

Appendix B

Middlesbrough Council

Internal Audit Service

Annual Internal Audit Plan April 2009 - March 2010

March 2009

Fundamental Financial Systems

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of the Audit
Budgetary Control	Key financial system annual audit	19	Assurance that the total budget is broken down into a hierarchy reflecting responsibility of specific managers and communicated to the appropriate member of staff who has responsibility for control of those areas. Processes to monitor budgeted expenditure on an ongoing basis are effective.
Capital Accounting	Key financial system annual audit	20	Assurance that there is compliance with accounting rules. To include a review of policies, amendments to the Fixed Asset Register (FAR), the accuracy of valuation, depreciation and capital charge calculations etc. This audit will also review sample entries made to the FAR and traced to the balance sheet.
Cash Receipt & Banking	Key financial system annual audit	25	Assurance as to the receipt and accounting for income; also that the central location receiving income is secure. Arrangements for banking income are secure and timely. Assurance that the central petty cash managed by cashiers and other payments are accurate and accounted for correctly.
Council Tax	Key financial system annual audit	25	Assurance that valuations of properties are kept up to date, liability is calculated correctly, bills are accurate and issued promptly, refunds are calculated accurately and there is a robust system of recovery and enforcement.
Creditors	Key financial system annual audit	25	Assurance that only bona fide creditors are paid after the Council has received the goods and services ordered. Payments are accurate and on time.

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of the Audit
Debtors	Key financial system annual audit	25	All debts due to the Council are identified, raised and cleared at the appropriate time and all receipts are accepted, recorded and banked promptly. Arrangements are in place to recover outstanding debt and manage unrecoverable debt.
Housing & Council Tax Benefit	Key financial system annual audit	45	Assurance that benefit is assessed accurately, payments made correctly, and overpayments identified and recovered. There is a robust system for the prevention and detection of fraud. There is a system for processing weekly incorrect benefits. Subsidy claims are completed accurately and timely and a performance measurement system is in place.
Main Accounting System	Key financial system annual audit	20	Assurance that the Council's financial information requirements are met. Information is accurate, complete and held securely at all times. SAP feeder system interfaces are effective, appropriately managed and maintained.
Non Domestic Rates	Key financial system annual audit	20	Assurance that liability is calculated correctly, bills are accurate and issued promptly, all tax due is collected and any overpayment is calculated accurately and refunded timely. A robust system of recovery and enforcement is operated.
Payroll	Key financial system annual audit	25	Assurance that only bona fide employees are paid, they are paid correctly, at the appropriate time. All deductions are authorised and paid to the appropriate organisation. All payments are taken into account.
Pensions Administration	Key financial system annual audit	20	Assurance that employers' and employees' contributions are collected at the correct rate. Pension entitlements are calculated correctly and pensioners are paid accurately. Transfer values are paid and received for the correct amount. The pension system is legislatively compliant.

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of the Audit
Pension Fund Investments	Key financial system annual audit	20	Assurance that all investments comply with the Council's investment strategy; they are held securely and returns are maximised. Confirmation is available that the fund is able to meet its commitments.
Treasury Management	Key financial system annual audit	15	Assurance that the Council has a treasury management strategy and that all loans are authorised, paid and collected at the appropriate time. Interest on loans is calculated accurately and received at the appropriate time. Brokers and counter parties are authorised by senior managers.
Total – Fundamental Financial systems		304	

Other Corporate Financial Systems

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Gifts & Hospitality	Annual Audit Fraud & Corruption	5	Assurance that offers of gifts and hospitality are recorded and that that the Council's ethical guidance is being followed.
Telephone Allowances	Management Request	5	Assurance that mobile phones provided by the Council are accounted for, usage is monitored and cost of private calls recovered.
Travel & Subsistence	Medium	8	Assurance as to the accuracy, timeliness and appropriateness of claims. Compliance with statutory requirements (e.g. taxation of home to office travel).
Car Allowances	Medium	7	Assurance as to the accuracy, timeliness and appropriateness of claims. Compliance with statutory requirements (e.g. taxation of home to office travel).
Car Loans	Medium	10	Assurance that loans are made in accordance with the Council's scheme, monthly repayments and outstanding loans on termination of employment are collected promptly.
Trust Funds	High	5	Assurance that investments are appropriate to the purpose of the fund, are regularly reviewed and all expected income is received. Payments made by the fund are compatible with the fund's objectives.
Total Other Corporate Financial Systems		40	

Code of Practice Audits

Audit	Risk Category	No of Days	Proposed Scope Coverage of Audit
Money Laundering	Medium	20	Review and update of existing Council policies and delivery of training.
Accounting Instructions	Review	12	Review and update of existing Council policies to take account of the migration to SAP.
Financial Regulations	Review	10	Review and update of existing Council policies to take account of the migration to SAP.
Contract Standing Orders	Review	5	Review and update of existing Council policies.
Annual Governance Statement	Annual Contribution	3	Input to preparation of the Annual Governance Statement in accordance with the Accounts and Audit Regulations.
National Fraud Initiative	Management Requirement	18	Download of data and administration of input to the National Fraud Initiative.
Corporate Governance	Medium	20	To review arrangements within the Council to ensure that the highest standards of Governance are maintained and enforced. Guidance from CIPFA / SOLACE is followed.
Total - Code of Practice Audits		88	

Children Families & Learning

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of Audit
Youth Service	Medium	20	A review of the financial procedures operated by this service.
Youth And Community Centres (9)	Low	51	Preparation and audit of income and expenditure account and balance sheet.
Primary Schools (15)	Medium	161	Review of key risks – budgetary control, income collection, control of assets, school governance etc. To assist schools in meeting financial competencies set by FMSiS.
Secondary Schools (3)	Medium	36	Review of key risks – budgetary control, income collection, control of assets, school governance etc. To assist schools in meeting financial competencies set by FMSiS.
Special School (1)	Medium	11	Review of key risks – budgetary control, income collection, control of assets, school governance etc. To assist schools in meeting financial competencies set by FMSiS.
Bank Reconciliation Cheque Book Schools	High	9	Assurance that the accounts of schools with their own cheque books are reconciled to bank statements and all discrepancies are followed up.
Catering	Medium	38	Assurance as to compliance with approved policies and procedures e.g. Financial Regulations, Contract Standing Orders, etc. Areas subject to review include ordering, cash income, inventories, budget monitoring, etc.
ICT Units	Medium	11	Assurance as to operational, support and maintenance procedures, system security and data integrity controls

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of Audit
Raising Attainment	Medium	16	Review of EMAG and Welcome Project.
Family Support Assessments	Medium	6	Assurance that arrangements in place for ensuring that appropriate assessments are undertaken on a timely basis and that they are properly reviewed and authorised.
Financial Assistance to Children	Medium	7	To follow up progress on the implementation of recommendations from the previous audit.
Teenage Pregnancy	Low	5	Assurance that expenditure is in accordance with grant conditions
Substance Misuse	Low	5	Assurance that expenditure is in accordance with grant conditions
Total Children Families & Learning		376	

Environment & Neighbourhood Services

Audit	Risk Category	Number of Days	Proposed Scope Coverage of Audit
Transport Management Plan	Medium	20	Review the processes in place for managing and reporting upon the Transport Management Plan.
Road Traffic Accident Recharges	Low	10	To examine the controls in place for the collection of all income due.
Winter Maintenance	Medium	10	Examination of the financial procedures in operation.
Car Parking	Medium	15	Examination of the financial procedures in operation.
Concessionary Fares	Medium	16	Assurance as to the operational and financial controls.
Domestic Refuse Collection	Medium	15	Review of financial procedures and management of collection rounds.
Landfill Allowance Tax Trading Scheme	Medium	15	Examination of financial controls and governance.
Building Cleaning	Medium	10	Assurance as to the operational and financial controls.
Fleet Trading	Medium	10	Assurance as to procurement, maintenance, repair, service continuity, insurance and VOSA requirement of Council vehicles. The purchase and issue of fuel is appropriately managed; charges are accurate.
Horticultural	Medium	13	Assurance as to the adequacy of operational and financial controls.
Area Care	Medium	13	Assurance as to the adequacy of operational and financial controls.
Stewart Park	Medium	6	Assurance as to the adequacy of operational and financial controls.
Tied Properties	Low	6	Assurance as to the adequacy of operational and financial controls.

Audit	Risk Category	Number of Days	Proposed Scope Coverage of Audit
Cemeteries & Crematorium	Medium	15	Assurance as to the adequacy of operational and financial controls.
Pest Control	Medium	5	Examine payment arrangements, collection of cash and recovery of debt.
North Ormesby Market	Low	5	Examine payment arrangements, collection of cash and recovery of debt,
Safer Middlesbrough Partnership	Medium	10	Cyclical review of the partnership arrangements,
Hackney Carriage Licensing	Medium	10	Assurance as to the financial and operational management controls.
Metz Bridge Caravan Site	Medium	10	Assurance as to the financial and operational management controls.
Rainbow Leisure	High	6	Assurance as to the collection and accounting for income.
Southlands Leisure	High	5	Assurance as to the collection and accounting for income.
Neptune Leisure	High	5	Assurance as to the collection and accounting for income.
Municipal Golf Course	High	6	Assurance as to the collection and accounting for income.
Clairville Stadium	High	5	Assurance as to the collection and accounting for income.
Acklam Sports Centre	Medium	6	Assurance as to the collection and accounting for income.
Total – Environment & Neighbourhood		247	

Regeneration

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of Audit
MIMA	Medium	10	Assurance as to financial and operational management of retail outlets.
Town Hall	High	6	Assurance as to the collection and accounting for income.
Middlesbrough Theatre	High	5	Assurance as to the collection and accounting for income.
Tourist Information Office	Low	5	Assurance as to the financial and operational management controls.
Arts Development	Low	5	Assurance as to the financial and operational management controls.
Building Control	Medium	5	Follow up of previous audit.
Development Control	Medium	5	Follow up of previous audit.
Urban Policy & Implementation	Medium	10	Review financial and operational management of consultancy projects and individual commissions.
Middlehaven	Medium	10	To review the system of controls surrounding individual projects.
Stockton / Middlesbrough Initiative	Medium	10	To review the system of controls surrounding individual projects.
Local Area Agreement	High	15	Assurance that funds are only spent for the purposes stated in the Grant Determination and that expenditure is fairly presented in the Statement of Grant Usage.
Housing Advances	Medium	10	Assurance that procedures are in place to collect amounts due and that they are accounted for correctly.
Housing Market Renewal Fund	High	10	Assurance that funds are only spent for the purposes stated in the Grant Determination and that expenditure is fairly presented in the Statement of Grant Usage.

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of Audit
Housing Improvement Grants / Loans	High	21	Assurance that grants / loans are awarded in accordance with legislation / Council policies and procedures. Records are up to date and accurate.
Community Councils	Low	29	Preparation and audit of Income and Expenditure Account and Balance Sheet.
Community Centres	Low	18	Preparation and audit of Income and Expenditure Account and Balance Sheet.
Townwide Neighbourhood Activity Team	Medium	15	Examine financial procedures in operation within the team.
Business Start Up Grants	Medium	5	Assurance that funds awarded to businesses are in line with Service business plans and strategies.
Capital Grant	Medium	5	Assurance that funds awarded to businesses are in line with Service business plans and strategies.
Business Competitiveness & Growth	Medium	5	Assurance that funds awarded to businesses are in line with Service business plans and strategies.
West Middlesbrough Neighbourhood Trust	High	20	Assurance as to the Council's role as Accountable body for grant funding.
Total - Regeneration		224	

Social Care

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of Audit
Care Assessments	High	20	Assurance that arrangements in place for ensuring that appropriate assessments are undertaken on a timely basis and that they are properly reviewed and authorised.
Financial Assessments	High	21	Assurance that arrangements in place for ensuring that appropriate assessments are undertaken on a timely basis and that they are properly reviewed and authorised.
Direct Payments	High	20	Examine the controls in place for direct payments.
Individual Budgets	High	10	Assurance that financial and operational management controls are reliable.
Residential Agency	Medium	21	Assurance that payments are appropriate, legitimate and accurate; also an appropriate system of monitoring is in place.
Middlesbrough Intermediate Care Centre	Medium	10	Assurance that financial and operational management controls are reliable.
Kirkley Day Centre	Medium	5	Assurance that financial and operational management controls are reliable.
Lansdowne Day Centre	Medium	11	Assurance that financial and operational management controls are reliable.
Hazeldene Day Centre	Medium	5	Assurance that financial and operational management controls are reliable.
Sheltered Housing ISLs	Medium	15	Assurance that financial and operational management controls are reliable.
Transport	Low	10	Review the redesigned day service transport function.
TCES	High	10	Follow up work from previous audit.

Audit	Risk Category	Number of Days	Proposed Scope / Coverage of Audit
Client Property	Low	6	Review of storage and security arrangements of the property of clients.
Information Technology	Medium	10	Comment on systems of control in implementation of new management system.
Total – Social Care		174	

Legal & Democratic Services

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Electoral Registration	Medium	11	Assurance of compliance with legislation, entries on the register are appropriate / accurate. Payments / expenditure / charges are correct.
Total – Legal & Democratic Services		11	

Performance and Policy

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Strategic Risk Management	High	29	Assurance that risk management is embedded within Services.
LPSA2	High	11	Assurance as to the robustness, accuracy and monitoring of performance information.
National Information Statistics	High	27	System and process checks are required for new indicators and for those where existing data is available but a re-calculation is required. These apply to those only where the Local Authority is responsible for reporting and calculation of data.
Local Strategic Partnership	Medium	10	To review partnership arrangements.
Total – Performance & Policy		77	

Strategic Resources

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Insurance	High	11	Assurance that costs to the Council are minimised.
Dispensation From Contract Standing Orders	Management Request	15	Advice given to the Director of Resources relating to the requests for exemption from the Council's Standing Orders with respect to Contracts.
Total Strategic Resource		26	

IT Audit

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Internet Usage and Security	Medium	11	Assurance that arrangements are in place to ensure the proper and secure use of the internet, monitoring of usage and compliance with policies.
Installation Review	Medium	11	Assurance that appropriate controls are in place covering the processing and security of the Council's data.
Application Reviews	Medium	21	Assurance as to the adequacy of operational controls, passwords, interfaces, database controls and management.
Voice Transmission	Medium	11	Assurance as to the management of the PBX including banned numbers, monitoring, backup, resilience and service contracts.
SAP Update and Development	Management Request	21	To provide advice and input to the project throughout the year.
Total - IT Audit		75	

Contract Audit

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Receipt & Payment of Contractors Claims	Medium	10	Assurance as to the management of the Early Contractor Involvement contract North Middlesbrough Accessibility.
Contract Registers	Medium	15	Assurance that Services are maintaining appropriate records of quotations and tenders.
Contractors Final Accounts	Medium	15	Assurance that final accounts submitted by contractors are accurate.
Appointment of Consultants	Medium	11	Compliance with approved policies and procedures Contract Standing Orders, Financial Regulations.
Opening of Quotations & Tenders	Medium	10	Compliance with approved policies and procedures Contract Standing Orders, Financial Regulations.
Total – Contract Audit		61	

Non Audit Work

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Partnerschaft Association	Management Request	2	Preparation and audit of Income and Expenditure Account and Balance Sheet.
Middlesbrough Golf Club	Management Request	4	Preparation and audit of Income and Expenditure Account and Balance Sheet.
Total - Non Audit Work		6	

Other Work

Audit	Risk Category	Number of Days	Proposed Scope Coverage of the Audit
Audits in Progress at 31 st March	High / Low	110	
Audit Advice	N/A	53	Advice to services.
Contingency	N/A	105	
External Audit Liaison		7	Resource provision to meet External Auditor to discuss respective work plans and audit findings.
Review of Code of Practice 2006 and Audit Manual	N/A	25	Ongoing provision to update key strategic documents and processes within the section.
Presented Cheque Requests	N/A	6	Requests to bank for copies of presented cheques.
Petty Cash Requests	N/A	10	Requests for new / increased petty cash imprests.
Authorised Signatories	N/A	5	Administration of authorised signatory requests.
Audit Management - Reporting	N/A	32	On going maintenance and production of the Audit Plan and production of internal audit performance indicators.
Audit - Other	N/A	258	General operation of the Internal Audit Section: administration, meetings, research etc.
Total – Other Work		611	