

**CITY OF YORK COUNCIL
INTERNAL AUDIT AND COUNTER FRAUD
PLAN 2011/12**





City Of York Council's Audit, Counter Fraud & Information Governance Service

Annual Plan 2011/12

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1. INTRODUCTION

- 1.1 This plan sets out the proposed 2011/12 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 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. 2011/12 AUDIT PLAN

- 2.1 The council is currently experiencing the most significant financial pressures it has faced since its formation in 1996. Major changes are taking place across council services. This increases risk in all areas, including those which would not normally be classed as a high priority for audit in a more stable environment. For example because reductions in resources mean that services can no longer continue to operate controls to the extent that they have historically.
- 2.2 Veritau's priority for the next couple of years will be to help support the council to maintain an effective control environment through these challenging times. To reflect this, the audit plan has been drawn up to provide a balance between regularity audits in areas such as the main financial systems where the volume and value of transactions processed are so significant that regular audit is essential, and other reviews targeted towards areas of increased risk due to change. These audits will include:
 - direct support to change projects, to ensure controls being implemented as part of the project are reasonable



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- a change in focus for existing audits such as budgetary control and value for money, to focus on the achievement of overall council objectives for example by reviewing progress in achieving planned savings.

2.3 Details of the 2011/12 plan are set out in sections 3 – 8 below.



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3. CORPORATE & CROSS CUTTING AUDITS

<u>Project</u>	<u>Days</u>
10181 Procurement Cards	10
Support and advice on controls in relation to the corporate roll out of procurement cards, following a pilot exercise in Elderly Persons Homes in 2010/11.	
10260 Information Security Checks	15
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 e.g. laptops being secured, paper files locked away.	
10380 Data Protection Compliance	15
A review of the process for dealing with subject access requests within the council.	
10530 Environment and Sustainability	15
A review of the council's arrangements to prepare for the purchase of CRC allowances under the CRC Energy Efficiency Scheme, from April 2012.	
10790 Partnership Arrangements	25
The council is currently looking to review and rationalise its partnership arrangements. This allocation of time is to enable internal audit to provide input as required on the control implications of arrangements being developed, along with assurance related work on overall partnership governance and monitoring arrangements.	
11040 Performance Management and Data Quality	45
& 11050	
This will include assurance work in relation to the council's new performance management framework and a review of systems for ensuring that information used internally in managing services, and submitted externally in accordance with national requirements (once the single data list is confirmed), is robust.	
19080 Procurement and Contract Management	50
A review of the arrangements within the council for procuring goods and services. This encompasses 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.	
19090 Budgetary Control - Savings Plans	40
The 2011/12 audit will consider the progress being made by departments across the council to deliver agreed budget savings, and the effectiveness of arrangements to manage risks relating to the budget.	



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19110	Annual Governance Statement & Governance Support	30
	Advice and support on governance matters and support in preparing the council's Annual Governance Statement.	
19130	Redundancy and Workforce Planning	25
	The audit will consider the extent to which managers are complying with the corporate redundancy process and how redundancies are being identified. The audit will also consider whether priorities for workforce planning have been redefined to reflect the current economic climate.	
19140	Agency Staff	20
	An audit of arrangements for managing temporary staff and consultants. This will include the use of the council's recruitment pool.	
19519	Health & Safety	15
	A review of arrangements for managing health and safety issues. The 2011/12 audit will specifically consider compliance with council requirements for undertaking risk assessments and carrying out health and safety inspections.	
19520	Equalities	15
	Recent audit work in this area has focussed on overall council policy and arrangements. The 2011/12 audit will look at compliance with corporate policies across council departments and services.	
19525	Handling Complaints	15
	A review of new corporate arrangements for handling complaints. This audit was deferred from 2010/11.	
	TOTAL – Corporate & Cross Cutting Audits	335



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4. MAIN FINANCIAL SYSTEMS

<u>Project</u>		<u>Days</u>
10120	Main Accounting System	25
	<p>A review of the arrangements for managing and maintaining the financial ledger. The audit will include a review of:</p> <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.	
10140	VAT Accounting	20
	<p>An audit of systems for ensuring compliance with VAT accounting requirements.</p>	
10150	Treasury Management & Prudential Code	8
	<p>A healthcheck review of the key controls associated with treasury management.</p>	
10180	Ordering and Creditor Payments	30
	<p>A review of the systems for ordering goods and services and processing creditor invoices.</p>	
10190	Debtors	30
	<p>A review of the systems for raising debtor invoices and collecting income, and credit control and debt recovery arrangements.</p>	
10200	Payroll	30
	<p>A review of the systems and controls associated with payroll processing.</p>	
19230	New Payroll & HR Systems	20
	<p>Assurance work and support and advice in relation to the new system. This will include a review of data migration from the existing payroll and HR system, and establishment control.</p>	
10310	Council Tax & NNDR	30
	<p>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.</p>	



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10320	Council Tax Benefits & Housing Benefits	30
	A review of the systems and processes for paying Council Tax Benefit and Housing Benefit.	
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	268



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5. DIRECTORATE AUDITS

<u>Project</u>	<u>Days</u>
10410 Property Income and Lease Management The City Strategy department will be undertaking a review of the arrangements for managing the commercial property portfolio in 2011/12. This allocation of time will be used to undertake audit related work in support of the review. The scope of the audit will be determined in consultation with service managers.	20
19020 Administration and Accommodation Review Provision to provide advice and support in relation to the project.	10
19230 Community Stadium An audit of the project for developing the Community Stadium.	20
19515 Waste PFI Provision to provide advice and support in respect of the project.	10
10710 Area Based Working An audit of systems for managing area based working and local funding including the coordination and prioritisation of work, and planning and monitoring arrangements.	20
10860 Commercial Waste An audit of systems for the provision of the commercial waste collection service and income collection. A business review is currently being undertaken in this area.	20
11280 Fleet, Travel and Transport Provision for providing internal audit support in relation to the review of fleet, travel and transport.	20
11700 Housing Allocations A review of risks and controls associated with the change to the new regional choice based lettings system.	20
11720 Grants & Adaptations A review of council services in relation to disabled adaptations within homes, private sector housing renewal and the enforcement of housing standards. The audit will include a review of controls over grants and loans.	20
11730 Housing Repairs and Maintenance A review of new procedures and controls being introduced as part of the change programme.	20



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11140	Nursery Education Grants	20
	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.	
11470 & 11510	Charges for Care	30
	A review of the systems used to make payments to care providers, for undertaking financial assessments, and for collecting client contributions.	
11480	Personalisation, Direct Payments, & Individual Budgets	30
	The council's self-directed support programme ("My Life My Choice") was officially launched in August 2010. Since then all new customers, and all existing customers whose support needs are being reviewed, should be offered a personal budget and be given more choice and control over the support they need. This is a significant and wide-ranging programme of change with implications for all areas of adult social care and, as such, carries significant risk. Priorities for audit work in this area will be determined in conjunction with service managers.	
New	Contracting for Care	20
	A review of overall arrangements for procuring care. This is an amalgamation of a number of audits which were previously undertaken separately.	
15698	Financial Management Standard In Schools	20
	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 procedures for reviewing Statements of Internal Control completed by schools.	
15699	Schools	110
	A programme of visits to schools. The audits are undertaken in accordance with a detailed risk assessment.	
TOTAL – Directorate Audits		410



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6. COUNTER FRAUD & CORRUPTION

<u>Project</u>		<u>Days</u>
F001	Data Matching	220
	Provision to coordinate data submission, check data validity, assess referrals, and investigate potential frauds in relation to: <ul style="list-style-type: none">the National Fraud Initiative (NFI)Housing Benefit Matching Service (HBMS) referralslocal data matching exercises.	
F002	Fraud Detection and Investigation	955
	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: <ul style="list-style-type: none">recording and risk assessing all referralsinvestigationapplication of sanctions, and progressing cases to prosecution where appropriateliaison with the police, DWP and other agenciesproactive, targeted, benefit fraud investigations	
F003	Fraud Awareness	60
	Provision to deliver an overall programme of work to raise awareness of fraud issues amongst staff and the public. Activities include: <ul style="list-style-type: none">targeted fraud awareness traininglaunch of an e-learning applicationorganising counter fraud publicity (both internal and external)	
F004	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 policiesthe provision of support and advice to directorates in relation to fraud issuesreporting on outcomes from counter fraud work.	
TOTAL – Counter Fraud & Corruption		1,305



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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.	100
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
17480 Information Governance – Compliance A provision of time for Veritau internal auditors to assess the council's compliance with legislation and its Information Governance Policy Framework, and to benchmark the council's position against the Information Assurance and Assessment Maturity Model. This provision of time will also allow for audit input into any suspected breaches of information security.	45
TOTAL – Information Governance	250



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8. OTHER CHARGEABLE AUDIT WORK

<u>Project</u>	<u>Days</u>
10110 Support, Advice & Liaison	65
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.	
10430 Risk Management	10
Support to corporate risk management processes through the review of risk registers and provision of feedback as part of internal audit work.	
17010 Strategic & Annual Audit Plans	20
Preparation and monitoring of strategic and annual audit plans.	
17030 External Audit Liaison	5
Provision for regular liaison and information sharing with the Audit Commission.	
19000 Contingency Assignments	90
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.	
19001 Provision for Audit Input to Change Projects	100
Provision to provide internal audit support to change programmes across the council, which are not covered by other specific audits set out in this plan. Priorities for audit will be determined in consultation with the Head of Business Change and Performance and other council officers.	
19060 Follow Up Audits	40
Provision to follow up previously agreed audit recommendations.	
19240 Audit and Governance Committee	15
Provision to prepare reports for the Audit and Governance Committee and attend	



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meetings.

TOTAL – Other Chargeable Audit Work

345

TOTAL CHARGEABLE DAYS 2011/12

2,913