

**CITY OF YORK COUNCIL
INTERNAL AUDIT AND COUNTER FRAUD PLAN 2015/16**





City of York Council's Audit and Counter Fraud Service

Annual Plan 2015/16

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1. INTRODUCTION

- 1.1 This plan sets out the proposed 2015/16 programme of work for the internal audit, counter fraud, and information governance services provided by Veritau for the City of York Council.
- 1.2 In accordance with proper practice¹, internal audit is required to prepare an indicative annual audit plan. The plan is based on a risk assessment model that is maintained by internal audit. The 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 council officers, and is formally approved by the Audit and Governance Committee. The committee is responsible for monitoring progress against the plan. Changes to the plan are agreed through the council's client management arrangements and are notified to the committee. Proposed audit work is also discussed with the council's external auditors, to ensure that there is no duplication of effort. Further details about the approach to audit planning can be found in the Audit Charter (latest version approved by the Audit and Governance Committee in December 2014).

2. 2015/16 AUDIT PLAN

- 2.1 The ongoing financial pressures faced by the council and the consequent need to review and adapt services are major factors affecting systems and controls. Veritau's priority for the immediate future continues to be to help support the council maintain an effective control environment in these challenging times. The approach to audit planning for 2015/16 follows that adopted over the last few years by providing a balance between regularity audits in areas such as the main financial systems where the volume and value of transactions processed are significant and regular audit is essential; and other

¹ Proper practice is set out in the Public Sector Internal Audit Standards and specific guidance on these standards for local government, issued by CIPFA. This includes a requirement for engagement with senior managers and members in the audit planning process.



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reviews targeted towards areas of increased risk due to change. This includes:

- direct support to change projects - to provide advice and challenge on controls being implemented or changed, and project governance
- emphasis in other audit work on the appropriateness of control systems in the current climate, and key objectives to meet current needs (e.g. progress with savings plans).

2.2 Details of the 2015/16 plan are set out in sections 3 – 7 below.



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3. CORPORATE & CROSS CUTTING AUDITS

Days

Annual Governance Statement & Governance Support

10

Advice and support on corporate governance matters and support in preparing the council's annual governance statement.

Asset Management

20

A review of the arrangements for managing the council's fixed assets and systems for accounting for assets.

Budget Savings

25

The audit will consider the controls in place related to the planning, monitoring and achievement of agreed budget savings, and the effectiveness of arrangements to manage risks relating to the budget.

Car Parking

20

An audit of systems for collecting car parking income, enforcement and issuing of permits.

Committee Reports

10

A review of the use of private papers in committee reports.

Data Quality & Performance Management

25

A review of the council's performance management framework along with the systems for capturing key performance data.

Freedom of Information

20

A review of the arrangements in place to respond to requests made under the Freedom of Information Act.



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Health & Safety	25
<p>A review of council arrangements for managing health and safety. The specific areas to be covered will be determined in consultation with officers.</p>	
Information Security	45
<p>An allocation of time for a series of unannounced audit visits to council offices to ascertain the extent to which staff are recognising the need to protect sensitive and personal data and information assets. In addition, there is provision for an audit to assess understanding and compliance with Information Governance policies and procedures.</p>	
Members' Allowances	20
<p>A review of allowances payable to elected members including travel and subsistence.</p>	
New HR System	10
<p>Assurance work and support and advice in relation to the continuing roll-out of new iTrent modules.</p>	
Overtime	20
<p>A review of procedures across the council for the allocation, authorisation and record keeping relating to additional hours and overtime. This will follow-up the findings from the 2014/15 audit and also verify the council's compliance with the European Working Time Directive.</p>	
Partnership Arrangements	20
<p>A review of partnership risk management and governance arrangements.</p>	



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Performance Management of New Service Delivery Models 20

Building on the work carried out in 2014/15, a review of the performance management arrangements in place for the new council social enterprises – Be Independent, Explore and Make it York.

Project Management 30

A review of overall council project management arrangements as well as an allocation for support on individual projects.

Procurement and Contract Management 60

A review of the arrangements within the council for procuring goods and services. This will encompass a number of separate audits including corporate procurement arrangements and individual reviews of specific procurement exercises and contract related issues. Priorities for audit will be determined in consultation with council officers during the year.

Recruitment Checks 10

A review of checks carried out when employing staff at the council. This will include the robustness of counter fraud checks undertaken.



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Register of Interests 10

An audit of the council's arrangements for maintaining a register of interests.

Risk Management 20

A review of overall council risk management arrangements.

Transformation Programme 40

An allocation of time to provide support and advice in relation to the council's Transformation Project. This may include consideration of overall monitoring and governance arrangements or specific pieces of work supporting particular aspects of the programme. This will build on the work carried out in 2014/15.

Use of Interims, Specialists and Consultants 20

An audit of the new policies and procedures applied across the council for engaging interims, specialists and consultants which are due to be implemented in 2015.

TOTAL – Corporate & Cross Cutting Audits **480**



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4. MAIN FINANCIAL SYSTEMS

Days

Cashiers and Income Management

20

A review of overall income management arrangements and the administrative processes for processing payments (including cash handling controls and security).

Council Tax & NNDR

25

A review of the systems for calculating Council Tax and NNDR liabilities, and the collection, recording and processing of payments.

Council Tax Support and Housing Benefits

25

A review of the arrangements for paying Housing Benefits and for administering the council tax support scheme.

Debtors

20

A review of the systems for raising debtor invoices and collecting income, credit control, and debt recovery arrangements.

Housing Rents

20

Reviews of the systems to collect, record, reconcile and monitor housing rents. The audit will also examine the arrangements for debt recovery.



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Main Accounting System	25
A review of the arrangements for managing and maintaining the financial ledger. The audit will include a review of:	
<ul style="list-style-type: none">• access and back up arrangements• the integrity and timeliness of data• the processing of journals and virements• reconciling control and suspense accounts• the creation and maintenance of the coding structure• feeder systems and year end processes	
Ordering and Creditor Payments	25
A review of the systems for ordering goods and services and processing creditor invoices.	
Payroll	25
A review of payroll controls and processing.	
Treasury Management & Prudential Code	8
A review of treasury management key controls.	
VAT Accounting	8
A review of key controls to ensure compliance with VAT accounting requirements.	
York Financial Assistance Scheme	10
A review of the arrangements in place for making awards under the revised York Financial Assistance Scheme (YFAS).	
TOTAL – Main Financial Systems	211



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5. DIRECTORATE AUDITS

Days

Adult Social Services (ASS)

Better Care Fund

20

Provision to provide support in relation to the newly established Better Care Fund. This may include a review of governance arrangements, risk management and performance management.

Deprivation of Liberty Assessments

10

A review of the arrangements in place to carry out Deprivation of Liberty Assessments. The council has seen a sharp increase in these in the past 12 months and plans to implement an element of automation into the process.

Direct Payments and Individual Budgets

25

An audit of the arrangements in place to provide direct payments to individuals who need to enable them to buy their own care or support services. This will include a follow-up of findings from previous audits.



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Implementation of the Care Act 20

Provision to provide support in relation to the implementation of the Care Act, building on work done in relation to Adult Safeguarding in 2014/15.

City and Environmental Services (CES)

Development Management 25

An audit of the planning services offered by the council.

Section 106 Agreements 15

An audit of the arrangements in place to monitor and administer section 106 agreements.

Children's Services, Education and Skills (CSES)

Children's Direct Payments 25

A review of the arrangements in place by the council to provide direct payments to children and young people.

Children's Social Care Records 10

Continued provision to provide support in relation to replacement of the RAISE system. This will build on work carried out in 2014/15.

Free Early Education Funding 25

A review of payments to private nursery providers. This includes the audit of registration records at a sample of nursery establishments, to ensure claims for funding are correct.



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High Needs SEN 20

A review of the system in place for the allocation of funding and the provision of High Needs SEN following changes in the funding system.

Implementation of Schools Finance System 15

A review of the implementation of the new Schools Finance System.

Schools 120

A programme of visits to schools as well as a number of themed audits. The audits are undertaken in accordance with a detailed risk assessment.

Communities and Neighbourhoods (CANS)

Gas Servicing and Housing Repairs 25

A review of systems in place to provide gas servicing and housing repairs.

Public Health 25

An review of controls in place to manage key Public Health risks including giving assurance over capacity to deliver the five statutory public health functions that the council is required to deliver. This will build on work carried out in previous years and assess how well Public Health has been embedded within the council.

Customer and Business Support Services (CBSS)



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IT audit	20
The specific areas to be covered will be determined in consultation with officers.	
PCI DSS Compliance	5
A review of compliance with the Payment Card Industry Data Security Standard.	
TOTAL – Directorate Audits	405



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6. COUNTER FRAUD & CORRUPTION

Days

Data Matching

176

Provision to coordinate data submission, check data validity, assess referrals, and investigate potential frauds in relation to:

- the National Fraud Initiative (NFI)
- Housing Benefit Matching Service (HBMS) referrals
- local data matching exercises.

Fraud Awareness

60

Provision to deliver an overall programme of work to raise awareness of fraud issues amongst staff and the public. Activities include targeted fraud awareness training and organising counter fraud publicity (both internal and external).

Fraud Detection and Investigation

945

Provision to undertake investigations into suspected fraud, corruption or other wrongdoing. Examples of the types of investigation work that may be undertaken include internal fraud, social services related fraud, benefit fraud and housing tenancy fraud. Activities include:

- recording and risk assessing all referrals
- investigation
- application of sanctions, and progressing cases to prosecution where appropriate
- liaison with the police, DWP and other agencies
- proactive, targeted, counter fraud exercises



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Other Counter Fraud Related Work 70

Provision to provide other counter fraud and corruption work including:

- review of council counter fraud arrangements and policies
- the provision of support and advice to directorates in relation to fraud issues
- reporting on outcomes from counter fraud work.

TOTAL – Counter Fraud & Corruption 1,251



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7. OTHER CHARGEABLE AUDIT WORK

Days

Audit and Governance Committee

20

Provision to prepare reports for the Audit and Governance Committee and attend meetings.

Contingency Assignments

60

Provision to undertake additional work in response to:

- specific requests from the Director of Customer and Business Support Services (the S151 Officer), Audit and Governance Committee, or the Assistant Director - Finance, Asset Management and Procurement
- new or previously unidentified risks which impact on Strategic Audit Plan priorities
- significant changes in legislation, systems or service delivery arrangements
- requests from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- urgent or otherwise unplanned work arising from fraud investigations which identify potential control risks.

External Audit Liaison

5

Provision for regular liaison and information sharing with Mazars.

Follow Up Audits

45

Provision to follow up previously agreed audit recommendations.

Audit Planning

10

Preparation and monitoring of audit plans.



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Support, Advice & Liaison

35

Provision to provide ongoing advice and support on the design, implementation and operation of appropriate controls and for the overall management of audit work in each department.

TOTAL – Other Chargeable Audit Work

175

TOTAL CHARGEABLE DAYS 2015/16

2,522