



Strategic Plan for Internal Audit

2016/17 – 2018/19

For presentation at the Audit Committee meeting of 16th March, 2016

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1 Introduction

1.1 Overall Approach

This strategic plan sets out the approach we have taken to develop the internal audit plan for 2016 / 2019.

1.2 The Purpose and Function of Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

(Public Sector Internal Auditor Standards)

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2014 must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. It must make provision for internal audit in accordance with the Standards and the Local Government Application Note issued alongside it. Our professional responsibilities as internal auditors are set out within the Standards, published in 2013.

In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, in particular to how those elements help Flintshire County Council achieve its objectives. The work is designed to enable the Internal Audit Manager to arrive at his year-end opinion on the adequacy and effectiveness of governance, risk management and the control environment. The annual Report provides evidence to support the Annual Governance Statement.

- 1.3 Within FCC the Internal Audit Charter defines the role, scope, independence, authority, and responsibility of the internal audit department. Audits will be delivered in accordance with that Charter. The team will also be developed during the year in accordance with the Charter and Service Plan. Development will be predominantly by the implementation of integrated audit software to increase the efficiency of the department.

2 Developing the Internal Audit Strategic Plan

- 2.1 To developing the Strategic Plan for 2016/19 and the detailed plan for 2016/17 the starting point is an understanding of the Council's objectives and risks. We have used a risk based approach and considered the following.

- The Improvement Plan, including the strategic objectives of the organisation and the risks associated with those objectives;
- Reports by management to Cabinet and Scrutiny Committees on the management of operational risks;
- Reports to Programme Boards on the management of risks;
- The introduction of the CAMMS system;

- Areas of concern or requests for coverage from management and the Audit Committee;
- The contents of the 'Audit Universe' and associated risk rating;
- Areas where it is necessary to provide ongoing assurance with regards to key financial systems;
- Other sources of assurance available to the organisation;
- Any recent significant changes within the organisation and its operations;
- Results of previous internal audit coverage; and
- The timing for each internal audit review to maximise the benefit of assurance provided.

We also met with management across the organisation to further understand the risk areas where internal audit assurance is appropriate.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategic plan includes an audit management allocation, used at Audit Manager and Principal Auditor level for quality control, internal and external liaison and for preparation for and attendance at Audit Committee.

The detailed plan will be kept under review throughout the year and updated to react to local and national issues and risks as they arise. All changes will be reported to the Audit Committee.

The strategic plan will be revisited each year to confirm current priorities for internal audit coverage and to develop a detailed internal audit plan for the forthcoming year.

3 Audits covered within the plan

Outline scopes for each review are given in the attached table. The following types of audit work will be completed.

3.1 System based work

Predominantly of key financial systems to give assurance that they are operating effectively. Key control reviews will be carried out of all core financial systems with continuing close liaison with our external auditors to maximise audit efficiency.

3.2 Risk based work

This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls around those risks.

3.3 Follow up audits

Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews. There is also a contingency of 30 days to allocate to further follow up reviews as they become necessary.

3.4 Advisory work

Audit time to take part in specific projects or developments, as already requested/agreed with management. Again, there is a contingency of 40 days to cover requests or developments as they arise throughout the year.

3.5 Value for money

Value for money is considered as part of each audit review. In addition, there are a few specific reviews in the plan where that is the focus of the audit.

3.6 Schools

We will continue to use Control and Risk Self Assessment for all schools. This is designed to increase the level of assurance we can provide about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits.

We will continue to complete school based reviews on risks identified from the self assessment. A sample of schools will be visited to assess the identified risks.

3.7 Grant claims

As in previous years, time has been assigned to carry out reviews of grant claims.

3.8 Counter Fraud work

We will continue to conduct investigations in fraud and irregularity during the year. In addition we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions. The amount of time allocated, 200 days, is based on experience in previous years, but there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks.

4 Resources

4.1 The audit plan will be delivered by the in-house team and the plan has been based on the current complement of the audit team. It may be necessary to use external resource to deliver some of the more technical ICT audits. Apart from that, no reliance will be placed on other sources of assurance.

4.2 The resources required to deliver the proposed plans are summarised in the table, which demonstrates that an annual allocation of around 1190 productive working days is required in 2016/17. This level of resource is capable of delivering the level of assurance required by the Council and is broadly in line with others across Wales.

4.3 Within the plan the level of audit risk has been identified. This is based on the last audit opinion, the length of time since the last audit, any new developments, the budget and reputational risk. This may not reflect the actual risk of the system or area being reviewed. Some areas are described as having a lower audit risk rating. These may be deferred or deleted during the year if necessary without affecting the overall objective of the plan – to complete sufficient work in order to be able to give the annual audit opinion on the adequacy and effectiveness of controls, corporate governance and risk management.

- 4.4 The plan will be kept under review during the year and updated according to emerging risks. Any changes will be reported to the Committee.
- 4.5 Projects planned for the second and third years of the plan are indicative and may change. Therefore the number of days for those projects has not been completed at this time. The days can be allocated in later planning cycles according to the current priorities.
- 4.6 The analysis shows the breakdown between the category of work undertaken within the portfolios.

5 Considerations Required of the Audit Committee

- Does the three year Strategic Plan for Internal Audit (as set out in the table) reflect the areas that the Audit Committee believe should be covered?
- Does the first year of the plan reflect the areas that should be prioritised?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

6 Strategic Plan for Internal Audit 2016/17 – 2018/19

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/ 19
<u>CORPORATE</u>						
Consultants	Risk Based	Follow up of report presented to January AC.		15		
Safeguarding (incl schools)	Risk Based	Overall review on the Council's approach to safeguarding.		20		
Clwyd Theatre Cymru	Risk Based	Clwyd Theatre Cymru now has a new Business Plan focusing on the achieving of commercial targets. Following the restructure within CTC this review could examine the financial management controls in place to support the realism and achievement of these targets.		10		
Income from Fees and Charges / Efficiency Savings	System Based	To review the outcomes of the Council's approach to increase income and achieve efficiency savings.			X	
Performance Indicators	Risk Based	To provide assurance that the reporting of performance is accurate.		10		X
Risk Management	Risk Based	To provide assurance to officers and members that the Authority has effective arrangements for risk management and business continuity management and that risks identified by the Authority are being effectively managed.		10	X	X
Corporate Governance	Risk Based	Continuing participation in the Corporate Governance Working Group and further work to provide assurance on overall corporate governance arrangements within the Council.		10	X	X
Compliance	Advisory	To review the Council's approach and appetite for compliance within the Authority. Possible joint working arrangement with WAO.		20		
Partnerships	Risk Based	Review the transition of the LSB to the PSB and the requirement for a Strategic Needs Assessment by April 2017.			X	
Total Planned Days – Corporate				95		

COMMUNITY & ENTERPRISE

Gas Servicing	Risk Based	The review will focus on ensuring compliance with legislation relating to gas servicing. The review will also include gas servicing carried out for the NEW homes scheme.		10		
Disabled Facilities Grant	System Based	This cross cutting review will look at the performance of the service in terms of the time taken to process the grants.		20		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/ 19
Mobile Working	Risk Based	Ensure controls are in place over the use of the new hand held devices.		15		
Tell Us Once	Risk Based	This cross cutting review will assess which services are using this facility for the notification of deaths and explore the potential to extend to other services.		10		
Flintshire Connects	VFM	The review will assess whether the service has it achieved its objectives, and if there is potential for other services to use this facility.		15		
Council Tax and NNDR	System Based	This audit will review the effectiveness of the in house Bailiff Service.		15	X	X
Housing Benefit	System Based	Key control review.			X	X
Travellers	Risk Based	The review will focus on ensuring all relative legislation is complied with.			X	
Blue Badges	System Based	A review is to be carried out of the Blue Badge scheme to ensure the requirements of the scheme are being complied with.			X	
Total Planned Days – Community & Enterprise				85		

EDUCATION & YOUTH

Control and Risk Self-Assessment	Risk Based	This is the annual self-assessment of the schools control framework (to include governor training).		10	X	X
Budgetary Control	System Based	A review is to be carried out of the corporate arrangements in place to ensure schools are provided with all relevant information to enable them to manage their budgets.		20		
Education Improvement Grant	Risk Based	To assess the controls put in place by for this new grant, to include guidance given to schools on financial procedures.		20		
Risk based thematic reviews across all schools including central controls	Risk Based	To analyse the results of the control and risk self-assessment and focus Internal Audit resources on reviewing areas identified as high risk.		40	X	X
Youth Justice	System Based	Review the service arrangements of the team including funding arrangements following the new service model change within Education. (In last year's plan).		15		
School Funding Formula	Advisory	This review builds on work previously carried out in this area and will involve ensuring funding allocations have been processed correctly.		15		
Total Planned Days – Education & Youth				120		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/19
<u>GOVERNANCE</u>						
Network Security	Risk Based	Focus on risks presented by agile working and increased external access to the network. To also include penetration testing arrangements.		* See note		
Procurement	Risk Based	This review will cross cut across the Authority and will include compliance with contract procedure rules, contractor vetting and contract management, and the operation of e-procurement.		30		
Electronic Document Management	Risk Based	An assessment will be made of the use electronic document across the Authority and the potential to extend further.		10		
IT Security Policies	Systems Based	A review will be carried out to establish the coverage of existing policies, whether they are current and levels of compliance.		15		
Digitisation	VFM	This review will assess how services are currently delivered and the potential for further digitisation.		20		
Cloud computing	Risk Based	The review will consider the controls that will need to be in place for future use of Cloud Computing in the Authority.		5		
Data Protection	Advisory	Review data protection arrangements.		15		
Electronic court bundling	Risk Based	To ensure proper controls are in place for the use of electronic documents.			X	
Case Management	System Based	A new legal case management system is being introduced, the review will assess the controls in place over the use of the software.			X	
Total Planned Days - Governance				95		

<u>ORGANISATIONAL CHANGE 1</u>						
Alternative Delivery Models	VFM	To provide advice and guidance on controls during the transition stage of the introduction of the Alternative Delivery Models		30	X	
Japanese Youth Exchange	Regulatory	Audit of the annual final accounts		5	X	X
Total Planned Days – Organisational Change 1				35		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/19
<u>ORGANISATIONAL CHANGE 2</u>						
Industrial Units	Risk Based	To review the controls over the collection of rental income from the units		15		
Corporate Asset Strategy	Risk Based	Following the introduction of the new corporate asset strategy an assessment will be carried out of the effectiveness of the implementation of the strategy.		15		
Community Asset Transfers (CAT)	VFM	An assessment will be carried out of agreements in place with CAT organisations and the effectiveness of the outcomes such as community benefits.		15	X	
Total Planned Days – Organisational Change				45		

<u>PEOPLE & RESOURCES</u>						
E-Teach (Supply Staff) – Payroll and Recruitment	Advisory	To provide advice to the E-Teach working group.		5		
Single Status Governance – Additional Payments	Risk Based	Review the payment of additional payments to ensure compliance with the policy and procedures following Single Status and to ensure local agreements do not formulate.			X	
Payroll	System Based	System Based Audit to include any new legislative requirements.		20	X	X
Compulsory & Early Voluntary Redundancy	Risk Based	Review of the CR & EVR process including approval and IT system to ensure compliance. Consideration will also be given to succession planning and management and the transfer of processes and knowledge prior to a post being deleted.		15		
Use of Relief Workers	Risk Based	The review would examine how the Council manages its relief workers and consider the demands this has on the services, including an evaluation of the overall need for these workers and examine the rights they may be entitled to.			X	
Learning & Development	Risk Based	Review how the Council's training needs are being met, including internal/external provision (modular based / on-line). In particular examine spend on training and whether there are any opportunities for procurement efficiencies.			X	
Disclosure and Barring Service (DBS) Checks (Safeguarding)	Risk Based	Review the process in place and compliance with DBS and pre-employment checks.			X	

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/ 19
Staff Recruitment	Risk Based	The audit will review the staff recruitment process by HR and Managers.			X	
Staff Induction	Risk Based	Examine the staff induction process delivered by Managers and Corporate Induction.			X	
Annual Leave	Risk Based	Review compliance with the Annual Leave policy following its implementation.			X	
Occupational Health	Risk Based	Examine the partnership agreement between FCC and WBC, including the generation of income.			X	
Attendance Management	Risk Based	Following the development of the attendance management process and a review of the Attendance Management policy, sickness returns, triggers, long-term absences, referrals to Occupational Health, return to work interviews, and use of management information will be examined.			X	
Single Status – Equal Pay Claims	Advisory	To provide support in the payment of the outstanding Equal Pay Claims.		5		
Appraisals	Risk Based	Review compliance with and effectiveness of the new competency based framework.			X	
Corporate Grants	Risk Based	Following the implementation of the new Corporate Grant system, examine the effectiveness of the system and compliance with the Corporate Grants Policy and procedures.		15		
Taxation	System Based	Review to ensure compliance with meeting legislative requirements.			X	
Treasury Management	System Based	Examine the Council's approach to Treasure Management, including compliance with the Treasury Management policy.			X	
Main Accounting – Accounts Payable (AP) / P2P	System Based	Annual review to examine the key controls of the AP and P2P systems.		20	X	X
Main Accounting – General Ledger (GL)	System Based	Annual review to examine the key control of the General Ledger system.		15	X	X
Main Accounting – Accounts Receivable (AR)	System Based	Annual review to examine the key controls of the AR System.			X	X
Collaborative Planning (CP)	Risk Based	Following the implementation of the CP Software, examine the effectiveness and usage of the system.		15		
Finance Modernisation Programme – AR	Advisory	To provide advice on the AR project which forms part of Council's Finance Modernisation Programme.		5		
Accounts Governance Group	Advisory	To provide advice to the Accounts Governance Group.		5		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/19
Total Planned Days – People & Resources				120		

PLANNING & ENVIRONMENT

Greenfield Valley Heritage Park	Risk Based	To examine the governance, funding and operating arrangements in place within the Park and assess whether efficient and effective systems are in place to manage the Park.		20		
Building Control	System Based	Examine compliance with Building Regulations, collection of fees and notification process with Council Tax.		20		
Planning Enforcement	System Based	Examine the prioritisation of planning enforcement within the Authority to ensure consistency.		20		
Community Safety Partnership	Risk Based	A review of the partnership arrangements.			X	
Rights of Way	Risk Based	Following the service review, examine the partnership arrangements in place, and the prioritisation of work and procurement of process.			X	
Climate Change & Flood Risk Management	System Based	Following the restructure, assess the effectiveness of procedures in place to monitor climate change and manage the risk of flooding within the Authority.			X	
Pollution Control	System Based	This review will examine how robust the Authority is in assessing and controlling pollution.			X	
Minerals and Waste	System Based	The service currently has an informal SLA in place with other Local Authorities. This review will examine to ensure fees and charges are appropriate to cover the cost of the service.				X
Total Planned Days – Planning & Environment				60		

SOCIAL SERVICES

Multi Agency SLA's Agreements with Combined Services with	Risk Based	Examine the SLA's in place between Flintshire, BCUHB and other agencies. This review will evaluate the governance, funding, performance management and reporting arrangements are in place to ensure the effective delivery of intended outcomes.		15		
Flying Start – Capital	Risk Based	Examine the capital spend within the Flying Start Scheme to ensure compliance with the conditional of the grant application.		10		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/ 19
PARIS finance module	Advisory	Advice & support during the roll out of the Finance Module within PARIS.		5		
Family Information Services	Risk Based	The review will examine the grant application process within the Service.		15		
Children Out of County Care and Education	Risk Based	A cross cutting review between Social Services and Education and Youth. This review will examine the joined up approach to commissioning and funding arrangements for the provision of Out of County Care and Education for Children.		20		
Care Leavers	Risk Based	Review of the transition process of Care Leavers' team to ensure better outcomes for these individuals are achieved and examine the process for the allocation of care leaver grants.		15		
Domiciliary Support / Home Care	System Based	This review will examine compliance with policies and procedures and how the service has adapted to the Social Services and Well Being (Wales) Act.			X	
Llys Eleanor	System Based	An establishment review of the policies, procedures and staffing arrangements in place at the home and to ensure a cost effective service is being delivered.			X	
Bed Mapping	Advisory	To provide advice in streamlining the Bed Mapping process for residential / nursing care.			X	
Ageing Well	Risk Based	The purpose of this audit will be to assess compliance with the Ageing Well Policy.				X
Total Planned Days – Social Services				80		

STREETSCENE & TRANSPORTATION

Enforcement	Risk Based	This review will examine the management of enforcement, ensuring the effectiveness of policies and procedures, collection of cash, back office support and the distribution of income. This review should include all enforcement within the Authority e.g. Civil Parking & Enforcement, Fly Typing, Littering, Dog Fouling and Abandoned Vehicles.		30		
Fleet Management	Risk Based	Examine the effectiveness and implementation of the fleet review and determine whether the efficiency savings have been realised. This audit will also consider how effective the Council is in fuel management.		20		
Alltami Stores	System Based	Following the move to the single depot store at Alltami, this review will examine the stock handling procedures in place including the movement and disposal of stock. All stock held at Alltami Depot, including the yard will form part of this review.		15		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/ 19
Fleet Management	Advisory	To provide advice to the Fleet Management project group.		5		
Integrated Transport	Advisory	To provide advice to the Integrated Transport Working group.		5		
Maintenance of the Public Realm	Risk Based	Examine the approach to planned maintenance of the Public Realm.		10		
Regional Transport	Risk Based	Provision allocated to review the new arrangements for Regional Transport and the administration of the Bus Subsidy grant.			X	
Winter Maintenance	System Based	Following on from our earlier work, examine whether robust arrangements are in place to effectively and efficiently manage winter maintenance.			X	
Trade Waste	Risk Based	This review will examine the arrangements in place for the management and provision of trade waste (Charities and internally) and review the invoicing and internal recharging and accounting arrangements in place.			X	
Bereavement Services	System Based	Examine the operational procedures and income generation across the Bereavement Service.			X	
Community Transport	Risk Based	This audit will examine the allocation and spend of the Community Transport grant.			X	
Highways 3 rd Party Claims	Risk Based	This review will be determine how effective the Council is in managing Highways 3 rd Party Claims and whether there has been an increase in the number of claims received following the reduction in funding for Highways Maintenance.			X	
Total Planned Days – Streetscene & Transportation				85		

OTHER

Pensions Administration	System Based	New administration strategy including service standards with members and employers.		15	X	X
Pensions Investments	System Based	To assess the management of the funding strategy and compliance with regulations and procedures.		15		X
North West Residual Waste Partnership	Risk Based	Ongoing review of contract management under the second Inter Authority Agreement.		5	X	X
Total Planned Days - Other				35		

Audit	Audit Classification	Auditable Area	IA Risk Rating	2016/17 Days	2017/18	2018/19
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INVESTIGATIONS, PROVISIONS AND DEVELOPMENT

Provision for investigations and pro-active fraud	200
Provision for ad-hoc requests from management	65
Follow Up - Other	15
Follow Up Communities First	10
Follow Up School Funds	5
Audit development	30
IDEA	10

Total	335
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Overall Total	1190
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Note: It may be necessary to bring in external resource to complete this technical ICT audit.