

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

8 MARCH 2012

DRAFT INTERNAL AUDIT PLAN FOR 2012/13

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To present, for initial consideration by Members, the draft plan of audit work to be performed by Veritau Limited, on behalf of the County Council, in the financial year 2012/13.

2.0 BACKGROUND

- 2.1 At its meeting on the 22 April 2010, Members of this Committee considered the results of a self assessment of the Effectiveness of the Audit Committee. This assessment resulted in an Improvement Plan, which included 10 recommendations, progress against which has been regularly reported to this Committee. **One of the recommendations stated that the Audit Committee should be consulted on the scope of the annual Internal Audit Plan in advance of its formal approval.**
- 2.2 In previous years, Members have been asked to approve the final version of the Plan at the meeting in April. Whilst formal approval of the 2012/13 Audit Plan by Members will still be required at the meeting on 21 April 2012, it is anticipated that, by presenting Members with a draft version of the Plan at an earlier stage in the audit planning process, Members will be able to contribute to the consultation process by commenting upon the proposed areas for examination and review.

3.0 AUDIT PLAN 2012/13

- 3.1 The Plan has been based on a risk assessment process and prepared in accordance with Veritau's Audit Strategy, which was approved by Members in April 2010. The basis for the assessment of risk may be the County Council's corporate and directorate risk registers, a separate audit risk assessment or a combination of both. Where it is necessary to complete an audit risk assessment, this has been based on a Risk Assessment Model as summarised in **Appendix 1**. Risk assessments are kept under review but formally updated at the end of each year, to take into account the results of audit work performed and changes in County Council services and systems.

- 3.2 The proposed Annual Internal Audit Plan for 2012/13 is attached as **Appendix 2**. The Plan details the proposed audits and number of audit days within each directorate, specialist areas and outside bodies.
- 3.3 Over the next three years, the County Council will be faced with significant challenges, both in terms of implementing necessary savings without compromising essential services, and in taking on additional responsibilities from central government. Inevitably, this pressure will have an impact on the risks being faced by the County Council and on the control environment. The Audit Plan for 2012/13 is intended to reflect these challenges and to be pro-active in working with management in addressing them.
- 3.4 As with the 2011/12 Plan, the draft Plan for 2012/13 gives increased prominence to corporate risks (particularly those associated with change) and associated audits. The draft Plan also includes:
- an increase in the amount of resources devoted to working with management in developing controls over new systems being planned or implemented during the year; and
 - an increased allocation of time for special investigations. This is intended to help management by investigating particular topics which may be identified in the course of the year as well as addressing the increased risk of control degradation which often accompanies significant change.
- 3.5 The views of the Chief Executive, Corporate Directors, and directorate management teams have been canvassed. This consultation process is still ongoing and, where appropriate, the draft Plan amended to take views into consideration - indeed, the draft Plan continues to evolve throughout the year to take account of changes in the County Council's risk profile.
- 3.6 A Fraud and Loss Risk Assessment (included in a separate report on this agenda) has been prepared. Based on this Assessment, specific audits have also been included in the draft Plan to address areas where there is considered to be a greater risk of fraud and corruption.
- 3.7 The draft Plan is being discussed with the External Auditor (Deloitte).
- 3.8 PricewaterhouseCoopers (PwC) have completed their fourth year as the County Council's IT Internal Auditors. As a separate exercise, PwC will produce an IT audit plan for 2012/13 tailored to address the main IT risks facing the County Council. The draft plan will be discussed with key officers within the County Council and presented to the Technical/WAN/Infrastructure Group (TWIG) chaired by the Corporate Director - Finance and Central Services. The IT Audit Plan will be presented to this Committee at its meeting in April together with the final version of Veritau's overall Internal Audit Plan for 2012/13.

4.0 **RECOMMENDATION**

4.1 Members are invited to consider and comment upon the draft Internal Audit Plan 2012/13.

Report prepared by Roman Pronyszyn, Audit & Information Assurance Manager, Veritau Ltd and presented by Max Thomas, Head of Internal Audit

MAX THOMAS
Head of Internal Audit
Veritau Limited
County Hall
Northallerton

22 February 2012

Background Documents: None

APPENDIX 1

| 5 is high 1 is low | Weight | Criteria | SCORE | | | | |
|-----------------------|--------|---|---|---|---|---|--|
| | | | 5 | 4 | 3 | 2 | 1 |
| Materiality | 3 | <ul style="list-style-type: none"> Financial transactions | Annual income/ expenditure over £2M | | Annual income/expenditure over £500k but less than £2m | | Annual income /expenditure less than £500k |
| | | <ul style="list-style-type: none"> Volume of transactions | Volume of transactions over 10,000 per annum | | Volume of transactions between 1,000 and 9,999 | | Volume of transactions less than 1,000 per annum |
| | | <ul style="list-style-type: none"> Quality of budgetary control arrangements | <p>Very poor.</p> <p>Non-existent or inadequate budget monitoring systems and arrangements. Little or no regular monitoring and frequent material budget variances.</p> | <p>Poor.</p> <p>Budget monitoring systems exist but often ineffective. Limited budget monitoring and performance often outside acceptable limits.</p> | <p>Satisfactory.</p> <p>Budget monitoring systems exist but not always effective. Actual performance often within acceptable limits</p> | <p>Good.</p> <p>Budget monitoring systems exist and generally effective. Actual performance normally within acceptable limits</p> | <p>Excellent.</p> <p>Fully developed and effective budget monitoring systems and arrangements. Actual performance always within acceptable limits.</p> |
| | | <ul style="list-style-type: none"> Pupil Numbers | 500+ | 250-500 | 200-250 | 150-200 | 0-150 |
| | | <ul style="list-style-type: none"> Turnover (Income plus expenditure) | £2M+ | £1.5M-£2M | £1m-£1.5M | £500k-£1M | £0-£500K |

APPENDIX 1

| 5 is high 1 is low | Weight | Criteria | SCORE | | | | |
|-----------------------|--------|--|---|---|--|--|---|
| | | | 5 | 4 | 3 | 2 | 1 |
| Complexity | 3 | <ul style="list-style-type: none"> Processing Routines | Highly complex and requiring detailed technical knowledge to operate. Likely to involve more than one IT application and many staff. Significant scope for error. | Complex. Likely to involve one or more IT applications. Detailed technical knowledge required to operate. Errors likely to occur. | Some complexity. Likely to be based on one IT application. Some detailed technical knowledge required to operate. Errors may occur but unlikely to be significant. | Relatively simple. Likely to be based on manual process or one IT application. Limited knowledge required to operate. Errors may occur but unlikely to be significant. | Simple. Manual process requiring only a limited number of staff. No detailed knowledge required to operate. |
| | | <ul style="list-style-type: none"> Number of staff employed | Over 200 | Between 100 and 200 | Between 50 and 100 | Between 10 and 50 | Less than 10 |
| | | <ul style="list-style-type: none"> Type of establishment | Secondary | | Primary Special | | Adult Learning |

APPENDIX 1

| 5 is high 1 is low | Weight | Criteria | SCORE | | | | |
|-----------------------|--------|--|--|---|---|---|---|
| | | | 5 | 4 | 3 | 2 | 1 |
| Fraud and Corruption | 1 | <ul style="list-style-type: none"> • Significant cash handling operation, • Previous history of problems (fraud investigations, and/or thefts) • Existence of valuable assets • Poor asset security • High staff turnover • Low staff morale • Close relationships between officers and contractors • Poor regard to standards and regulations | High inherent risk. Fraud investigation conducted and/or financial irregularities found within the last five years. High staff turnover and/or low morale. | | Medium inherent risk. Some minor financial irregularities discovered or suspected. Normal levels of staff turnover. | | Low inherent risk. No actual or suspected fraud or financial irregularity. |

APPENDIX 1

| 5 is high 1 is low | Weight | Criteria | SCORE | | | | |
|-------------------------|--------|--|--|---|--|--|--|
| | | | 5 | 4 | 3 | 2 | 1 |
| Stability | 2 | <ul style="list-style-type: none"> System stability New service area Changes in key staff | Major system change and / or new service area. Changed management arrangements or service reorganisation. Very high staff turnover. | Changes to systems and / or service responsibilities. High staff turnover. | Some changes to systems and / or service responsibilities. Normal levels of staff turnover. | Some limited changes to systems and / or service responsibilities. Lower than normal levels of staff turnover. | Highly stable. No changes to systems or management arrangements. |
| | | <ul style="list-style-type: none"> Reserves/Deficit | Reserves £150+ or Deficit £100k+ | Reserves £100k -£150k or Deficit £50k-£100k | Reserves £50k-£100k or Deficit £0-£50k | Reserves £20k-£50k | Reserves £0-£20K |
| Management Arrangements | 1 | <ul style="list-style-type: none"> Reporting arrangements Local systems | Very poor. Non-existent or inadequate management, service planning and performance monitoring systems and arrangements. Performance targets not set. | Poor. Management arrangements considered to be ineffective. Performance targets set but generally not achieved. | Satisfactory. Service planning and performance management arrangements exist but not always effective. Actual performance often within acceptable limits | Good. Service planning and performance management arrangements exist and generally effective. Actual performance normally within acceptable limits | Excellent. Fully developed and effective service planning and performance monitoring systems in place. Actual performance always within acceptable limits. |
| | | <ul style="list-style-type: none"> External bodies control assessment | No opinion available or Unsatisfactory | Poor | Satisfactory | Good | Very Good |

APPENDIX 1

| 5 is high 1 is low | Weight | Criteria | SCORE | | | | |
|-----------------------|--------|--|---|---|---|--|---|
| | | | 5 | 4 | 3 | 2 | 1 |
| Control Environment | 3 | <ul style="list-style-type: none"> Recent audit findings Senior Manager opinion Existence of adequate strategies, policies and procedures Quality of direct supervision and management History of under/over spends Existence and adequacy of written procedures | Very poor. Non-existent or inadequate control framework. No written procedures and history of significant errors, under performance and/or system failures. | Poor. Control framework ineffective. Written procedures may exist but inadequate. Errors, under performance and/or system failures often occur. | Satisfactory. Control framework exists but not always effective. Actual performance often within acceptable limits. | Good. Control framework exists and generally effective. Actual performance normally within acceptable limits | Excellent. Fully developed and effective control framework. Actual performance always within acceptable limits. |
| | | <ul style="list-style-type: none"> Audit Opinion | No assurance | Limited assurance | Moderate assurance | Substantial assurance | High assurance |
| | | <ul style="list-style-type: none"> Time Since Last Audit | 36+ mths | 30-36 mths | 18-30 mths | 12-18 mths | 0-12 mths |

APPENDIX 1

| 5 is high 1 is low | Weight | Criteria | SCORE | | | | | |
|--------------------------------------|--------|--|--|---|--|---|--|--|
| | | | 5 | 4 | 3 | 2 | 1 | |
| | | | | | | | | |
| Risk Management Assessment (Magique) | 3 | <ul style="list-style-type: none"> Assessment of risks identified, quality of control framework and/or action plan | See Magique | | | | | |
| Inspection Regime | 2 | <ul style="list-style-type: none"> Views of Audit Commission (and, or other review agencies) | No opinion available or Unsatisfactory | Poor | Satisfactory | Good | Very Good | |
| | | <ul style="list-style-type: none"> Time since last OFSTED visit | 36+ mths | 30-36 mths | 18-30 mths | 12-18 mths | 0-12 mths | |
| Reputation | 2 | <ul style="list-style-type: none"> Vulnerable adults/children Potential press interest Environmental Health & safety Member and officer conduct | Highly sensitive area where there has been recent negative press interest and/or involves care of the vulnerable (children, elderly, disabled) | Sensitive area involving topical issues (environment, waste disposal) and/or care of the vulnerable with potential for negative press interest. | Some scope for interest but any damage to reputation likely to be limited in duration and / or impact. | Area of moderate sensitivity. Some limited issues but unlikely to result in significant interest and / or damage to reputation. | Very low risk. No history of member / public / press interest or damage to reputation. | |

**NORTH YORKSHIRE COUNTY COUNCIL
DRAFT INTERNAL AUDIT PLAN 2012/13**

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NORTH YORKSHIRE COUNTY COUNCIL - INTERNAL AUDIT SERVICE

Internal Audit Plan for 2012/13

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Internal Audit Plan for 2012/13**1. INTRODUCTION**

- 1.1 This document sets out the planned 2012/13 programme of work for internal audit, counter fraud, and information governance services provided by Veritau Ltd for North Yorkshire County Council.
- 1.2 In accordance with proper practice, internal audit is required to prepare an audit plan on at least an annual basis. The plan is based on a risk assessment model that is maintained by internal audit. The County Council's own risk management systems are also considered in forming a view on what audits to undertake. The audit plan is a working document, and changes are made throughout the year to reflect changes in risk and any issues that arise.
- 1.3 The content of the audit plan is subject to consultation with directors and other senior officers, and is formally approved by the Audit Committee. The Committee is responsible for monitoring progress against the plan. Changes to the plan are agreed through the County Council's client management arrangements and are notified to the committee. Proposed audit work is also discussed with the County Council's external auditors, to ensure that there is no duplication of effort.
- 1.4 Further detail about the audit planning process can be found in the approved audit strategy.

2. 2012/13 AUDIT PLAN

- 2.1 The content of this audit plan for 2012/13 is intended to reflect the pressures placed upon the County Council by the current financial position and the need to find £69.2m savings over the four year period 2011/12 to 2014/15. Experience has shown that, in times of significant change, the risks faced by organisations increase. In order to address this and to ensure internal audit can be pro-active in assisting management the time allocated for special investigations has been substantially increased.
- 2.2 The Government have announced the transfer of a number of duties from central to local government over the next few years. These include the transfer of Public Health responsibilities, responsibility for young people in custody and for those with learning disabilities between the ages of 16 and 25. Specific time has been allocated within the plan to work with management on developing risk management and control structures to ensure these services are delivered effectively.
- 2.3 Details of the 2012/13 plan are set out in the sections 3 –16 below.

Internal Audit Plan for 2012/13

3. CORPORATE

| <u>Ref</u> | | <u>Days</u> |
|------------|--|-------------|
| | <u>Finance Related</u> | |
| | Value Added Tax (Lead Contact – Peter Yates) | 25 |
| | Systems audit of application of VAT regulations within NYCC, including management control over identification of appropriate goods and services, appropriate rates and recovery | |
| | Internal and External Venue Costs (Lead Contact – Peter Bright) | 10 |
| | Follow-up of work done in 2011/12. Audit will look at the implementation stage of the projects | |
| 9022 | Procurement (Lead Contact Officer – Geoff Wall) | 25 |
| | A review of the arrangements in place for ensuring that the County Council's procurement practices support value for money. The audit will include a review of the Procurement Strategy and Action Plan and will take account of any external consultancy work already undertaken. | |
| | Depending on the scope of the audit, the auditors may use IDEA to interrogate data. | |
| | Savings Delivery (Lead Contact Officer – John Moore) | 30 |
| | This allocation of time will consider the progress being made by the directorates to deliver the proposed savings (if not already covered by specific audits) and the extent to which the risks are being managed. In particular the audit will review the impact savings have had on the control environment. The savings areas to be examined will be agreed with senior officers of the County Council before audit work commences. | |
| | <u>Governance</u> | |
| 9012 | Partnership Governance (Lead Contact Officer – Geoff Wall) | 15 |
| | Review effectiveness of partnership governance against the CIPFA guidance. | |
| | Handling Complaints (Lead Contact – TBA) | 15 |
| | Review the effectiveness of management controls over the receipt, logging, investigation, and monitoring of complaints. Include the interface with Data Protection and Freedom of Information | |

Internal Audit Plan for 2012/13

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|------|---|----|
| | IT Assets Register (Lead Contact – David Sadler) Review of IT asset register to provide assurance that all IT assets are identified, recorded and monitored. | 15 |
| | <u>Information Governance</u> | |
| 9020 | Information Governance Compliance (Responsible Officer – John Moore) Review of Directorate arrangements for investigating breaches and implementing lessons learnt. | 15 |
| | Information Security Checks (Responsible Officer – John Moore) A series of unannounced audit visits to various County Council premises to ascertain the extent to which staff are recognising the need to protect sensitive and personal data and information assets e.g. laptops being secured, paper files locked away. The findings will be reported to the Senior Information Risk Owner and to the Corporate Information Governance Group. | 15 |
| | <u>Policy and Performance</u> | |
| | One Council (Lead Contact – Gary Fielding) Systems development review – review of risk management arrangements within work streams, comment of proposed control implications of procedural changes and provision of assurance on programme management | 15 |
| | <u>HR Related</u> | |
| | My View (Lead Contact – Justine Brooksbank) Review of wider use of MyView, including effectiveness of controls over the self service elements of the system, especially in relation to payroll. | 15 |
| | Payroll (Lead Contact – Geoff Wall) Review of systems in place to make non standard payments – audit will concentrate on those payments which are made through manual intervention rather than automated. | 15 |
| | <u>Advisory</u> | |
| | Rationalisation of Council Processes and Systems (Lead Contact – Gary Fielding) An allocation of time to provide input and guidance on internal control matters as the County Council undergoes significant restructuring and rationalisation of systems and processes. | 10 |



NORTH YORKSHIRE COUNTY COUNCIL - INTERNAL AUDIT SERVICE

Internal Audit Plan for 2012/13

| | | |
|------|---|------------|
| 9007 | Performance Indicators and Framework (Lead Contact Officer – Gary Fielding) Systems development work – ongoing review of proposed controls over development and monitoring of performance indicators. Includes attendance at working groups and review of papers. | 10 |
| | Travel and Subsistence (Lead Contact - Geoff Wall) Work with management to develop an effective regime of management checks and controls. | 10 |
| | Purchase to Pay (Lead Contact - Geoff Wall) Attendance at meetings, provision control/governance related advice to management etc. | 10 |
| | Direct Debits (Lead Contact - Geoff Wall) Advice to management concerning controls over automation, authorisation and storage of direct debit mandates. | 10 |
| | TOTAL – Corporate Audits | 260 |

Internal Audit Plan for 2012/13

4. HEALTH AND ADULT SERVICES

| <u>Ref</u> | | <u>Days</u> |
|------------|--|------------------------------|
| 25860 | <p>Payments and Charges for Residential Care (Responsible Officer - Debbie Hogg)</p> <p>Power of Attorney – A review of the process to ascertain whether service users have granted POA and how it is recorded and how this status is made available to relevant staff.</p> <p>A systems review of the use of AIS for residential care. The actual process from Care Management, Brokerage and Benefits Assessments & Charging to the raising of payments to providers and invoices for service user contribution charges.</p> <p>A review of the systems in place for the use of accrued debt, the management of risk, the recording and monitoring and the crystallisation of the charge.</p> | <p>5</p> <p>35</p> <p>20</p> |
| 25920 | <p>Direct Payments (Responsible Officer – Anne Marie Lubanski)</p> <p>A review of the systems and procedures put in place by the County Council to monitor Direct Payment Agreements within the Direct Payment Support Service. This will include an assessment of the implementation of the agreed action plan from the 2011/12 audit.</p> | 30 |
| 26238 | <p>ACS Establishment Financial Procedures (Responsible Officer – Anne Marie Lubanski, Mike Webster)</p> <p>Following on from the success of the pilot review of the procedures put in place to monitor client monies in supported living establishments by external service providers in Harrogate, a further programme of audit visits to review the financial procedures and record keeping in all areas. The supported living environments to be covered will mainly be learning disability and physical disability support.</p> | 30 |
| New | <p>Respite Care (Responsible Officer - Debbie Hogg)</p> <p>A special investigation in 2011/12 found a service user who was receiving personal care at home [PCAH] and then went into residential respite care with both providers being paid for the same period. This assignment will review a sample of service users who receive PCAH and have a period of respite care to ensure that the controls in place are appropriately designed to prevent or detect where overpayments to providers and overcharging to service users occur.</p> | 15 |
| 5860 | <p>Charges for Domiciliary Care Electronic Invoicing (Responsible Officer - Debbie Hogg)</p> <p>A review of the system used by the directorate for making payments to providers and for raising debtor invoices for client contributions where electronic invoices are used.</p> | 30 |

Internal Audit Plan for 2012/13

New **Swift Financials**
(Responsible Officer – Debbie Hogg) 20

It is proposed to migrate the use of electronic invoicing for payments to the providers of domiciliary care to Swift Financials. A provision of time to review the process and controls put in place.

New **Swift Financials**
(Responsible Officer – Debbie Hogg) 20

It is proposed to use Swift Financials to make Direct Payments to service users. A provision of time to review the process and controls put in place.

New **Fairer Contribution**
(Responsible Officer – Debbie Hogg) 25

A review of the progress to re-assess existing service users under Fairer Contribution and assess whether the implementation of Fairer Contribution has affected the take up of support services and how this is being monitored.

New **Public Health**
(Responsible Officer – Sukhdev Dosanjh) 25

A review of arrangements to take on Public Health responsibilities from 2013/14, to include the governance arrangements for the Health Strategy Board.

26150 **Planning and Advice**
(Responsible Officer – Debbie Hogg) 15

Provision for discussing audit matters with Directorate Management and for providing advice and assistance as required. This allocation of time also allows for Internal Audit input at safeguarding conferences and meetings as required.

TOTAL – Health and Adult Services

| |
|------------|
| 270 |
|------------|

Internal Audit Plan for 2012/13

5. BUSINESS & ENVIRONMENTAL SERVICES

| <u>Ref</u> | | <u>Days</u> |
|------------|---|-------------|
| | <p>Passenger Transport (Responsible Officer – Richard Owens) Audit to focus on interaction with third parties – to include arrangements for management of risk where contracts are let to community groups</p> | 15 |
| | <p>Capital Projects and Major Schemes (Responsible Officer – Sian Hansom) Review of governance of projects and scheme development, plus arrangements for ongoing governance following award of contract</p> | 20 |
| | <p>Local Enterprise Partnership (Responsible Officer – James Farrar) Governance structures and control regimes – to include decision making, approval of expenditure, project monitoring, financial monitoring, S31 grant structure etc</p> | 20 |
| | <p>E-Crime Unit (Responsible Officer – Graham Venn) Governance and management of the unit, recharging of costs, accountability, management of risk etc.</p> | 15 |
| | <p>Minerals and Waste Development Framework (Responsible Officer – Ian Fielding) Governance, monitoring and control, accountability structure etc</p> | 10 |
| | <p>Winter Maintenance Contract (Responsible Officer – Barry Mason) Follow up of work done in 2011/12</p> | 5 |
| | <p>Waste PFI (Responsible Officer – Sian Hansom) Allocation to monitor progress and respond to any issues which may arise</p> | 5 |
| | <p>Bedale By-pass (Responsible Officer – Barry Mason) Review of management controls over project, business case, progress monitoring, contracting, financial control etc.</p> | 15 |
| | <p>On Street Parking (Scarborough) (Responsible Officer – Barry Mason) Review of management controls over issue of permits and collection of revenue</p> | 15 |
| | <p>Grants Register (Responsible Officer – James Farrar) Brief review of entries on the BES grants register to confirm effectiveness of management controls over completeness and accuracy.</p> | 5 |
| 4781 | <p>HMC 2012 Project (Responsible Officer – Barrie Mason) An allocation of time for Veritau representatives to attend meetings as invited to offer input, guidance and advice where appropriate on the project management controls for the new Highways Maintenance Contract. The scope of the work will include a review of the proposed payment mechanisms under the new contract.</p> | 15 |



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Internal Audit Plan for 2012/13

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|------|---|------------|
| | Final Settlement Payments (Balfour Beatty) | 5 |
| | (Responsible Officer – TBA) | |
| | Review of invoices prior to payment | |
| 4990 | Meetings, Planning and Advice | 5 |
| | (Responsible Officer – Sian Hansom) | |
| | Provision for discussing audit matters with directorate management and for providing advice and assistance as required. | |
| | Highways Maintenance Contract | 10 |
| | (Responsible Officer – Barry Mason) | |
| | Review of interface between Ringway finance system (Symology) and NYCC systems | |
| | TOTAL – Business and Environmental Services | 160 |

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Internal Audit Plan for 2012/13

6. CHIEF EXECUTIVE'S GROUP

| <u>Ref</u> | | <u>Days</u> |
|------------|--|-------------|
| | Emergency Planning (Responsible Officer – Mark Wilkinson) A review of the procedures in place for supporting service continuity planning across the County Council. Concentration on the new system being piloted in BES. | 10 |
| 6201 | Members Allowances (Responsible Officer – Geoff Wall/Carole Dunn) A regularity audit of all types of allowances payable to elected members including travel and subsistence. A sample of allowances paid by District Councils, the Police, Fire and National Park Authorities will be compared to those paid by the County Council to identify potential duplicate claims. | 20 |
| | Communications (Responsible Office – Helen Edwards) Review of effectiveness of the management of controls identified in the risk register | 10 |
| 6700 | Meetings, Planning & Advice (Responsible Officer – Gary Fielding) Provision for discussing audit matters with directorate management and for providing advice and assistance as required. | 2 |
| | TOTAL – Chief Executive's Group | 42 |

Internal Audit Plan for 2012/13

7. CHILDREN & YOUNG PEOPLE'S SERVICES

| Ref | Schools | Days |
|------|--|------|
| | <p>Primary Schools (Responsible Officer – Chair of Governors / Head Teacher) Visits to (to be confirmed) of the county's Primary Schools, determined by reference to a Risk Assessment. The audit programme for the year has been extended to include the review of in-house nursery classes and to provide assurance to governing bodies and the County Council on questions of resource management, as recommended in the Audit Commission's "Valuable Lessons" national report. In addition, this allocation includes time for dealing with enquiries received from schools and for other audits such as those requested before an OfSTED inspection.</p> | 200 |
| | <p>Secondary Schools (Responsible Officer – Chair of Governors / Head Teacher) Visits to (to be confirmed) of the county's 47 secondary schools determined by reference to a Risk Assessment. Particular attention will be paid to those secondary schools where there are known issues and risks.</p> | 100 |
| | <p>Special Schools (Responsible Officer – Chair of Governors / Head Teacher) Visits to (to be confirmed) of the county's special schools, determined by reference to a Risk Assessment.</p> | 12 |
| | <p>Dedicated School Grant (Responsible Officer – Anton Hodge) Review of controls over apportioning of grant, accounting for spend and reporting to DfE</p> | 10 |
| | <p>Financial Management Standard (Responsible Officer – Anton Hodge) A provision to review the implications of the replacement for the Financial Management Standard in Schools that the Department for Education is expected to announce early in the financial year. This allocation of time will also incorporate a review of Statements of Internal Control returned by schools, which forms part of the County Council's system of internal control. (A separate, chargeable, service will be developed in respect of a governance and value for money health check for schools).</p> | 20 |
| | <p>Strategic Services</p> | |
| 3134 | <p>External Providers – Settings (Responsible Officer – Carolyn Bird) Visits to independent providers of nursery education to validate claims submitted to the Council for payment. It is intended that 40 providers will be visited during 2011/12.</p> | 70 |
| 3290 | <p>Children's Centres (Responsible Officer – Carolyn Bird) A provision for visits to Children's Centres to validate financial and system controls. It is intended that visits will be made to 5 of the centres during 2011/12.</p> | 15 |

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| 3131 | <p>Early Years - other projects 10 (Responsible Officer – Carolyn Bird) Provision for other work to be undertaken in conjunction with the Early Years Team in Children & Young People’s Finance. This will include the drawing up of a Risk Assessment for visits to private and voluntary providers and a review of the new BAFEY system for making payments to providers. Other projects will be determined during the year via consultation with senior management.</p> |
| | <p>Casework Tracking 10 (Responsible Officer – Kevin Tharby) Review of controls over the tracking and monitoring of casework</p> |
| | <p>Young People in Custody 5 (Responsible Officer – Judith Hay) System Development review to provide assurance that arrangements to take on responsibility for this area from MoJ will provide for effective control. Main audit work to be carried out in 2013/14.</p> |
| | <p>Learning Disability 5 (Responsible Officer – Andrew Terry) System Development review to provide assurance that arrangements to take on responsibility for 16-25 year olds with Learning Disabilities from central government will provide for effective control. Main audit work to be carried out in 2013/14.</p> |
| | <p>Children’s Social Care</p> |
| 5850 | <p>Establishments 12 (Responsible Officer– Judith Hay) A regularity review of day care services provided by three Children and Families Establishments.</p> |
| | <p>Friends and Family Care 15 (Responsible Officer – Judith Hay) Review revised policy to ensure controls over delivery of financial help are effective, help is targeted and that revised procedures have been implemented.</p> |
| | <p>Access & Inclusion</p> |
| | <p>Safeguarding 20 (Responsible Officer – John Bell) A review of arrangements in CYPS to ensure that children in schools and early years settings are appropriately safeguarded</p> |
| 3230 | <p>Special Educational Needs Statementing 15 (Responsible Officer – Andrew Terry)</p> |
| 3230 | <p>Special Educational Needs – Costs to Schools 15 (Responsible Officer – Andrew Terry) Delegation of SEN costs to schools</p> |

Internal Audit Plan for 2012/13

CYPS Finance and Management Support

3220 **Schools Computing and Banking Systems** 15
(Responsible Officer – Anton Hodge)

A provision for Internal Audit involvement in changes to schools' financial software and the introduction of BACS payment systems to replace cheques. Deferred from 2011/12.

4190 **CYPS Training** 30
(Responsible Officer – Anton Hodge)

A provision for the review and the issue of documentation for the School Finance Manual and the annual review of LMS Procedure Rules, which is led by Veritau. In addition, Veritau will provide training courses for governors, Youth Service and Adult Learning administrative staff explaining the role of internal audit and the importance of financial controls. Presentations to the termly school bursar conferences will also be given as necessary. Each term a Schools Audit Newsletter will also be produced.

3930 **Meetings, Planning & Advice** 10
(Responsible Officer – Anton Hodge)

Provision for discussing audit matters with Directorate Management and for providing advice and assistance as required. The allocation includes attendance at the Schools Causing Concern Group.

Year End Balances

(Responsible Officer – Anton Hodge)

Review of arrangements for estimating school balances and apportioning them between revenue and capital for balance sheet purposes 15

TOTAL – Children and Young People's Services

604



NORTH YORKSHIRE COUNTY COUNCIL - INTERNAL AUDIT SERVICE

Internal Audit Plan for 2012/13

8. COMPUTER AUDIT

| <u>Ref</u> | | <u>Days</u> |
|------------|--|-----------------------|
| 7101 | Systems Development and Implementation (Responsible Officer – David Sadler) Provision for audit involvement in the implementation of new computer systems or the enhancement of existing systems. Veritau will also provide advice on controls in the systems, in particular processing and access controls. | 5 |
| 8501 | Meetings, Planning & Advice (Responsible Officer – David Sadler) Provision for liaison with staff from ICT Services in respect of audit matters, and attendance at IT related meetings. | 5 |
| 8701 | Internal IT Audit Provision (Responsible Officer – David Sadler) A number of reviews to be undertaken by our Computer Audit contractors, PricewaterhouseCoopers, during the year. The actual assignments will be agreed as part of a separate audit risk assessment and planning process. The allocation of days for 2012/13 for PWC is currently 60 per their Strategic Audit Plan. Veritau will meet periodically with PWC in order to monitor progress against the IT audit plan. | 60 |
| | TOTAL - Computer Audit | <hr/> 70 <hr/> |

Internal Audit Plan for 2012/13

9. CONTRACT AUDIT

| <u>Ref</u> | | <u>Days</u> |
|-------------------------------|---|-------------|
| 2985 | <p>Compliance with Contract Procedure Rules (Responsible Officers – Carole Dunn and John Moore) An annual review of the arrangements for providing both the S151 Officer and the Monitoring Officer with assurance that key contract related matters are brought to their attention. The audit also aims to provide assurance that the County Council’s Contract Procedure rules are being complied with. The detailed audit brief will be agreed with the Corporate Director – Finance and Central Services.</p> | 20 |
| 2830 | <p>Capital Contracts (Responsible Officer – Geoff Wall) This will involve a detailed audit of two contracts, preferably within the capital programme or where issues have emerged. The purpose of the audit is to ensure that agreed procedures are being followed, that Contract Procedure Rules are being complied with and that progress against contracts is monitored. The choice of contracts will be made in consultation with the Corporate Procurement Group.</p> | 25 |
| New | <p>Revenue Contracts (Responsible Officer – Geoff Wall) A review of a sample of contracts for supplies and services to ensure that effective and timely contract monitoring arrangements are in place. The choice of contracts will be made in consultation with the Corporate Procurement Group.</p> | 20 |
| 2870 | <p>Contract and Procurement Related Matters (Responsible Officer – Geoff Wall) Provision to provide advice and assistance to directorates on contract related matters as and when they arise. A member of Veritau will continue to be a member of the Corporate Procurement Group.</p> <p>This allocation time will also cover Veritau’s contribution to the annual review and update of the Contract, Finance and Property Procedure Rules.</p> | 10 |
| 2900 | <p>Final Accounts (Responsible Officer – Geoff Wall) An allocation of time to review all the final accounts submitted to Veritau and, where certain criteria are exceeded in accordance with a risk assessment, to carry out focussed audit work.</p> | 15 |
| TOTAL - Contract Audit | | 90 |

Internal Audit Plan for 2012/13

10. FINANCE & CENTRAL SERVICES

| <u>Ref</u> | | <u>Days</u> |
|------------|--|-------------|
| | Smallholdings (Responsible Officer – Peter Bright) Monitoring, management of relationships, collection of rents etc. | 15 |
| 2740 | Meetings, Planning & Advice (Responsible Officers – John Moore/Geoff Wall) Provision for discussing audit matters with Directorate Management and for providing advice and assistance as required. | 5 |
| | Material Financial Systems | |
| | Debtors (Responsible Officer – Geoff Wall) Audit to concentrate on those debts which are outside of the main financial systems (eg. within ASC and CYPs) to ensure management controls over the following up, collection or writing off of debts are effective and that County Council's policies are applied consistently. Will specifically include use of credit memos and treatment of accrued debt following charges being made on property by HAS. | 20 |
| | Creditors (Responsible Officer – Geoff Wall) A review of management controls in place to ensure that payments are properly authorised, processed accurately and correctly accounted for. The audit will also include a review of the Payment Management software due to be introduced in 2013/14. | 20 |
| 2640 | Treasury Management (Responsible Officer – Peter Yates) A review of the procedures, in place for the investment of surplus cash on behalf of and by a number of the County Council external bodies, plus the County Council's short term and long term borrowing arrangements. | 10 |
| 2750 | Main Accounting (Responsible Officer – Peter Yates) A review of the procedures in place to ensure balances are dealt with correctly and budgets are set up correctly and properly monitored. The audit will also check that bank reconciliations and HMRC returns are carried out regularly and accurately and that financial information is reported to senior management. | 15 |
| 2760 | Capital Accounting (Responsible Officer – Peter Yates) A review of the procedures in place in respect of capital accounting. The audit will cover budgeting and the recording and classification of capital expenditure. The procedures for maintaining the County Council's fixed asset register will also be reviewed. Testing is to be carried out this year to coordinate with the external auditors' programme of audits. | 15 |
| 2745 | Feeder Systems (Responsible Officer – Peter Yates) A review of the controls and procedures associated with a number of the feeder systems to Oracle Financials. The audit will also consider the controls in place to reduce the likelihood of erroneous or duplicate payments being made. | 15 |
| | TOTAL – Finance and Central Services | 120 |

Internal Audit Plan for 2012/13

11. PENSION SCHEME

| <u>Ref</u> | | <u>Days</u> |
|------------|---|-------------|
| | NORTH YORKSHIRE PENSION SCHEME (Responsible Officer – John Moore) | |
| | The work to be undertaken will follow the framework for the audit of Local Authority Pension Funds, drawn up by CIPFA and the Society of County Treasurers. | |
| 2220 | Pension Fund Expenditure To include the interface between the BACS and Axis systems | 10 |
| 2200 | Pension Fund Income | 10 |
| 2210 | Pension Fund Investments | 10 |
| 2230 | Pension Fund Administration and Governance This will include an element of time to work with management to develop the call management system, Task manager and other efficiency proposals. | 20 |
| | TOTAL – North Yorkshire Pension Fund | 50 |

Internal Audit Plan for 2012/13

12. COUNTER FRAUD & CORRUPTION

| <u>Ref</u> | | <u>Days</u> |
|---|---|-------------|
| 7500 | <p>National Fraud Initiative - Data Matching (Responsible Officer – Ian Smithson)</p> <p>Provision to review the output of the bi-annual data matching exercise organised by the Audit Commission. The auditors will use IDEA to interrogate output from the exercise where possible</p> | 15 |
| 8800 | <p>Special Investigations</p> <p>A contingency for investigating suspected frauds and irregularities reported during the year.</p> | 310 |
| 8300 | <p>Counter Fraud Strategy (Responsible Officer – Roman Pronyszyn)</p> <p>An allocation of time to review and update the County Council's Counter Fraud Strategy, Fraud & Risk Loss Assessment and associated policies.</p> | 15 |
| 8301 | <p>Fraud Awareness (Responsible Officer – Roman Pronyszyn)</p> <p>An allocation of time to support the process of raising awareness of potential fraud risks.</p> | 10 |
| TOTAL – Counter Fraud & Corruption | | 350 |

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Internal Audit Plan for 2012/13

13. INFORMATION GOVERNANCE

Ref Days

**Provision of Information Governance Services
(Responsible Officer – John Moore)**

An allocation of time for the provision of Information Governance services to the County Council, including:

- co-ordination of responses to Data Protection and Freedom of Information requests 200
- monitoring compliance with DP and FoI requirements and 200
- assisting in the development and implementation of an Information Governance framework 140

TOTAL – Information Governance

| |
|------------|
| 540 |
|------------|

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Internal Audit Plan for 2012/13

14. OTHER CHARGEABLE AUDIT WORK

| <u>Ref</u> | | <u>Days</u> |
|------------|---|-------------|
| 7305 | <p>Follow Up Audit Work</p> <p>An allocation of time to follow up on the implementation of previously agreed actions/recommendations. This will involve producing quarterly reports from the audit management system to ascertain which recommendations should have been actioned according to the date specified at the time of the audit. Responsible officers within directorates will be contacted and asked to confirm whether the actions have been implemented as agreed. Sample testing on the responses received will be carried out in order to provide evidence of implementation, particularly for priority 1 recommendations.</p> | 40 |
| 7310 | <p>Risk Management for Audit (Responsible Officer – John Moore)</p> <p>This allocation of time will cover the continued development of links between the Risk Management function and Internal Audit, so that audit work can effectively contribute to the Risk Management process, and so that audit resources are better targeted. This allocation of time will also allow for attendance at:</p> <ul style="list-style-type: none"> • Corporate Risk Management Group • Health & Safety Risk Management Group • Monthly meetings with the Risk and Insurance Manager | 10 |
| 7320 | <p>Audit Committee (Responsible Officer – John Moore)</p> <p>Provision to prepare and present reports on internal audit and governance related work undertaken during the financial year. The reports will be presented in accordance with the agreed timetable of the Audit Committee. Time is also included to train Members of the Audit Committee and Working Parties as and when required and to offer guidance on the reviews of effectiveness for the Audit Committee and internal audit.</p> | 26 |
| 7350 | <p>Audit Risk Assessment (Responsible Officer – Roman Pronyszyn)</p> <p>Provision to update the Audit Risk Assessment used to assist in the preparation of the Audit Plan. The time allocation includes an allowance to ensure that the criteria and associated weightings are consistent with the City of York Council.</p> | 5 |
| 7480 | <p>External Audit liaison (Responsible Officer – Max Thomas)</p> <p>Liaison with the external auditors to avoid duplication of effort and to maximise the overall benefit of the audit services provided to the County Council.</p> | 5 |
| 7490 | <p>Corporate Governance (Responsible Officer – John Moore)</p> <p>Representation on the Corporate Governance Officer Group to assist in the development and maintenance of the County Council's governance arrangements.</p> | 20 |



NORTH YORKSHIRE COUNTY COUNCIL - INTERNAL AUDIT SERVICE

Internal Audit Plan for 2012/13

| | | |
|------|---|------------|
| 8000 | Annual Audit Plan (Responsible Officer – Roman Pronyszyn) | 20 |
| | Provision for the preparation, compilation and consultation of the Annual Audit Plan, taking into account the results of the Audit Risk Assessment and the likely available resources. Corporate Directors and Service Unit Heads will also be consulted on their requirements in February 2012 as part of the liaison process. | |
| 8200 | Special Assignments | 100 |
| | Time allowed for unplanned but essential audit projects arising after the annual audit plan is produced. | |
| | TOTAL – Other Chargeable Audit Work | 226 |

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Internal Audit Plan for 2012/13

15. NON AUDIT DUTIES

Ref

Days

An allocation of days to deal with work for the County Council which is not directly related to audit work. 18

TOTAL – Non Audit Duties

18

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NORTH YORKSHIRE COUNTY COUNCIL - INTERNAL AUDIT SERVICE

Internal Audit Plan for 2012/13

16. EXTERNAL CLIENTS (internal audit services provided by Veritau on behalf of NYCC)

| <u>Ref</u> | <u>Days</u> |
|---|-------------|
| North Yorkshire Fire and Rescue Authority | 95 |
| North York Moors National Park Authority | 30 |
| Yorkshire Dales National Park | 30 |
| TOTAL – External Clients | 155 |
| GRAND TOTAL AUDIT DAYS | 2955 |

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