

**CITY OF YORK COUNCIL
INTERNAL AUDIT AND COUNTER FRAUD
PLAN 2010/11**





CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

CONTENTS

- 1 Introduction
- 2 2010/11 Audit Plan
- 3 Corporate & Cross Cutting Audits
- 4 Main Financial Systems
- 5 Directorate Audits
- 6 Counter Fraud & Corruption
- 7 Information Governance
- 8 Other Chargeable Audit Work



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

1. INTRODUCTION

- 1.1 This document sets out the planned 2010/11 programme of work for internal audit, counter fraud, and information governance services provided by Veritau Ltd for City of York 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 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.
- 1.4 Further detail about the audit planning process can be found in the approved audit strategy.

2. 2010/11 AUDIT PLAN

- 2.1 A number of changes have been made to the format of the audit and counter fraud plan for 2010/11, including the following.
 - Amalgamation of separate internal audit and counter fraud plans, and the inclusion of information governance work to show all of the governance related services provided by Veritau in one place. This more closely reflects the delivery of work such as counter fraud which is provided across the audit and fraud teams.
 - Removal of the emphasis on a directorate based split of work. Over the last few years the requirement to audit corporate and cross cutting audits has continued to increase, leaving less time for specific service based work. It is likely this trend will continue for the future. While there is time in the plan to undertake some directorate specific work this is much less than in previous years. Directorate specific work has therefore been combined into one section in the plan.
- 2.2 The council is currently undergoing a period of significant change through the More for York programme. While the emphasis of audit work will remain the provision of



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

assurance on the overall control environment, consideration must be given to areas where change is being made. This will be taken account of through the scoping of audit assignments (for example value for money and financial planning) and through specific input in some areas (such as housing repairs and maintenance). Consultation about how audit work may best be undertaken alongside other review work is ongoing.

2.3 Details of the 2010/11 plan are set out in the sections below.



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

3. CORPORATE & CROSS CUTTING AUDITS

| <u>Project</u> | | <u>Days</u> |
|----------------|--|-------------|
| 10260 | Information Security A review of controls over data security including information stored on portable devices and removable media, transmission of data, and remote access. | 15 |
| 10400 | Asset Management A review of the arrangements for managing the council's fixed assets and systems for accounting for assets. | 20 |
| 10430 | Risk Management A review of the council's risk management arrangements. | 10 |
| 10510 | Section 106 agreements A review of the administrative arrangements for processing Section 106 Agreements (Town and Country Planning Act 1990). The audit will include a review of the systems to record and monitor payments received from developers and expenditure incurred. This audit was deferred from 2009/10. | 20 |
| 10530 | Environment and Sustainability A review of the council's arrangements for addressing environment and sustainability issues in relation to the services it provides. | 15 |
| 10790 | Partnership Arrangements Including LAA A review of the governance arrangements associated with partnerships to ensure that appropriate safeguards are in place to protect the interests of the council. | 25 |
| 11030 | Recruitment Process A review of recruitment and selection processes including, for example, verifying employment details, undertaking Criminal Records Bureau (CRB) disclosure checks and ensuring compliance with the Asylum and Immigration Act. The audit will look at changes being made as part of the More for York programme, and will also cover the appointment of consultants and temporary staff. This work will be undertaken in conjunction with the review of agency staff arrangements. | 12 |
| 11040 | Performance Indicators and Data Quality A review of systems for the collection of performance data, to ensure that information used in managing services is robust. | 45 |
| 11050 | Performance Management A review of systems for managing performance both corporately, and within directorates. | 25 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

| | | |
|-------|--|----|
| 11060 | Business Continuity | 18 |
| | A review of the arrangements for business continuity planning, including an assessment of the progress made in implementing the corporate strategy and delivery plan. | |
| 11280 | Transport | 20 |
| | A review of the arrangements for providing transport for customers eg social care and home to school transport. This will include procurement arrangements and controls over the provision of the service. This audit was deferred from 2009/10. | |
| 19080 | Procurement and Contract Management | 50 |
| | A review of the arrangements within the council for procuring goods and services. The audit will look at systems for ensuring that the council obtains best value through its procurement arrangements, and that procurement is carried out lawfully and in accordance with the council's Financial Regulations. | |
| 19090 | Budgetary Control | 20 |
| | A review of systems for managing the council's budget including corporate arrangements and procedures in place within each directorate. | |
| 19091 | Financial Planning and Budget Setting | 15 |
| | A review of the arrangements for medium term financial planning and preparation of annual budgets. | |
| 19095 | Efficiency and Value for Money | 15 |
| | A review of overall arrangements for ensuring council services are provided efficiently and achieve value for money. The audit will consider progress being made as part of the More for York programme. | |
| 19110 | Annual Governance Statement & Governance Support | 10 |
| | Provision to provide support in relation to governance arrangements, including preparation of the Annual Governance Statement. | |
| 19120 | Project Management | 15 |
| | A review of corporate arrangements for ensuring that projects are correctly planned and managed. | |
| 19130 | Workforce Planning | 15 |
| | A review of overall arrangements for determining and managing workforce requirements. | |
| 19140 | Agency Staff | 15 |
| | A review of arrangements for employing agency staff. This will be undertaken in conjunction with the audit on recruitment. | |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

| | | |
|---|--|------------|
| 19230 | New Payroll & HR Systems | 10 |
| | Provision to provide advice and support in relation to the project. | |
| 19511 | Disciplinary Procedures | 15 |
| | A review of compliance with council policy and procedures. | |
| 19519 | Health & Safety | 15 |
| | A review of arrangements for managing health and safety issues. The 2010/11 audit will specifically consider health and safety issues within schools. | |
| 19520 | Equalities | 20 |
| | A review of the progress being made by departments to put in place arrangements to ensure compliance with equalities legislation and best practice. | |
| 19525 | Handling Complaints | 15 |
| | A review of organisational arrangements for handling complaints. This will include quality assurance procedures within services formerly based on a client and contractor model. | |
| TOTAL – Corporate & Cross Cutting Audits | | 455 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

4. MAIN FINANCIAL SYSTEMS

| <u>Project</u> | | <u>Days</u> |
|----------------|--|-------------|
| 10120 | Main Accounting System 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• year end processes. | 25 |
| 10140 | VAT Accounting A healthcheck review of key controls to ensure compliance with VAT accounting requirements. | 5 |
| 10150 | Treasury Management & Prudential Code A healthcheck review of the key controls associated with treasury management. | 8 |
| 10180 | Ordering and Creditor Payments A review of the systems for ordering goods and services and processing creditor invoices. | 40 |
| 10190 | Debtors A review of the systems for raising debtor invoices and collecting income, and credit control and debt recovery arrangements. | 30 |
| 10200 | Payroll A review of the systems and controls associated with payroll processing. | 40 |
| 10310 | Council Tax & NNDR A review of the systems for calculating Council Tax and NNDR liabilities, and the collection, recording and processing of payments. The audit will also examine debt recovery arrangements. | 30 |
| 10320 | Council Tax Benefits & Housing Benefits A review of the systems and processes for paying Council Tax Benefit and Housing Benefit. | 30 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

| | | |
|-------|---|------------|
| 10330 | Cashiers and Income Management | 20 |
| | A review of overall income management arrangements and the administrative processes for processing payments (eg cash handling controls and security). | |
| 11710 | Housing Rents | 25 |
| | A review of the systems to collect, record, reconcile and monitor housing rents. The audit will also examine the arrangements for debt recovery. | |
| | TOTAL – Main Financial Systems | 253 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

5. DIRECTORATE AUDITS

| <u>Project</u> | <u>Days</u> |
|---|-------------|
| 10580 Highways Regulation A review of highways regulatory functions, for example, traffic management and s38 agreements. The scope of this work will be determined in consultation with the directorate. This audit was deferred from 2009/10 | 15 |
| 10670 Concessionary Travel A review of payments to bus companies through the concessionary travel scheme. | 5 |
| 10985 Members Allowances An audit of payments made through the members allowances scheme. | 10 |
| 11140 Nursery Education Grants A review of payments to private nursery providers. | 20 |
| 11190 Libraries A review of the controls within the systems used by the service for the procurement of book stock and other materials, management of assets, lending and return, and income collection. | 18 |
| 11210 Leisure Facilities A review of procedures at the Energise sports centre. | 5 |
| 11255 Post 16 Funding An audit of sixth form course entrant figures following the transfer of LSC responsibilities for sixth form funding. | 10 |
| 11325 ContactPoint Database The audit will review compliance with the conditions of accreditation for the database. | 15 |
| 11470 Homecare (Expenditure & Charging) Provision to review proposed changes to systems for example electronic monitoring. This will not be a full audit. | 10 |
| 11480 Direct Payments & Individual Budgets Provision to review changes to controls as part of the ongoing development of personalisation and individual budgets. | 10 |
| 11730 Housing Repairs and Maintenance A review of new procedures and controls being introduced as part of the overall changes to systems under the More for York programme. | 20 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

| | | |
|-------|--|------------|
| 15698 | Financial Management Standard In Schools | 45 |
| | Provision to undertake the FMSiS risk assessment and make recommendations to the S151 Officer as to whether the schools have appropriate financial management arrangements in place. | |
| 15699 | Schools | 100 |
| | A programme of visits to schools. The audits are undertaken in accordance with a detailed risk assessment. | |
| 19020 | Administration and Accommodation Review | 10 |
| | Provision to provide advice and support in relation to the project. | |
| 19515 | Waste PFI | 10 |
| | Provision to provide advice and support in respect of the project. | |
| | TOTAL – Directorate Audits | 303 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

6. COUNTER FRAUD & CORRUPTION

| <u>Project</u> | <u>Days</u> |
|---|--------------|
| <p>F001 Data Matching</p> <p>Provision to coordinate data submission, check data validity, assess referrals, and investigate potential frauds in relation to:</p> <ul style="list-style-type: none">• the National Fraud Initiative (NFI)• Housing Benefit Matching Service (HBMS) referrals• local data matching exercises. | 250 |
| <p>F002 Fraud Detection and Investigation</p> <p>Provision to undertake investigations into suspected fraud, corruption or other wrongdoing. The majority of the work will relate to benefit fraud. Examples of other types of investigation work that may be undertaken include internal fraud, housing tenancy fraud and blue badge fraud. Activities include:</p> <ul style="list-style-type: none">• 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, benefit fraud investigations | 1,103 |
| <p>F003 Fraud Awareness</p> <p>Provision to deliver an overall programme of work to raise awareness of fraud issues amongst staff and the public. Activities include:</p> <ul style="list-style-type: none">• targeted fraud awareness training• launch of an e-learning application• organising counter fraud publicity (both internal and external) | 100 |
| <p>F004 Other Counter Fraud Related Work</p> <p>Provision to provide other counter fraud and corruption work including:</p> <ul style="list-style-type: none">• 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. | 80 |
| TOTAL – Counter Fraud & Corruption | 1,533 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

7. INFORMATION GOVERNANCE

| <u>Project</u> | <u>Days</u> |
|--|-------------|
| 17440 Data Protection Provision of time to provide advice and support to senior management and directorates to ensure compliance with all aspects of Data Protection legislation. | 10 |
| 17460 Freedom of Information Provision of time to provide a coordinating role to the council in respect of the Freedom of Information Act. This work will include recording and monitoring FOI requests to ensure that responses are adequate and comply with legislation and that all requests are responded to within the 20 day deadline. | 120 |
| 17470 Information Governance Framework A provision of time to lead on the development and implementation of appropriate Information Governance policies and strategies across the council and to implement associated communication and roll out plans designed to ensure that the arrangements in place to manage and protect personal and confidential data are effective. Attendance at Corporate Information Governance Group will be required. There will also be regular meetings with relevant officers to ensure that related HR and IT policies and strategies are co-ordinated and are consistent with each other. | 95 |
| New Information Governance – Compliance A provision of time for Veritau internal auditors to assess the council's compliance with its Information Governance Framework and with legislation. This provision of time will also allow for audit investigation into any suspected breaches of the Data Protection Act. | 25 |
| TOTAL – Information Governance | 250 |



CITY OF YORK COUNCIL - INTERNAL AUDIT SERVICE

Annual Internal Audit and Counter Fraud Plan for 2010/11

8. OTHER CHARGEABLE AUDIT WORK

| <u>Project</u> | <u>Days</u> |
|--|--------------|
| 10110 Support, Advice & Liaison 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. | 65 |
| 17010 Strategic & Annual Audit Plans Preparation and monitoring of strategic and annual audit plans. | 20 |
| 17030 External Audit Liaison Provision for regular liaison and information sharing with the Audit Commission. | 3 |
| 19000 Contingency Assignments Provision to undertake additional work in response to: <ul style="list-style-type: none">• specific requests from the Chief Finance Officer (S151 Officer), Audit and Governance Committee, or the Assistant Director (Customer Service & Governance)• 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. | 90 |
| 19060 Follow Up Audits Provision to follow up previously agreed audit recommendations. | 40 |
| 19240 Audit and Governance Committee Provision to prepare reports for the Audit and Governance Committee and attend meetings. | 8 |
| TOTAL – Other Chargeable Audit Work | 226 |
| TOTAL CHARGEABLE DAYS 2010/11 | 3,020 |