

INTERNAL AUDIT PLAN 2012-13

PROGRESS REPORT as at end of AUGUST 2012

Subject to ongoing discussions with Grant Thornton, External Audit, Senior Management and the Audit Committee

Assignment	Further explanatory notes accepted by management and February 2012 Audit Committee	Ideas for audit assignments in 2012-13	Head of Service	Progress as at End of August 2012	Complete or at Advanced Stage
MAIN FINANCIAL & IT SYSTEMS - 10 each year	Throughout all the main financial and IT systems, there are demands on managers to authorise documents. There are also demands on managers to ensure computer security. Therefore, each audit will include these items for testing and reporting.				
HR Transactional	Control of the staffing establishment and payroll	1. Separation between controlling the staffing establishment and making changes, allowing access to systems, making day-to-day changes in payroll and making payroll payments	Head of Finance & HR	Completed and report provided to Director, Corporate Resources	√
Works/Goods/Services Ordering/Commitments Systems	This topic attracts 2 audits within the 3 years of the Plan because it is so wide-ranging. There are significant commitments of expenditure controlled, for example in property maintenance and social care management systems. All these commitments eventually convert into payments to suppliers/service providers, leading into the Accounts Payable system	1. <u>Framework</u> i computer software used by Adult and Community Care and Children and Families services and 2. <u>Total Repairs</u> software used by Property Maintenance	1. Head of Adult and Community Care 2. Head of Property & Facilities Management	Preparatory work on 1 was c/d out in 2011/12. An audit of two social care contracts is underway and will include a review of Frameworki. Audit 2 has not started yet.	

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Electronic Payments Systems - BACS, Bankline	Control over high-value payments, made electronically.	In 2011/12, Financial Services installed several new controls Audit proposes re-visiting these controls, including responsibilities of divisions involved in the process	Head of Finance & HR	Not started.	
Council Tax	Over £32m is billed each year to council tax payers	Propose choosing one topic from Debit, Billing, Exemptions/Discounts and Payments but subject to discussions with HOS.	Head of Customer Services	Not started	
Housing and Council Tax Benefit	Significant sums are awarded to claimants	Head of Service is likely to call for an audit on further progress with the Audit Scotland Risk Assessment Action Plan	Head of Customer Services	Not started	
Major Contracts and Project Management	This includes major construction contracts, computer projects, change projects, service provision contracts and Public, Private Partnerships	Propose that we take one <u>construction contract</u> and one <u>service provision</u> (Adult and Community Care) <u>contract</u> . With the first, it would be reviewing controls during the construction phase whereas with the latter it would be taking a live contract and confirming the performance of the contractor and compliance with the contract conditions. This audit would fit in well with the Frameworki audit above.	Head of Adult and Community Care and Head of Property and Facilities Management	Both audits have started and are at about 20% stage in progress	

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IT Environment	Computer resilience and back-up; security	Corporate IT resilience and continuity.	Head of Customer Services	Not started	
Data Protection	Data Security and use of Electronic Information	Follow up previous audit report	Head of Customer Services	Not started	
Follow Up Audits	This counts as 2 audits per financial year.	No previous audits chosen as yet		Not started	
Property Maintenance - Recharges	Ensure that income due from tenants and third parties is adequately controlled	Firstly, we want to confirm that all income opportunities are being highlighted and secondly that debtors are paying their invoices	Head of Property and FM	Audit at 60% stage	✓
Property Maintenance - 3 quotes system/jobs under £500	Ensure compliance with standing orders and adequate competition is in place	This will take a large sample of jobs	Head of Property and FM	Not started	
Property Maintenance - Term Contracts	Ensure compliance with terms of the contract	Review of one significant term contract with a third party	Head of Property and FM	Not started	
Code of Corporate Governance	Chief Executive has instructed that the code be independently audited every year as part of the build up to the Annual Governance Statement (AGS).		All	Planned for March 2013 to coincide with 2012/13 published accounts.	
Outstanding Internal and External Audit recommendations	Controlling the audit recommendations report for the Audit Committee	This includes reminders to auditees to deal properly with audit recommendations	All	Started and ongoing for each quarter of the year	✓

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CORPORATE RISKS	There are 12 Corporate Risks identified by the Corporate Management Team. These are: 1. Employees, Customers and Performance, Governance & Standards in Public Life, Corporate and Business Transition, Corporate Policies, Balancing Budgets, Internal Control Environment, Planning for Emergencies and being able to continue, Legal and Regulatory Compliance, Procurement, Asset Condition and the Welfare Reform Bill	Internal Audit Plans to review 6 of these in 2012/13			
Employees	As employees are vital to the delivery of services, an audit will look at the effectiveness of the People Strategy actions etc	Propose that we look at the year 1 actions recently reported to the BTB to provide assurance that they are effective and genuine progress is being made	Head of Finance & HR	Not started	
Corporate and Business Transition	CMT has instructed that Internal Audit be on hand to carry out audits in each year of the plan to provide assurance	Propose tabling this with Chief Executive at next governance meeting. Where does management wish us to examine progress and bring assurance?	Chief Executive; Executive Officer	Recently discussed with Executive Officer for Business Transformation Programme. Awaiting direction.	
Emergency Planning and Business Continuity	The Civil Contingencies Act is very demanding. Through an approved work plan, improvements have been made but independent assurance is considered useful.	It would be useful to have an independent opinion on the improvements that have been put in place	Head of Finance & HR	Not started. However, Auditors have received a briefing session from the Emergency Planner	

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Customers & Performance	Management has asked Internal Audit to periodically test the processes in relation to Local Performance Indicators (LPis), and their accuracy	1. Control of High Risks 2. Education 3. Housing 4. Community Safety	All Heads of Service for high risks. Head of Education, Head of Housing and Community Safety	Audit completed 100%	✓
Legal and Regulatory Compliance	Listed twice because of its importance to reputation	Propose examining compliance with Strategic Environment Assessment and one other piece of legislation	Head of Planning for SEA	Audit commenced, about 25%	
Procurement	CMT has instructed that Internal Audit be on hand to carry out audits in the early years of the Procurement plan, providing assurance that the PCA action plan is on course	1. Propose allocating resource to confirming progress with actions in the Action Plan. Other audits listed in in this plan generally have procurement connotations. 2. We will also be looking at term contracts, three- quotes system and recharging.	Head of Finance & HR	Not started	
Internal Control Environment (ICE)	Internal Audit 'champions' the ICE	1. Further championing of the Authorised Signatories system 2, Further updating of the Fraud and Corruption Policy 3. Developing further Anti-Bribery controls 4. Further roll-out of E-Learning Training in Internal Control.	All	All 4 tasks started	✓

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CONSULTANCY	The need for consultancy may arise across all parts of the Internal Audit Plan and it is important to have flexibility i.e. reaction	There is a resource budget to conduct 7 consultancies and investigations in year 1. The latter are generally unforeseen whereas some consultancy work can be planned. Propose discussing this at the next governance meeting with the Chief Executive.		One consultancy started. The Head of Children and Families invited us to review financial controls in the budgets for Midfield, Hawthorn and Gorebridge homes. This has started and is at about 80% stage.	
INVESTIGATIONS	The need for investigations arises every year and have to be efficiently reacted to.	To date three investigations have been conducted. These can be verbally explained to the Audit Committee.	Head of Commercial Operations for 1 and 3. Head of Housing and Community Safety for 2.	All 3 investigations are at an advanced stage	✓
HELP-DESK	Expecting around 50 ad-hoc requests for advice during any financial year.			To date 7 have been received	✓

