

**CITY OF YORK COUNCIL  
INTERNAL AUDIT AND COUNTER FRAUD  
PLAN 2012/13**





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

**Annual Plan 2012/13**

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## 1. INTRODUCTION

- 1.1 This plan sets out the proposed 2012/13 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. 2012/13 AUDIT PLAN

- 2.1 The significant 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. As in 2011/12, 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 significant and regular audit is essential; and other reviews targeted towards areas of increased risk due to change. This includes:



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- direct support to change projects - to provide advice and challenge on controls being implemented or changed, and project governance
- an 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 2012/13 plan are set out in sections 3 – 8 below.



### 3. CORPORATE & CROSS CUTTING AUDITS

<u>Project</u>		<u>Days</u>
10181	<b>Procurement Cards</b>  Support and advice on controls in relation to the corporate roll out of procurement cards.	5
10260	<b>Information Security Checks</b>  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.	15
10400	<b>Asset Management</b>  A follow up of the recent Audit Commission diagnostic review of the council's asset management arrangements.	10
10530	<b>Environment and Sustainability</b>  This will include assurance work in relation to the CRC energy efficiency scheme. This time will also be used to provide support in relation to the development of an environmental management system.	20
10790	<b>Partnership Arrangements</b>  The audit will review the arrangements for a number of specific partnerships, to assess the impact of recent changes to the council's overall procedures for monitoring, managing and supporting partnership work. In addition, the audit will look at controls in relation to grants awarded by council departments to other organisations.	25
11040	<b>Data Quality</b>	25



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An audit of systems for capturing key performance data, to ensure information used for management of the organisation is robust.

11050 **Performance Management** 20

A review of the council's performance management framework.

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** 15

A review of arrangements across the council for budget monitoring. This will include the automated reports generated by Authority Financials for budget managers.

19091 **Financial Planning and Budget Setting** 15

An audit of the arrangements for setting the annual budget and longer term financial planning.

19095 **Efficiency and Value for Money** 20

The 2012/13 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.

19110 **Annual Governance Statement & Governance Support** 30

Advice and support on governance matters and support in



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preparing the council's annual governance statement. This time will also be used for the development of corporate audit programmes on equalities, business continuity, environment and sustainability, information security and risk management.

19530 **Anti Money Laundering Arrangements** 10

A review of the council's anti money laundering arrangements, and staff awareness of council policies and procedures.

11030 **Recruitment Checks** 5

A review of recruitment checks undertaken on new employees specifically focussing on counter fraud arrangements.

19230 **New HR System** 20

Assurance work and support and advice in relation to the new system.

19165 **Human Resources Policies** 30

A review of overall HR policy arrangements and procedures for managing compliance.

19519 **Health & Safety** 25

A review of council arrangements for managing health and safety. This is a significant area which is likely to form part of the audit plan for the next few years. This audit will build on the work undertaken in 2011/12. The specific areas to be covered will be determined in consultation with officers.

19100 **Staff Registers of Interests and Gifts and Hospitality** 10

An audit of the council's arrangements for maintaining



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registers of interests, and gifts and hospitality, for staff.

**TOTAL – Corporate & Cross Cutting Audits**

<b>350</b>
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#### 4. MAIN FINANCIAL SYSTEMS

<u>Project</u>		<u>Days</u>
10120	<b>Main Accounting System</b>	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"><li>• access and back up arrangements</li><li>• the integrity and timeliness of data</li><li>• the processing of journals and virements</li><li>• reconciling control and suspense accounts</li><li>• the creation and maintenance of the coding structure</li><li>• feeder systems</li><li>• year end processes.</li></ul>	
10140	<b>VAT Accounting</b>	15
	<p>A review of key controls to ensure compliance with VAT accounting requirements. The audit will include analysis of VAT data using IDEA data interrogation software, to identify potential weaknesses in control.</p>	
10150	<b>Treasury Management &amp; Prudential Code</b>	15
	<p>An audit of the systems associated with treasury management.</p>	
10180	<b>Ordering and Creditor Payments</b>	30
	<p>A review of the systems for ordering goods and services and processing creditor invoices.</p>	
10190	<b>Debtors</b>	20
	<p>A review of the systems for raising debtor invoices and collecting income, and credit control and debt recovery</p>	



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arrangements.

1020 **Payroll** 30  
0

A review of the new payroll system and controls associated with payroll processing.

1031 **Council Tax & NNDR** 25  
0

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.

1032 **Council Tax Benefits & Housing Benefits** 30  
0

A review of the systems and processes for paying Council Tax Benefit and Housing Benefit.

1033 **Cashiers and Income Management** 20  
0

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

1171 **Housing Rents** 25  
0

Reviews 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**

**235**



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5. DIRECTORATE AUDITS

<u>Project</u>		<u>Days</u>
10222	<b>General IT Controls</b>  A review of general IT controls such as password restrictions, user profiles and physical and environmental controls.	15
10270	<b>IT Asset Management</b>  An audit of IT inventory systems, and asset management.	10
19540	<b>City of York Trading Company</b>  Provision to provide advice and support in relation to the project.	10
10460	<b>Development Control</b>  An audit of pre-application planning services offered by the council.	15
10590	<b>Access York</b>  Provision to provide advice and support in relation to the project.	10
10650	<b>Public Transport</b>  An audit of arrangements to implement Quality Bus Services in the city	20
19020	<b>Administration and Accommodation Review</b>  Provision to provide advice and support in relation to the project. This will include a review of project arrangements, and preparedness for the move to the new offices.	30



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19230	<b>Community Stadium</b>	15
	Provision to provide advice and support in relation to the project. The allocation will also be used to undertake an audit of project governance arrangements.	
19515	<b>Waste PFI</b>	10
	Provision to provide advice and support in respect of the project.	
10710	<b>Area Based Working</b>	20
	An audit of systems for managing area based working and local funding including the coordination and prioritisation of work, planning and monitoring arrangements and ongoing arrangements for ward committee budgets.	
10940	<b>Stores and Purchasing</b>	20
	A review of controls and procedures relating to the Jewsons store at the Hazel Court Depot. The audit will also be used to assess what other stores are in use, and review control arrangements where appropriate.	
11190	<b>Libraries Project</b>	5
	Provision to provide advice and support in relation to the project to review and develop library services.	
11210	<b>Leisure Facilities</b>	8
	A review of systems and controls operating at Energise leisure centre particularly focussing on counter fraud arrangements.	



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11740	<b>Tenants Choice</b>	20
	An audit of procedures and controls in place over capital works under the Tenants Choice scheme. This will include planning arrangements, management of works and contract letting.	
19550	<b>Public Health</b>	20
	A review of procurement and commissioning arrangements and of systems in place surrounding the council's new responsibilities for Public Health.	
11470 & 11510	<b>Charges for Care</b>	30
	A review of the new procedures and controls around revised income systems in social care.	
11480	<b>Personalisation, Direct Payments, &amp; Individual Budgets</b>	30
	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. The focus of the 2012/13 audit will be the new resource allocation system (RAS) used to calculate the indicative budget for an individual's care requirements.	
11495	<b>Contracting for Care</b>	10
	An audit of electronic homecare monitoring systems used by outsourced providers.	
11600	<b>Referrals and Assessments (Adults)</b>	20
	An audit of procedures for managing and monitoring social care referrals.	



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11570	<b>Elderly Peoples Homes</b> A review of the council's planned changes to EPH provision in the city specifically focussing on the transfer of assets relating to the two homes due to close in March 2012.	10
11750	<b>Amenity Funds</b> Provision for independent examination of amenity fund records and procedures maintained by social care establishments.	5
11140	<b>Nursery Education Grants</b> 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.	20
11365	<b>Howe Hill Project</b> An audit of the integrated support service for the prevention of homelessness in young people.	15
15699	<b>Schools</b> A programme of visits to schools. The audits are undertaken in accordance with a detailed risk assessment.	110
<b>TOTAL – Directorate Audits</b>		<b>478</b>

## 6. COUNTER FRAUD & CORRUPTION

<u>Project</u>		<u>Days</u>
F001	<b>Data Matching</b>	220
	<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"><li>• the National Fraud Initiative (NFI)</li><li>• Housing Benefit Matching Service (HBMS) referrals</li><li>• local data matching exercises.</li></ul>	
F002	<b>Fraud Detection and Investigation</b>	945
	<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, social services related fraud and housing tenancy fraud. Activities include:</p> <ul style="list-style-type: none"><li>• recording and risk assessing all referrals</li><li>• investigation</li><li>• application of sanctions, and progressing cases to prosecution where appropriate</li><li>• liaison with the police, DWP and other agencies</li><li>• proactive, targeted, counter fraud exercises</li></ul>	
F003	<b>Fraud Awareness</b>	60
	<p>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).</p>	



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F004      **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**

**1,295**





## 7. INFORMATION GOVERNANCE

<u>Project</u>	<u>Days</u>
17440 <b>Data Protection</b>  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 <b>Freedom of Information</b>  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 <b>Information Governance Framework</b>  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.	140
<b>TOTAL – Information Governance</b>	<b>250</b>

## 8. OTHER CHARGEABLE AUDIT WORK

<u>Project</u>	<u>Days</u>
<p>10110    <b>Support, Advice &amp; Liaison</b></p> <p>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.</p>	65
<p>17010    <b>Strategic &amp; Annual Audit Plans</b></p> <p>Preparation and monitoring of strategic and annual audit plans.</p>	20
<p>17030    <b>External Audit Liaison</b></p> <p>Provision for regular liaison and information sharing with the Audit Commission (and their successor – Mazars).</p>	5
<p>19000    <b>Contingency Assignments</b></p> <p>Provision to undertake additional work in response to:</p> <ul style="list-style-type: none"> <li>• specific requests from the Chief Finance Officer (S151 Officer), Audit and Governance Committee, or the Assistant Director (Financial Services)</li> <li>• new or previously unidentified risks which impact on Strategic Audit Plan priorities</li> <li>• significant changes in legislation, systems or service delivery arrangements</li> <li>• requests from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management</li> </ul>	90



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- urgent or otherwise unplanned work arising from fraud investigations which identify potential control risks.

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 meetings.

**TOTAL – Other Chargeable Audit Work** **235**

**TOTAL CHARGEABLE DAYS 2012/13** **2,843**