

**REPORT TO:** Business Efficiency Board

**DATE:** 25 February 2009

**REPORTING OFFICER:** Operational Director – Financial Services

**SUBJECT:** Internal Audit Strategy & Plan - 2009/10

**WARDS:** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to enable the Business Efficiency Board to consider and endorse the proposed Internal Audit Strategy and Audit Plan for 2009/10.

## **2.0 RECOMMENDATION:**

**That the Business Efficiency Board is recommended to endorse the proposed Internal Audit Strategy & Plan for 2009/10.**

## **3.0 SUPPORTING INFORMATION**

### **Audit Strategy**

- 3.1 The Audit Strategy is a high level statement of how the Internal Audit Service is to be delivered and developed and how it links to the organisation's objectives and priorities. The production of an Internal Audit Strategy is a specific requirement of the CIPFA 'Code of Practice for Internal Audit in Local Government in the United Kingdom' (the Code).
- 3.2 The Audit Strategy is reviewed annually as part of the departmental service planning and audit planning processes.

### **Audit Plan**

- 3.3 In order to comply with the Code, Internal Audit is also required to produce a programme of work (the Audit Plan) which outlines the likely areas of activity for the coming year.
- 3.4 The draft Audit Strategy and 2009/10 Audit Plan are attached to this report. This document provides a summary of how Internal Audit resources are to be utilised during the year.

## **4.0 POLICY IMPLICATIONS**

- 4.1 Internal Audit takes account of the Council's corporate priorities and plans as part of the audit planning process.

## **5.0 OTHER IMPLICATIONS**

- 5.1 The Council is required to 'maintain an adequate and effective system of internal audit' under Regulation 6 of the Accounts and Audit Regulations 2006. This responsibility is delegated to the Operational Director – Financial Services.
- 5.2 An effective Internal Audit service helps to protect public funds and the Council's assets. It also assists the Operational Director – Financial Services in discharging his statutory responsibilities as s151 officer in terms of ensuring the proper administration of the Council's financial affairs.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 6.1 CIPFA defines Internal Audit as being 'an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives'.
- 6.2 Internal Audit therefore supports the Council in achieving the aims and objectives set out in the Sustainable Community Strategy and the Council's Corporate Plan and takes account of the priorities listed below:
- Children and Young People in Halton
  - Employment, Learning and Skills in Halton
  - A Healthy Halton
  - A Safer Halton
  - Halton's Urban Renewal
  - Corporate Effectiveness and Efficient Service Delivery

## **7.0 RISK ANALYSIS**

- 7.1 The work of Internal Audit forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None identified.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

CIPFA Code of Practice for Internal Audit in Local Government in the UK  
-2006

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## **INTERNAL AUDIT STRATEGY & PLAN**

**2009/10**

## 1.0 Introduction

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- 1.1 Internal audit is an appraisal function within an organisation. Our professional responsibilities as internal auditors are set out in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 1.2 The Internal Audit Strategy is a high-level statement setting out how we will deliver and develop the internal audit service and how it links to the Council's objectives and priorities. The strategy provides details of:
- Internal Audit's objectives and desired outcomes;
  - The scope of our work;
  - How we plan our work;
  - How we deliver the internal audit service;
  - How we report on our work.
- 1.3 The Audit Plan is one of the products of the Audit Strategy. It sets out our proposed programme of work for the coming financial year (2009/10).

## 2.0 Internal Audit – Objectives & Outcomes

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### Objectives

- 2.1 We aim to deliver an internal audit service that:
- a) Provides assurance to management and the Business Efficiency Board on the adequacy, or otherwise, of the Council's systems of internal control (including risk management and governance arrangements).
  - b) Provides assurance to the Business Efficiency Board, Chief Executive and Leader of the Council in support of the Council's Annual Governance Statement.
  - c) Promotes the efficient use of the Council's resources by making recommendations to management to take remedial action to address:
    - Deficiencies in the systems of internal control; and
    - Instances of duplicated functions, wastage and inefficiency.
  - d) Provides advice on audit related matters, including suspected fraud or corruption.
  - e) Provides advice on risk and control issues, particularly in regard to systems development.
  - f) Works with the Council's external auditor, and other review bodies as necessary, to provide an efficient and effective approach to audit and inspection.
  - g) Complies with best practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

## 2.0 Internal Audit – Objectives & Outcomes

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### Outcomes

- 2.2 In providing the internal audit service to the Council, we aim to achieve the following outcomes:
- a) Delivery of a robust, evidence-based annual opinion on the Council's control environment.
  - b) Improvements to the Council's systems of internal control achieved through the implementation of audit recommendations.
  - c) Efficiency gains achieved through the removal of redundant controls, wastage and inefficient working practices.
  - d) Improved awareness of the Council's financial procedural rules, codes of conduct and anti-fraud and corruption arrangements.
  - e) External audit reliance on the work we undertake on the systems that provide material figures in the financial statements.
  - f) Positive comments from the external auditor on the system of internal control element of the 'Use of Resources' assessment.
  - g) Customers that value the internal audit service received.



## 3.0 Scope of Internal Audit

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- 3.1 The scope of internal audit is set out in Standing Orders relating to Finance (section 6.2.5):
- ‘The Chief Internal Auditor shall provide a continuous internal audit. The scope of Internal Audit's remit shall extend to the entire control environment of the Council’.**
- 3.2 The entire control environment of the Council comprises all its operations, resources, services and responsibilities for other bodies. It also includes the arrangements established to protect the interests of the Council in its dealings with partnerships in which the Council has an interest.
- 3.3 Management is responsible for establishing and maintaining adequate control systems. Recommendations made by Internal Audit can reduce risk and lead to systems of control being considered adequate. However, the implementation of audit recommendations cannot eliminate risk altogether.
- 3.4 Whilst it is not the role or responsibility of Internal Audit to detect fraud, we consider the risk of fraud in each audit assignment.

## 4.0 Planning our work

Factors affecting the Audit Strategy	How this is reflected in our approach
<p><u>Requirements of the CIPFA Code of Practice</u></p> <p>a) The scope of work to encompass the whole of the internal control environment of the Council.</p> <p>b) Work to be undertaken in a risk-based manner.</p> <p>c) Sufficient audit work to be completed to allow the Head of Internal Audit to provide an annual overall opinion on the control environment.</p>	<p>We provide annual audit coverage across all Directorates examining the management of financial and non-financial risks. Coverage also extends to corporate systems, cross-cutting issues and partnership arrangements.</p> <p>We carry out an annual review of the Council's Corporate and Directorate risk registers, which helps inform our annual programme of work.</p> <p>We also undertake an annual audit needs assessment. This is done to identify the auditable areas that may significantly impact upon the achievement of the Council's objectives. We assign risk values to each area based upon cumulative our knowledge and experience, and use the results of this assessment to prioritise audit coverage.</p> <p>We determine the frequency by which areas will be audited according to their level of perceived risk. This ensures that key risk areas are looked at on a frequent basis.</p> <p>We monitor progress against the Audit Plan constantly throughout the year and present quarterly progress reports to the Business Efficiency Board. The Chief Internal Auditor has a professional responsibility to inform the Business Efficiency Board of any shortfall in resource availability that may jeopardise Internal Audit being able to provide an annual opinion on the control environment.</p>

## 4.0 Planning our work

Factors affecting the Audit Strategy	How this is reflected in our approach
<p><u>Corporate Plan</u> The Sustainable Community Strategy and the Council's Corporate Plan sets out the vision and long-term priorities for Halton. The role of Internal Audit is to provide an independent and objective opinion to the Council on the control environment, by examining its effectiveness in achieving the organisation's objectives.</p>	<p>We review, and take account of, the objectives set out in the Sustainable Community Strategy, Corporate Plan and Departmental Service Plans in the planning of our work.</p>
<p><u>Annual Governance Statement</u> Internal Audit is one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.</p>	<p>We carry out an annual programme of work reviewing key elements of the Council's governance framework.</p>
<p><u>External Audit</u> The Audit Commission, as the Council's external auditors, will seek to place reliance on internal audit work on the main financial systems to provide assurance to support their opinion on the Council's financial statements for 2009/10.</p>	<p>We work closely with the Audit Commission to ensure optimum reliance can be placed on our work and that duplication of audit effort is avoided.</p> <p>We carry out annual audits on all the financial systems that provide material disclosures in the financial systems, regardless of comparative risk.</p> <p>We also undertake full system reviews of the Council's main financial systems on a cyclical basis.</p>

## 4.0 Planning our work

Factors affecting the Audit Strategy	How this is reflected in our approach
<p><u>Significant local and national issues and risks</u> To ensure the best use of the audit resource, it is essential that Internal Audit takes account of any significant emerging local and national issues or risks in its planning processes.</p>	<p>We consult with key stakeholders to ensure that our work is planned taking account of new and emerging issues and risks. These include:</p> <ul style="list-style-type: none"> <li>• The Chief Executive;</li> <li>• The Operational Director – Financial Services (who has overall responsibility for the financial administration of the Council);</li> <li>• All Strategic Directors;</li> <li>• The Chief Scrutiny Adviser.</li> </ul>
<p><u>Schools</u> The Council has a significant number of schools that must be audited as individual entities due to each school having established its own governance and financial management arrangements.</p> <p>Additionally, all schools must achieve the Financial Management Standard in Schools (FMSiS) by March 2010. The Standard is then renewable every three years. Internal Audit has been accredited by the DCSF to undertake the external assessment for FMSiS. This will therefore require a third of the Council’s schools to be assessed on an annual basis.</p>	<p>Whilst we have generally adopted a risk-based approach to determining audit coverage, there are areas where a cyclical approach is still required. One such area is the audit of schools.</p> <p>We aim to ensure that all schools are visited within a four-year cycle. However, we visit schools operating their own bank accounts on a two-year cycle to reflect the increased risks associated with locally managed bank accounts.</p> <p>Where possible, we combine school audits with Financial Management Standard in Schools (FMSiS) assessment visits to minimise the number of visits to schools and to ensure an efficient use of audit resources.</p>

## 4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Information Management</u></p> <p>The information the Council holds is one of its biggest assets. As well as complying with legislation, it is essential that the Council uses this information efficiently and effectively to help deliver services.</p> <p>Recent data losses reported in the media have demonstrated the importance of information security. Other organisations have identified particular vulnerabilities around data transfer, portable data storage devices and staff and contractor access to data.</p> <p>In local government there is an impetus towards greater sharing of data which coincides with the overall efficiency and shared services agenda.</p> <p>Information Communications Technology (ICT) inevitably plays a key role in how the Council manages its information. The Council invests a significant amount of its resources, both revenue and capital, on maintaining and developing its ICT systems each year.</p>	<p>We liaise regularly with ICT management and undertake our own risk assessment of the Council's information management arrangements. Our approach is also informed through consultation with colleagues from other local authorities attending the Greater Manchester Computer Audit Group.</p> <p>In planning our work, we also take into consideration national and international guidelines and best practice guidance on specific information management issues.</p> <p>ICT audits can be complex and of a technical nature. The Internal Audit Division has two members of staff who have achieved a recognised computer audit qualification. Their expertise is supplemented by buying in external support from Salford City Council as required.</p>

## 4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Anti-Fraud &amp; Corruption Arrangements</u></p> <p>The Council's Constitution includes a requirement for Internal Audit to be notified of all suspected or detected fraud, corruption or impropriety. On occasion, Internal Audit may be asked to go beyond the work needed to meet its assurance responsibilities and assist with the investigation of suspected fraud and corruption.</p> <p>The Audit Commission's National Fraud Initiative, known as the NFI, is a data matching exercise that has been run every two years since 1996. Under statutory powers, the Commission requires certain bodies, including local authorities, to provide data for inclusion in the exercise. At Halton, Internal Audit co-ordinates the Council's participation in NFI.</p> <p>The annual 'Use of Resources' assessment by the Audit Commission reviews the adequacy and effectiveness of the Council's counter fraud and corruption arrangements. In its guidance, the Audit Commission states that councils should be assessing their counter fraud and corruption arrangements against best practice.</p>	<p>Although managing the risk of fraud and corruption is the responsibility of management, we have an important role in helping to create an environment that minimises the risk of fraud and corruption.</p> <p>The approach we take to assist the Council in countering fraud and corruption includes:</p> <ul style="list-style-type: none"> <li>• Reviewing and publicising the Council's anti-fraud and corruption arrangements;</li> <li>• Considering the risk of fraud and corruption in all audit assignments;</li> <li>• Co-ordinating the Council's involvement in the National Fraud Initiative;</li> <li>• Undertaking specific audit reviews on systems that are inherently susceptible to fraud and corruption;</li> <li>• Ensuring that the Audit Plan includes provision (in the form of a contingency) for us to undertake the investigation of suspected fraud or corruption, if requested to do so by management.</li> </ul>

## 4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Procurement &amp; Contracts</u> The Council has an annual multi-million pound capital programme and spends significant amounts of revenue expenditure on procuring goods and services. Due to the materiality of the expenditure, procurement is considered to be a high-risk area, which requires annual coverage by Internal Audit.</p>	<p>We carry out an annual assessment of the risks associated with the Council's current procurement activities and future plans. This is informed through our involvement in the Procurement and Commissioning Group and by maintaining a regular dialogue with project officers across the Council.</p> <p>We provide assurance over the Council's procurement arrangements by:</p> <ul style="list-style-type: none"> <li>• Selecting a sample of forthcoming capital and/or revenue contracts each year and carrying out an audit of those contracts throughout their lifecycle, i.e. from pre-contract stage through to completion.</li> <li>• Reviewing the Council's spend analysis and undertaking specific reviews on areas of high expenditure that are not subject to existing corporate contracts.</li> <li>• Carrying out periodic audits across the Council to provide assurance that procurement activity is being undertaken in accordance with Procurement Standing Orders.</li> <li>• Undertaking a range of checks on contract final accounts before payment is made.</li> </ul>

## 4.0 Planning our work

Factors influencing the Audit Strategy	How this is reflected in our approach
<p><u>Income generation</u>            Opportunities have arisen for Internal Audit to generate a small amount of external income through the provision of an internal audit service to Manchester Port Health Authority and by offering to undertake the external assessment for the Financial Management Standard in Schools (FMSiS) to the Council's schools.</p>	<p>Although we have not actively sought external work, we have taken on additional work where opportunities have arisen and we consider them to be beneficial.</p> <p>The provision of the internal audit service to Manchester Port Health Authority has a minimal impact on our resources, but it provides a training and development opportunity for staff by allowing them to gain experience of auditing a different type of organisation.</p> <p>The FMSiS assessments complement the audit work we already carry out in schools, in addition to helping to raise the standards of financial management in the Council's schools.</p>



## 5.0 Delivering the internal audit service

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- 5.1 The internal audit service will be delivered almost entirely by our in-house internal audit team, which forms part of the Financial Services Division. However, in recognition of the need for expertise in certain technical ICT audits, we have an arrangement to buy in additional computer audit resources from Salford City Council if required.
- 5.2 We review resource requirements each year as part of the audit planning process and discuss them with the s151 officer throughout the course of the year.
- 5.3 Our Audit Plan for 2009/10 is based on a resource of 8.52 FTE employees. This represents a slight reduction in audit coverage to that planned in 2008/9, resulting from some restructuring within the division that resulted in one post being disestablished. We are currently carrying 1.48 FTE vacancies.
- 5.4 Our Internal Audit team comprises a range of qualified and part-qualified accountants and auditors, along with specialists in contract and computer audit. We use the Employee Development Review (EDR) system to help identify training needs for our staff. We are active participants in regional internal audit groups, which help us to keep abreast of developments affecting the profession and local government in general.
- 5.5 As our resources are not sufficient to provide assurance over all areas of Council activity, we adopt a risk-based approach to prioritise our coverage.

## 6.0 Reporting arrangements

### Individual Audit Assignments

- 6.1 At the conclusion of each individual audit assignment, we issue a draft report to the appropriate manager within the Council. Once we have agreed the report and obtained management responses, we issue a final report to:
- The Chief Executive;
  - The Strategic Director – Corporate & Policy;
  - The Operational Director – Financial Services (s151 officer);
  - The Strategic Director responsible for the area reviewed;
  - The Operational Director responsible for the area reviewed;
  - Audit Commission.
- 6.2 In each report, we provide management with a clear assurance opinion on how effectively risks are being managed in the area reviewed. In determining the assurance rating for each audit, we give consideration to the number and priority of recommendations raised in the review. We use three categories of assurance rating:

Assurance Rating	Opinion Type	Explanation
Substantial	Positive	There is a sound system of control designed to ensure the achievement of the service or system's business objectives.
Adequate		There is basically a sound system of controls. However, opportunities exist to enhance the control environment further.
Limited	Negative	The control environment is in need of improvement. Weaknesses in the control systems may put the service or system's business objectives at risk.

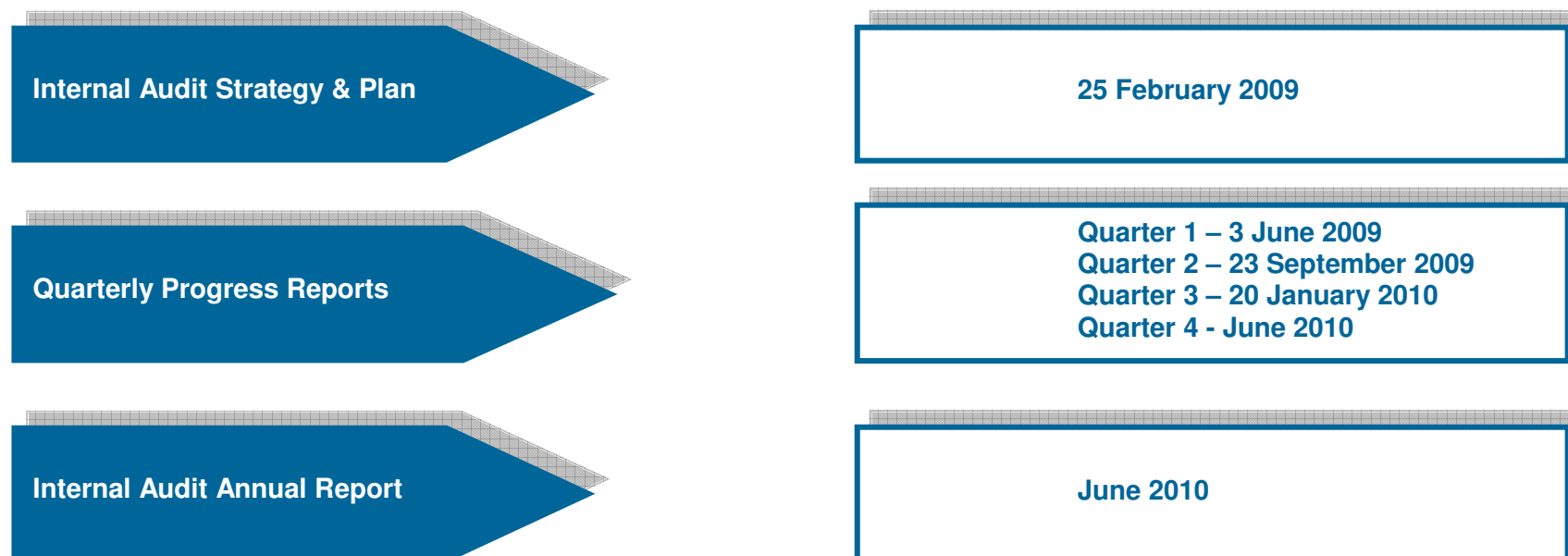
- \* We take account of the assurance rating given in each audit report to form and evidence our overall opinion on the adequacy and effectiveness of the Council's control environment in our annual report.

## 6.0 Reporting arrangements

### Reporting to the Business Efficiency Board

- 6.3 On a quarterly basis, we provide a Progress Report to the Business Efficiency Board detailing the key issues arising from our audit work and progress made against the Audit Plan. This report includes details of follow-up work undertaken to ensure that previously agreed audit recommendations have been implemented.
- 6.4 We also produce an Annual Report which provides assurance to the Board on the adequacy, or otherwise, of the Council's systems of internal control.

### 2009/10 Reporting timetable



## 7.0 Audit Plan 2009/10

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- 7.1 We have designed the Audit Plan to provide sufficient coverage across the Council to enable us to deliver an overall opinion on the Council's risk management, control and governance arrangements. We have based the plan upon the estimated audit resource available, which reflects the existing staff numbers within Internal Audit.
- 7.2 We have applied professional judgement in assessing the level of resource required for each audit identified. In estimating the level of resource required, we take account of:
- The complexity of the system in place;
  - Factors such as number of locations, number of transactions or frequency of transactions;
  - Any assurance which can be brought forward from previous years' audits;
  - The type of audit undertaken.
- 7.3 The Audit Plan therefore represents the best estimate of the audit resource available and the way in which we will deploy that resource during the year.
- 7.4 We have included within the Audit Plan a contingency allocation, which we will utilise for unplanned and ad-hoc work that occurs during the year.
- 7.5 We will keep the Audit Plan under review throughout the year. We may need to make revisions to the plan to reflect changes to risks, priorities or resources. We will agree minor amendments to the plan with the Operational Director – Financial Services. However, we will report to the Business Efficiency Board any significant matters that jeopardise completion of the plan or require substantial changes to it.
- 7.6 We have presented the summary Audit Plan overleaf. The following pages provide a more detailed breakdown of the work planned in each area.

## 7.0 Audit Plan 2009/10

### Summary Audit Plan

AREAS OF AUDIT ACTIVITY		Planned Days	
A.	<u>Corporate work</u> Corporate & strategic issues Governance arrangements Anti-fraud & corruption work	115 70 63	248
B.	<u>Support systems work</u> Main financial systems Procurement & contracts Information management systems	170 100 130	400
C.	<u>Operational systems work</u> Children & Young People systems Corporate & Policy systems Environment systems Health & Community systems	155 95 100 170	520
D.	<u>Other work</u> School audits Grant certification Advisory work Fee earning work	167 12 70 72	321
	Contingency		78
<b>TOTAL DAYS</b>			<b>1567</b>

## 7.0 Audit Plan 2009/10

### A. Corporate work

#### CORPORATE & STRATEGIC ISSUES

Review area	Planned days	Rationale
Data Quality - Performance Monitoring reports	20	In response to an Audit Commission report on Data Quality, it was agreed that Internal Audit would carry out a review of the arrangements in place to ensure the quality of performance data reported to the Policy & Performance Boards.
Widnes Waterfront Scheme	25	Management of major projects is recorded as being one of the Council's key corporate risks. This audit will therefore examine the project and financial management arrangements relating to the Widnes Waterfront Scheme programme.
National Indicators	30	A programme of work is carried out annually reviewing a sample of national indicators to provide assurance that robust data collection systems are in operation and that reported performance data is accurate.
Carbon Management	20	The Council signed up to the Local Authority Carbon Management Programme in 2007/08. As part of the programme, the Council is developing plans to reduce energy bills and carbon emissions over the next five years. The audit will review how effectively the Council is managing the programme.
Healthy Halton	20	'Healthy Halton' is one of the Council's corporate priorities. This review will examine how the Council is monitoring and reporting on progress against the actions listed in the areas of focus relating to this objective.
<b>Total</b>	<b>115</b>	

## 7.0 Audit Plan 2009/10

### GOVERNANCE ARRANGEMENTS

Review area	Planned days	Rationale
Constitution review	10	Internal Audit is involved in the annual review of the Council Constitution.
Annual Governance Statement	10	Internal Audit is involved in the process for preparing the Council's Annual Governance Statement.
Reporting to the Business Efficiency Board	10	Preparation of reports for, and attendance at, the Business Efficiency Board.
Corporate Complaints Procedure	10	The Corporate Complaints procedure is a key element of the Council's governance framework. This review will examine how effectively the Council responds to complaints received.
Governance of partnerships	20	Governance of the partnerships in which the Council is involved has been highlighted as a key corporate risk. It also forms part of the annual 'Use of Resources' assessment. This audit will therefore examine the progress that the Council has made in respect of strengthening the governance arrangements of its significant partnerships.
Monitoring compliance with the Acceptable Use Policy	10	The Acceptable Use Policy forms part of the Council's governance framework. This audit will examine the arrangements established to monitor compliance with the policy in practice.
<b>Total</b>	<b>70</b>	

## 7.0 Audit Plan 2009/10

### ANTI-FRAUD & CORRUPTION WORK

Review area	Planned days	Rationale
Fraud awareness initiatives	15	This provision is made to allow Internal Audit to continue to undertake initiatives to raise awareness of fraud and corruption across the Council. This will include rolling out a fraud awareness e-learning tool.
Attendance at Greater Manchester Anti-Fraud & Corruption Group.	3	Halton has been co-opted onto a Greater Manchester Anti-Fraud & Corruption Group. This provides an opportunity to share and develop best practice with colleagues from other authorities.
National Fraud Initiative	25	Internal Audit co-ordinates the investigation of the data matching results from the National Fraud Initiative.
Proactive counter fraud work	20	Internal Audit undertakes an annual programme of proactive counter fraud work.
<b>Total</b>	<b>63</b>	



## 7.0 Audit Plan 2009/10

### B. Support systems work

#### FINANCIAL SYSTEMS

Review area	Planned days	Rationale
Cash & Bank	10	To provide assurance on key financial systems to satisfy external audit requirements.
Creditors	10	
Debtors	10	
Main Accounting system – Accounting journals	5	
Fixed Assets	10	
Payroll	10	
Council Tax	10	
Business Rates (NNDR)	10	
Loans & Investments	10	
Housing Benefits	10	
NNDR – Collection, Recovery & Enforcement	20	Internal Audit carries out more detailed system reviews on each of the Council's main financial systems on a cyclical basis.
Council Tax – Collection, Recovery & Enforcement	20	
Sundry Debtors	20	
Cash collection arrangements	15	
<b>Total</b>	<b>170</b>	

## 7.0 Audit Plan 2009/10

### PROCUREMENT & CONTRACTS

Review area	Planned days	Rationale
Review of contract final accounts	10	To provide an independent examination of contract final accounts in order to detect weaknesses, error or fraud in the contract system.
Upton All Saints CE Primary School – New Build	10	These are all new contracts of significant value that are due to commence in 2009/10.
Kingsway Health Centre refurbishment	10	
Bridge Maintenance Partnership	10	
Capital Programme – Monitoring Arrangements	10	This audit will examine the arrangements to monitor and report on progress and expenditure on capital schemes.
Building Schools for the Future (BSF)	20	The audit will focus on the governance and programme management arrangements established for BSF.
Agency staff contract	10	The audit will examine compliance with the Council's recently established corporate agency staff contract.
Waste management and recycling contract	10	Involvement of Internal Audit in this contract has been requested from the Head of Service - Waste Management.
Fire safety and security	10	Analysis of expenditure in 2007/8 showed that the Council spent over £900,000 on fire safety and security. This audit will examine how the Council co-ordinates this spend to achieve best value.
<b>Total</b>	<b>100</b>	

## 7.0 Audit Plan 2009/10

### INFORMATION MANAGEMENT SYSTEMS

Review area	Planned days	Rationale
ContactPoint	10	ContactPoint is a database set up in response to an inquiry into the murder of Victoria Climbié in 2000 and it holds the names, addresses, dates of birth, identities of GP's and schools of all under 18s in England & Wales. Stringent security controls accompany the use of the database, including a requirement for enhanced Criminal Records Bureau clearance for deemed authorised users. One of the pre-requisites for supplying data to, or making use of, ContactPoint is that all Partner Organisations must be accredited. Internal audit is expected to have a role in the accreditation process.
IT Business continuity arrangements	15	The Council identified in its 2007/8 Annual Governance Statement that it needs to strengthen its IT Business Continuity arrangements. This audit will review the progress made.
ISO 27001/2	20	ISO 27001 is an information security management system (ISMS) standard published in October 2005. It is intended to be used in conjunction with ISO 27002, the Code of Practice for Information Security Management, which lists security control objectives and recommends a range of specific security controls. This review will involve a 'gap analysis' to identify what the Council must do to achieve the standard.
Disposal of IT equipment	15	The Waste Electrical and Electronic Equipment (WEEE) directive governs the disposal of waste electric and electronic equipment. This audit will review how the Council complies with this directive and ensures the safe disposal of redundant IT equipment.
Laptop security	15	There have been numerous examples of data losses reported in the media following the theft and / or loss of laptop PCs. This audit will review the arrangements that the Council has established to minimise the risk of personal data loss should laptop PCs be lost or stolen.
Network security	20	There has been considerable investment in the Council's network since the last audit in 2005.

## 7.0 Audit Plan 2009/10

Review area	Planned days	Rationale
Internet site security	15	External threats to the Council's website have become more sophisticated and the loss of the website would have a major impact on the Council's everyday business.
Information security in schools	20	The objective of this audit is to provide assurance that schools are complying with legislation in respect of the data held on pupils.
<b>Total</b>	<b>130</b>	

## 7.0 Audit Plan 2009/10

### C. Operational systems work

#### CHILDREN & YOUNG PEOPLE

Review area	Planned days	Rationale
Home to school travel	20	Deferred from 2008/9.
Attendance at school	20	
Preventative services mini-trust	20	
CAMHS mini-trust	20	
Inter-authority recoupment	10	Recoupment is the cost the Council pays to other local authorities for providing placements for children with special educational needs. This is a significant area of spend that has not previously been audited.
Extended school provision	20	A number of school audit reports have highlighted an absence of control in regard to extended school provision, such as breakfast clubs and after school care.
Looked after children	20	The Council aims to improve outcomes for looked after children. This audit will review how the Council is managing the risks that may threaten the achievement of this objective.
Inglefield	10	Inglefield Children's Centre is a residential resource centre providing care services to children with disabilities. The Centre was last audited in November 2005.
Educational visits	15	Tameside MBC was recently prosecuted and fined after a child was seriously injured on an educational visit. We last examined the arrangements to ensure that educational visits are properly planned and supervised in July 2005.
<b>Total</b>	<b>155</b>	

## 7.0 Audit Plan 2009/10

### CORPORATE & POLICY

Review area	Planned days	Rationale
Markets	20	Budgeted annual income for the markets is over £1,100,000. The markets service has not been audited since June 2005.
Concessionary travel	15	The Concessionary Bus Travel Act 2007 amended existing legislation and replaced local schemes with a new national scheme, with effect from 1 April 2008. The audit will examine how the Council has implemented and is managing the new scheme.
Organisational development	20	The Council's approach to workforce planning and development will be reviewed by the Audit Commission as part of the 'Use of Resources assessment in 2010. This audit will therefore help the Council prepare for that review.
Property Services – rental income	20	Property Services collect a significant amount of rental income. This audit will examine the arrangements in place to ensure the prompt identification and collection of income due.
Land charges	20	The Council budgets to collect approximately £500,000 of income in respect of land charges each year. This audit will examine income collection and reconciliation procedures and look at how the Council has responded to the Local Land Charges (Fees) Bill, which introduced new regulations on the setting of charges.
<b>Total</b>	<b>95</b>	

## 7.0 Audit Plan 2009/10

### HEALTH & COMMUNITY

Review area	Planned days	Rationale
Carers' strategy	20	Deferred from 2008/9.
Community Safety Team	20	
Financial assessments / clients' contributions	20	
Mental health services	20	
Private sector housing grants	20	This area involves a significant amount of expenditure and is inherently susceptible to application fraud. It was last audited in October 2005.
Payments to care providers	20	A new system for making payments to care providers is to be introduced in 2009/10. This audit will review the operation of that system.
Halton Lifeline Community Warden Service	15	The service was last audited in June 2004.
Drug Action Team	20	This is a service that has not previously been audited.
The Brindley	15	The Brindley was last audited in April 2005 shortly after it opened. The net cost of operating the Brindley was budgeted at £1.1M in 2008/9.
<b>Total</b>	<b>170</b>	

## 7.0 Audit Plan 2009/10

### ENVIRONMENT

Review area	Planned days	Rationale
Building Cleaning	20	Deferred from 2008/9.
Environmental Health	20	These areas have not been reviewed for a number of years.
Planning applications	20	
Highways & Footpaths	20	The Corporate Plan states that the Council aims to provide and maintain a highways and footpath network that is safe, accessible, and meets the needs and expectations of those living and working in or visiting Halton. The audit will therefore focus on how the Council is delivering this objective.
The Stadium	20	The Stadium features high on a risk-assessment due to the value of income and expenditure involved in its operation.
<b>Total</b>	<b>100</b>	



## 7.0 Audit Plan 2009/10

### D. Other work

#### SCHOOL AUDITS

Review area	Planned days	Rationale
Nursery schools x 2	12	Schools are audited on a cyclical basis. There has been some slippage in the schools audit programme which we are intending to address this year.
Primary schools x 12	72	
Primary schools (operating local bank accounts) x 5	35	
Secondary schools x 4	32	
Special schools x 2	16	
<b>Total</b>	<b>167</b>	

## 7.0 Audit Plan 2009/10

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### CERTIFICATION / GRANT WORK

Review area	Planned days	Rationale
Local Public Service Agreement	10	Internal Audit is required to audit the remaining five LPSA targets in 2009/10.
Sports Development Grant	2	This annual grant is certified by internal audit.
<b>Total</b>	<b>12</b>	

## 7.0 Audit Plan 2009/10

### ADVISORY WORK

Review area	Planned days	Rationale
Corporate Risk Management Group	5	Internal Audit is represented on each of these corporate groups.
Procurement & Commissioning Group	5	
Information Governance Group	5	
Carefirst 6 implementation	5	Internal audit has an advisory role on the implementation of the Carefirst 6 system.
Individualised budgets	20	<p>National policy and legislation is moving towards a model of health and social care based on service user choice, control, personalisation and flexibility. This new model will include the development of personal budgets and self-directed support.</p> <p>Internal Audit is represented on Halton's Transforming Adult Social Care Change Board and will be involved in the workstream developing financial systems to implement the new arrangements.</p>
Grants to voluntary organisations working party	5	A working party was set up to ensure the implementation of recommendations arising from a previous Internal audit report on grants to voluntary organisations.
'Use of Resources' assessment	5	Internal Audit contributes to the annual 'Use of Resources' assessment process.
Schools	20	Internal Audit provides ad-hoc advice to schools throughout the year and attends the School Liaison meetings.
<b>Total</b>	<b>70</b>	

## 7.0 Audit Plan 2009/10

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### FEE EARNING WORK

Review area	Planned days	Rationale
Financial Management Standard in Schools assessments x 23	69	This work generates income to the Council and provides developmental opportunities for Internal Audit staff.
Manchester Port Health Authority	3	
<b>Total</b>	<b>72</b>	