

**CITY OF YORK COUNCIL
INTERNAL AUDIT AND COUNTER FRAUD PLAN 2014/15**





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

Annual Plan 2014/15

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1. INTRODUCTION

- 1.1 This plan sets out the proposed 2014/15 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 (approved by the Audit and Governance Committee in November 2013).

2. 2014/15 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 2014/15 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 2014/15 plan are set out in sections 3 – 8 below.



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3. CORPORATE & CROSS CUTTING AUDITS

Days

Annual Governance Statement & Governance Support

20

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

Asset Disposals

20

A review of procedures for approval of and accounting for disposals of council assets.

Budget Savings

30

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.

Data Quality

25

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

Energy and Carbon Management

25

This will include assurance work in relation to the CRC energy efficiency scheme and broader council initiatives relating to carbon management.

Equalities

15

A review of the council's plan for achieving an 'excellent' level of achievement with the Equality Framework for Local Government.



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Freedom of Information	10
A Healthcheck of key controls for managing risks related to Freedom of Information requests following the full audit undertaken in 2013/14.	
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.	
Information Security	25
A review of controls in place to manage key risks in relation to Information Security including data sharing, mobile working, data transfer and PSN compliance.	
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.	
New HR System	20
Assurance work and support and advice in relation to the continuing roll-out of new iTrent modules.	
Overtime	20
A review of procedures across the council for the allocation, authorisation and record keeping relating to additional hours and overtime.	



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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.

Risk Management 20

A review of overall council risk management arrangements.

Staff Lottery 5

A review of the operation and management of the council's staff lottery scheme. The scope of the review will include income collection, winner selection and use of the prize fund.

Transformation Programme 24

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.

Use of Interims, Specialists and Consultants 20

An audit of the policies and procedures applied across the council for engaging interims, specialists and consultants.

TOTAL – Corporate & Cross Cutting Audits **379**



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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

30

A review of the arrangements for paying Housing Benefits, for administering the council tax support scheme, and for making awards under the York Financial Assistance Scheme (YFAS).

Debtors

20

A review of the systems for raising debtor invoices and collecting income, credit control, and debt recovery arrangements. This year's audit will include a specific review of the management of employee car loans.

Housing Rents

25

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• year end processes.	
Ordering and Creditor Payments	30
A review of the systems for ordering goods and services and processing creditor invoices. This will also include the council's use of procurement cards.	
Payroll	30
A review of payroll controls and processing.	
Treasury Management & Prudential Code	8
A healthcheck review of treasury management systems.	
VAT Accounting	8
A review of key controls to ensure compliance with VAT accounting requirements.	
TOTAL – Main Financial Systems	221



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5. DIRECTORATE AUDITS

Days

Amenity Funds

5

Provision for independent examination of amenity fund records and procedures maintained by social care establishments.

CES – Development of Traded Services

20

Support and advice in further developing traded services. Work may include specific value for money exercises and support with development of new controls.

Changes resulting from the Children's Bill

20

Provision to provide support in relation to the potential introduction of Direct Payments for Children's Social Care

Children's Social Care Records

10

Provision to provide support in relation to replacement of the RAISE system.

Cleaning and Facilities Management

15

A follow up of issues identified as part of 2013/14 audit work related to the allocation and monitoring of additional hours and overtime.

IT Audit

20

The specific areas to be covered will be determined in consultation with officers.



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Major Project Support Work 60

Allocation of time to provide support and advice to council projects. This will include a review of contract monitoring arrangements in relation to the new council social enterprises for the libraries and warden call services as well as support for other major projects.

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.

Personalisation, Direct Payments, & Individual Budgets 25

This is a significant and wide-ranging programme of change with implications for all areas of adult social care. Audit work will include follow up of improvements made to monitoring the use of direct payments.

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.

Right to Buy 20

An audit of the procedures in place for purchases of council properties under the Right to Buy scheme. This was an area identified for further audit work in the annual Fraud Risk Assessment.

Safeguarding 30

A review of controls and governance arrangements in place to manage the key risks relating to safeguarding in Adults and Children's services.



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School Funding and Central Services for Schools	25
An audit of the arrangements for delivering central services to schools. This will include mechanisms for the allocation of funding, as well as for offering, providing and charging for additional services.	
Schools	120
A programme of visits to schools. The audits are undertaken in accordance with a detailed risk assessment.	
Street Based Services	15
A review of street based services. The specific areas to be covered will be determined in consultation with officers.	
TOTAL – Directorate Audits	430

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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. INFORMATION GOVERNANCE

Days

Data Protection

10

Provision of time to provide advice and support to senior management and directorates to ensure compliance with all aspects of Data Protection legislation. The allocation will also enable support to be provided to the council to respond to complaints made to the Information Commissioner's Office (ICO).

Freedom of Information

70

Provision of time to provide an independent quality assurance role to the council in respect of the Freedom of Information Act. This work will include undertaking reviews of specific complaints and sample testing to ensure that responses are adequate and comply with legislation and that all requests are responded to within the 20 day deadline. The allocation also enables support to be provided to the council to respond to complaints made to the ICO in respect of information requests.

Information Governance Framework

52

A provision of time to lead on the development and implementation of 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 the framework is consistent with related HR and IT policies and strategies. The allocation also enables support to be provided to the council to the event of any data security breaches.

TOTAL – Information Governance

132



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8. 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

90

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

40

Provision to follow up previously agreed audit recommendations.

Audit Planning

20

Preparation and monitoring of audit plans.



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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.

TOTAL – Other Chargeable Audit Work

240

TOTAL CHARGEABLE DAYS 2014/15

2,653