provide assurance over the effectiveness of governance and controls in operation including compliance.	X
Performance Management and Planning	Review of corporate, directorate and management arrangements including governance and reporting.	X
Edsential	Provision of internal audit services across organisational risk profile.	X
Evolutions	Input to developing arrangements across all governance and control systems.	X
Constitution	To provide assurance that corporate decision making processes and procedures in operation are efficient and effective, open and transparent and consistently applied.	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
Tendering Management	To gain assurance that corporate process is effective and complied with by officers by reviewing and evaluating 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 mandatory 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 arrangements in place for delivery of partnerships element of Wirral Plan	X
Organisational Culture	To gain assurance on effectiveness of Cultural Change including management framework and performance appraisal.	X
Total Cross Cutting Audits		376

Audit	Overview of Assurance	2016/17 Audit
Schools	Individual School audits utilising successfully developed self-assessment programme and ongoing support and guidance on effective control environments provided on a risk basis.	X
Direct Payments	Assessment and evaluation of effectiveness of control and governance arrangements.	X
Intensive Families Intervention Programme (IFIP)	Review of controls in operation to ensure that IFIP grant requirements are achieved.	X
DASS		
Residential Care	To gain assurance that the systems in place for monitoring payments and quality of service provision are operating effectively.	X
Direct Payments	Assessment and evaluation of effectiveness of control and governance arrangements.	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
Local Authority Companies	Evaluation and review to provide assurance over the efficiency and effectiveness of developed systems.	X
Care Act	Ongoing assessment of readiness of organisation for implementation of new legislation.	X
Regeneration / Environment		
Highways Maintenance	Ongoing review and monitoring of effectiveness of controls in operation over management of contract and service provision.	X
Trading Standards	To gain assurance that controls in operation are effective, manage risks and ensure legislative compliance.	X
Community Safety Partnership	Evaluation and review to provide assurance over the effectiveness of governance and controls in operation.	X
Refuse Collection	Evaluation and review to provide assurance over the effectiveness of controls in operation.	X
Resources		
Transaction Centre	Assurance on effectiveness of systems of governance and control.	X
Transformation		
HR Policies	Evaluation and review to provide assurance over the effectiveness of and compliance with key corporate policies and procedures including Whistleblowing and Absence.	X

Audit	Overview of Assurance	2016/17 Audit
Scrutiny	Assessment, evaluation and review to provide assurance over the effectiveness of systems controls and governance arrangements in operation.	X
Licensing	Assessment, evaluation and review to provide assurance over the effectiveness of systems controls and governance arrangements in operation.	X
Case Management	Evaluation and review to provide assurance over the effectiveness of controls in operation.	X
Total Service Specific		376
	Pension Fund	
MPF Systems	Review of identified key systems to evaluate effectiveness of controls in operation and assurance provided to stakeholders.	X
Total Pension Fund		100
	ICT	
Information Assurance	Assessment of the developing corporate arrangements for the management of information and compliance with relevant legislation and best practice	X
ICT Transformation	Assurance that corporate arrangements are fit for purpose and being complied with effectively.	X
ICT Applications	To provide assurance that controls are in place to ensure the confidentiality, integrity and availability of key ICT applications.	X
ICT Infrastructure	Assurance that controls put in place to manage and mitigate risks presented as a result of remodelling and change processes are adequate including input to developing ICT systems, whether in-house or procured.	X
Cyber Security	Assessment of effectiveness of arrangements in operation to mitigate risks.	X
Total ICT		127

Audit	Overview of Assurance	2016/17 Audit
	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
Mersey Regional Fraud Group	Chair group, ensuring regional strategy and collaborative working developed to promulgate joined up best practice across the region.	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	Investigation of serious financial allegations/referrals to Internal Audit	X
Fraud – Proactive	Risk based proactive work to prevent and detect fraud.	X
Total Counter Fraud		263
	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.	145
Contingency	Time allocation to allow for new emerging risks and unplanned work for example large investigations.	165
Total Audit Days		1769