

**CITY OF YORK COUNCIL
INTERNAL AUDIT AND COUNTER FRAUD PLAN 2017/18**





City of York Council's Internal Audit and Counter Fraud Service

Annual Plan 2017/18

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1. INTRODUCTION

- 1.1 This plan sets out the proposed 2017/18 programme of work for the internal audit and counter fraud 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 June 2016).

2. 2017/18 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 2017/18 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 2017/18 plan are set out in sections 3 – 7 below.



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3. CORPORATE & CROSS CUTTING AUDITS

Days

Annual Governance Statement & Governance Support

5

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

Asset Management

25

A review of the arrangements for managing the council's fixed assets and systems for accounting for assets. This will include an assessment of arrangements for ensuring the council's assets are being used effectively.

Business Continuity and Emergency Planning

25

An audit of the council's business continuity and emergency planning arrangements, particularly in relation to flood risks.

Data Quality

25

An audit of systems for capturing key performance data, to ensure information used for management of the organisation is robust. This will focus on indicators produced by individual directorates.

Document Management

25

A review of the council's document management processes.

Governance

25

A review of the council's governance arrangements in relation to CIPFA's latest 'Good Governance' publication.

Health & Safety

25

A review of council arrangements for managing health and safety. The specific areas to be covered will be determined in consultation with officers (to include an assessment of council arrangements for considering safety in public spaces / at public events).



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Information Security	15
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.	
IT audit	25
The specific areas to be covered will be determined in consultation with officers.	
Overtime	25
A review of procedures across the council for the allocation, authorisation and record keeping relating to additional hours and overtime. This will build on work carried out in previous years.	
PCI DSS	10
A review of the council's compliance with the Payment Card Industry Data Security Standard (PCI DSS). This will follow-up on initial work carried out in 2016/17.	
Performance Management	25
A review of the effectiveness of the council's performance management framework.	
Procurement and Contract Management	73
This will encompass a number of separate audits including reviews of specific procurement exercises and contract related issues. Priorities for audit will be determined in consultation with council officers during the year. Possible areas include procurement breaches, procurement fraud risks, compliance with procurement regulations, and a review of the contracts register.	
Project Management	40
An allocation of time for the review of Project Management arrangements within the council as well as support and advice for specific projects.	



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Register of Interests	15
An audit of the council's arrangements for maintaining a register of interests. This will follow-up on the actions agreed as part of the 2015/16 audit.	
Scrutiny	25
A review of the operation and effectiveness of the council's arrangements for scrutiny.	
Use of Social Media	15
A review of the council's effectiveness in using social media to communicate with its residents. This will build on initial work carried out in 2016/17.	
Whistleblowing	15
A review of the operation and effectiveness of the council's arrangements in relation to whistleblowing.	
TOTAL – Corporate & Cross Cutting Audits	438



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4. MAIN FINANCIAL SYSTEMS

Days

Cashiers and Income Management

20

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

Council Tax & NNDR

20

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.

Main Accounting System

20

A review of the arrangements for managing and maintaining the financial ledger.

Ordering and Creditor Payments

20

A review of the systems for ordering goods and services and processing creditor invoices.

Payroll

25

A review of payroll controls and processing. This will include a review of the changes in relation to IR35 status.



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Treasury Management	15
A review of treasury management key controls.	
TOTAL – Main Financial Systems	185



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5. DIRECTORATE AUDITS

Days

Children, Education and Communities (CEC)

Contributions to Care

25

An audit of the arrangements in place to ensure the council and its partners are making the correct contributions.

High Needs SEN

25

A review of High Needs SEN funding provided to schools, including whether the desired outcomes are being achieved.

Regional Adoption Agency

20

A review of controls and risks in relation to the newly formed Regional Adoption Agency; a partnership between six local authorities.

Schools

90

A programme of visits to schools as well as a number of themed audits including a follow-up of the 2015/16 Information Governance audit. The audits are undertaken in accordance with a detailed risk assessment. The number of days for 2017/18 has been reduced due to the decrease in the number of maintained schools.

Economy and Place (EP)

Bus Pass Usage Claims

15

An allocation of time to continue work carried out in this area in 2016/17.

Car Parking

25

A review of key risks and controls including those for residents parking and tariff setting.



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Procurement of Sub-Contractors	25
A review of the procurement of sub-contractors within the directorate. This will follow-up on the actions agreed in the 2015/16 audit.	
Property Income	25
A review of the arrangements in place for renewal and renegotiation of contracts within the council's Commercial Estates portfolio.	
Section 106 Agreements	25
This review will build on the audit carried out in 2015/16 and will focus on ensuring that funding is used for its intended purpose.	
Trading Standards	25
This audit will review key risks in relation to Trading Standards including the Scambusters function.	
<u>Health, Housing and Adult Social Care (HHASC)</u>	
Better Care Fund	25
A review of key risks in relation to the Better Care Fund. The scope of the work will be agreed with officers during the year.	
Community Safety Plan	15
An allocation of time to provide support and advice in relation to the new Community Safety Plan.	
Deprivation of Liberty Assessments	25
A review of arrangements in place to carry out Deprivation of Liberty Assessments.	
Direct Payments	25
An audit of the arrangements in place to provide direct payments to individuals who need them 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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Housing Performance	25
A review of systems in place to improve performance in Housing in comparison to other local authorities.	
Public Health	25
A review of key risks in relation to Public Health. The scope of the work will be agreed with officers during the year and will build on work carried out in previous years.	
Savings Plans (HHASC)	25
A review of key savings plans within the directorate including Adult Social Care and Buildings Maintenance.	
Supporting Vulnerable People	25
A review of the processes in place in relation to supporting those people with no recourse to public funds (cross cutting with CEC).	
TOTAL – Directorate Audits	490



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6. COUNTER FRAUD & CORRUPTION

Days
150

Proactive Work / Data Matching

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

- the National Fraud Initiative (NFI)
- local data matching exercises.

Fraud Awareness

50

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

900

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, council tax/NNDR 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 and other external 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:	
<ul style="list-style-type: none">• review of council counter fraud arrangements and policies• annual update of counter fraud risk assessment• the provision of support and advice to directorates in relation to fraud issues• reporting on outcomes from counter fraud work.	
Housing Benefit Investigation Support	80
Supporting housing benefit fraud investigation conducted by the Department for Work and Pensions (DWP):	
<ul style="list-style-type: none">• provision of council held data to the DWP to support investigations• reporting of fraud concerns raised by staff and the public• tracking of fraud referrals made to the DWP by the council and members of the public• review of DWP investigations for the purpose of applying financial penalties.	
TOTAL – Counter Fraud & Corruption	1,250



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7. OTHER CHARGEABLE WORK

	<u>Days</u>
Audit and Governance Committee	20
Provision to prepare reports for the Audit and Governance Committee and attend meetings.	
Shareholder Committee	2
Provision to prepare reports for the Shareholder Committee and attend meetings	
Audit Planning	15
Preparation and monitoring of audit plans.	
Contingency Assignments	25
Provision to undertake additional work in response to:	
<ul style="list-style-type: none">• specific requests from the Director of Customer and Corporate Services (the S151 Officer) or the Audit and Governance Committee.• 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.	
Data Analysis	10
An allocation of time for the development of data analysis techniques and specific data matching exercises, to enhance the delivery of planned audit work.	
External Audit Liaison	5
Provision for regular liaison and information sharing with Mazars.	



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Follow Up Audits	45
Provision to follow up previously agreed audit actions.	
Freedom of Information Act Requests	10
An allocation of time to provide responses to requests received by the council and to answer queries about audit work from councillors and the public.	
Information Governance	2
An allocation of time to provide support to help maintain the council's RIPA register.	
Support, Advice & Liaison	25
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 Audit Work	159

TOTAL DAYS 2017/18	2,522
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