

# APPENDIX 1

Tees Valley Audit & Assurance Services

## **Internal Audit Plan**

**2014/15**

**Middlesbrough Council**

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# TEES VALLEY AUDIT & ASSURANCE SERVICES

## Internal Audit Plan for Middlesbrough Council 2014/15

### INTRODUCTION

#### Purpose

- 1 This document sets out the proposed programme of internal audit and counter fraud work for the Council during 2013/14. In accordance with good practice, internal audit is required to prepare an audit plan on at least an annual basis. The Plan is based on a number of sources of information and is a working document as amendments may be required throughout the year to reflect new and emerging risks and changes in priorities. In the current challenging economic climate, it is vital that the annual programme of internal audit work adopts a similar approach and focuses on what really matters.
- 2 The content of the audit plan is risk based and the basis for the risk assessment is the Council's corporate and directorate risk registers. The content of the Audit Plan is influenced by a variety of sources which can be summarised as follows:
  - The Council's Plan and key priorities.
  - Details of Council savings and proposed budget cuts.
  - The Council's risk registers.
  - Fraud and Loss Risk Self Assessment.
  - Networking with other local authorities.
  - Areas of previous weakness.
  - Specific requests from senior officers.
- 3 TVAAS is the shared internal audit service between Redcar and Cleveland and Middlesbrough Councils and was established on 1 January 2011. The Service was established in response to local authorities being encouraged to challenge traditional methods of service delivery in order to reduce waste and improve outcomes. Both councils are committed to the successful achievement of a long term shared service for internal audit which will add value and deliver benefits.
- 4 All local authorities have a statutory requirement to make provision for internal audit in accordance with proper standards of professional practice as set out in the Public Sector Internal Auditing Standards (PSIAS). Internal Audit is defined as 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. As such, TVAAS will have a key role in helping both councils achieve their objectives by examining the effectiveness of the governance arrangements and providing assurance to both councils that controls are operating effectively in order to manage the key risks facing the achievement of their objectives. This has a positive impact

on the risk environment, informing management whether the action being taken to manage the identified risks is working effectively.

### **TVASS Vision**

5 A shared internal audit service which always delivers in time, on time, to the highest quality and which is regarded within both councils, and more widely, as an exemplar public service. A Service which adds value and helps both councils deliver better outcomes for local people.

### **6 Auditor Code of Ethics**

In common with other professional bodies, UK internal auditors in the UK public sector must comply with the Institute of Internal Auditors (IIA) Code of Ethics principles as follows:

- Integrity
- Objectivity
- Confidentiality
- Competency

7 In addition, internal auditors must have regard to the *seven principles of public life* and the requirements of membership of other professional bodies. The Audit and Assurance Manager is a qualified Chartered Internal Auditor and Chartered Certified Accountant. The Audit Team Leader is a Chartered Accountant and all of the Senior Auditors are either a member or have successfully completed the exams of a recognised professional accountancy body or the Association of Accounting Technicians.

### **2014/15 Audit Plan**

8 The Council continues to experience significant and challenging financial pressures. Overall, Middlesbrough is required to achieve total budget reductions of more than £67 million over the next three years. In January 2014, the Mayor outlined a total of 40 cuts, including the closure of Council run facilities and significant reductions and changes to a number of services. Many services will be reduced, delivered differently or even closed completely. The proposed reductions include a major transformation to save £7 million by making greater use of IT and automated processes and by making efficiencies in support services such as administrative support, human resources, finance and legal services.

When setting its audit plan for 2014/15, TVAAS' priority will be to help support the Council in maintaining an effective control and governance environment during its transformation. The content of the proposed audit plan very much reflects the challenges facing the Council and is designed to:

- Provide assurance on the effectiveness of the governance arrangements and internal controls operating.
- Provide advice on the design, implementation and operation of appropriate controls so as to minimise the risk of fraud and error.

- Support the Council in making effective use of its resources and thereby supporting the attainment of its planned savings and transformation programme.
- Act as a visible deterrent against all fraudulent activity, corruption and other wrong doing.
- Support the Council in providing an appropriate and effective response and investigation into any instances of suspected fraud or corruption.
- Undertake value for money reviews and other specialist assignments including the use of data interrogation techniques.

## 9 **Providing Assurance to the Council**

TVAAS will perform different categories of work in order to provide assurance to the Council that it has an effective control environment in place. The audit plan has been separated into a number of different categories of assurance as follows:

- Corporate assurance (CA)
- Change Programme Support (CP)
- Financial/material systems (Fin)
- Internal control compliance (ICC)
- ICT audits (ICT)
- Schools (Sch)
- Counter fraud (CF)
- Liaison and reporting (LR)

The number of days currently allocated to each of the categories is summarised in Section A. Sections B to H provide detail of the individual assignments currently planned for 2014/15.

Many of the audits will involve sample testing and discussion with officers across all directorates of the Council in order to be able to provide assurance at a corporate level. However, a number of audits are specific to one directorate.

The content of the audit plan needs to offer some flexibility so that it can be amended throughout the year in response to changes in risks, priorities and legislation. This is even more important in the current economic climate when there is increased uncertainty and frequency of change. What is considered to be a priority for internal audit review at the stage of agreeing the plan, may change as the year progresses and different areas for review are identified. As a result, there is an agreed process in place for approving variations to the approved Plan. The Plan will be subject to regular re-evaluation throughout the financial year to ensure that audit resources are prioritised and continually directed towards the areas of highest risk. Any significant variations to the Plan will be reported to the Corporate Affairs and Audit Committee.

## 10 **Progress against the Plan**

Progress against the plan will be monitored throughout the year and key issues reported to the Assistant Director – Finance and Investment as the Council's S151

Officer and to the Executive Director Commercial and Corporate Services. The Audit and Assurance Manager will also report to the Corporate Affairs and Audit Committee on key issues arising from the work included in the Plan and on TVAAS' performance according to the current agreed performance measures.

The number of audit days currently totals 994 (2013/14 -1325). This represents a 25% reduction on last year and is due to the savings that the Council needs to make across its support services.

## 11 **Completing the Plan**

The Audit and Assurance Manager, Audit Team Leader and Senior Auditors are each allocated a portfolio of audit areas to manage for example, one senior auditor is the portfolio holder for all audits relating to environmental and regeneration services across both councils. The aim of this arrangement is to assist both councils by creating a specialist point of contact and facilitating the sharing of best practice and areas of concern between similar areas across two organisations. Portfolio holders will periodically attend the relevant DMT throughout the year in order to provide an update on any audit issues.

Once the content of the Plan and its individual assignments have been approved by the Corporate Management Team, contact will be made at the start of the financial year with all relevant managers whose area of responsibility is included within the Plan. The purpose of this contact is to agree, well in advance, a timing for the audit to be carried out. Once the timing has been agreed, it is requested that managers try not to request a change to that schedule unless absolutely necessary. Managers should be aware that many of the assignments are included in the Plan specifically at the request of the Chief Executive or an Executive Director and therefore any request to cancel or defer an audit will have to be notified to the appropriate senior officer who may choose to overrule the manager's request.

The procedure for completing each individual assignment may vary to some extent but the usual process is summarised below:

- The Audit Team Leader or Senior Auditor will contact the responsible officer(s) for an audit four weeks before the scheduled audit date in order to confirm arrangements and to arrange a meeting to discuss the scope of the audit.
- At some point within the four weeks prior to the scheduled start date, the scoping meeting will be held between the relevant TVAAS staff and the responsible officer(s) for the audit.
- As a result of that meeting, the Audit Team Leader or Senior Auditor will prepare proposed terms of reference document outlining the main focus of the audit and how it will be undertaken. This will be sent to the responsible officer(s) and Head of Service for agreement and amendment as necessary. It is the responsibility of the responsible officer(s) to ensure that their staff are aware of the audit and its purpose and that they are able to make time to engage with the audit staff throughout the scheduled period. This meeting will also discuss practical arrangements e.g. access to systems, documents so that the responsible officer may prepare accordingly.
- The field work of the audit will commence on the scheduled date as agreed. The nature of the field work will vary considerably according to different assignments but will typically involve audit presence on site, requests for

meetings and information from and with managers and their staff. TVAAS staff will aim to carry out their work with sensitivity and causing the minimum of disruption to teams affected.

- Any significant concerns identified during the audit will be communicated to the responsible officer(s) on an ongoing basis.
- Following the completion of the fieldwork, the TVAAS auditor will produce a draft report outlining the main findings from the audit together with recommendations for action. The report and associated working papers and evidence collated will be reviewed by a senior auditor or team leader. Nearly all draft reports are also reviewed by the Audit and Assurance Manager before issue.
- Depending upon the content of the draft report, a discussion meeting may then be held with responsible officers or the draft may be issued to them (usually the head of service) directly. If the report contains significant findings or recommendations, it is probable that a meeting will be held so that the auditor can present their findings and ask for management comments. However, if the report has identified no major issues or recommendations then it may not be necessary for a meeting to be held and instead the report can be issued as a draft for management comment.
- The draft report will provide an overall level of assurance that the auditor(s) has concluded is appropriate based on their findings of those areas examined. In prior years, there have been four possible levels of assurance but from 2014/15 onwards, this has been changed to five levels as follows: **Strong, Good, Moderate, Cause for Concern and Cause for Significant Concern**. The definition for each of these assurance levels is provided in each TVAAS audit report as an appendix.
- It is at this stage that the auditor(s) will require the responsible officer(s) to provide 'management comments' which detail the proposed remedial action to be taken to address the findings in the report together with target dates for completion of these actions. If the auditor(s) considers that the management comments do not adequately address the finding then the action proposed will be revisited with the responsible officer(s).
- Following agreement of the draft report and the receipt of a management response to each of the recommendations, the final report, including the management responses, will be issued to the relevant officers and a copy also issued to the director and, where appropriate, to the Risk Manager and External Auditor. Audit reports covering corporate matters e.g. risk management; performance management will also be issued to CEMT.
- All agreed recommendations are ranked according to three priority levels with a priority 1 recommendation being the most significant. All P1 recommendations and the progress being made to implement them are reported to the Corporate Affairs and Audit Committee.
- All P2 and P3 recommendations are 'followed up' by TVAAS auditors according to the target date specified at the time the recommendation was agreed. Progress to implement P1 recommendations will be followed up earlier in order to report on progress being made to Corporate Affairs and Audit Committee.

- A summary of the findings of all internal audit work including progress made to implement recommendations is reported to the Corporate Affairs and Audit Committee.

## 12 **Quality**

TVAAS staff are committed to delivering a quality service to the highest professional standards that adds value to its customers. The Service actively monitors its performance and a customer satisfaction survey is issued with each draft audit report (excluding investigations). In addition, a bi-annual survey is also carried out which examines the overall perception of the Service and its ability to add value and support the Council in meeting its objectives.

## 13 **Performance Measures**

A service level agreement for the provision of internal audit services is in place between Redcar and Cleveland Council and Middlesbrough Council and includes a number of performance measures. In 2013/14, the Audit and Assurance Manager added a number of other measures to be monitored based on the perceived development needs of the Service. The measures are as follows:

- 1) Percentage completion of the agreed annual audit plan (Target 100%).
- 2) To achieve an average customer satisfaction survey score of 3.5 (4 being the highest).
- 3) Percentage of recommendations agreed.
- 4) Percentage of draft reports issued within 15 days of the end of fieldwork.
- 5) Auditor productivity (each member of the team to be set a target % of total time at work that should be spent on productive work)
- 6) Time taken to complete an assignment (from audit start date to final report issued date).
- 7) Number of audits completed within the budgeted time allocation.



**A SUMMARY OF DAYS BY ASSURANCE CATEGORY**

<b>Assurance Category</b>	<b>2014/15 Days</b>	<b>2014/15 % of Total Days</b>	<b>2013/14 Days</b>	<b>2013/14 % of Total Days</b>
Corporate assurance	275	28	225	17
Change Programme Support	100	10	270	20
Financial Systems	255	26	275	21
Internal Control and Compliance	109	11	145	11
ICT	70	7	110	8
Counter Fraud	70	7	160	12
Schools	30	3	20	2
Liaison and Reporting	85	8	120	9
<b>Total</b>	<b>994</b>	<b>100</b>	<b>1325</b>	<b>100</b>

The 25% reduction in days has been applied to the total audit days rather than reducing each category of assurance individually by 25%. This is to ensure that the main risks and priorities are still subject to assurance.

## **B COMMERCIAL AND CORPORATE SERVICES (also includes cross cutting audits)**

Corporate audits review a number of key corporate themes that cut across all directorates and are key to providing the appropriate assurance to the Council that its overall governance and control arrangements are effective. In future, these assignments will also aim to provide support to the Council in delivering its Change Programme and minimising the risks associated with having to deliver huge savings. As such, many of these assignments will not be traditional audits but will increasingly involve the audit team adopting a critical friend role to assist the Council in identifying and managing issues associated with developing new service delivery models and restructuring or reducing its services.

This category of work also contributes to the Audit and Assurance Manager's annual opinion on the overall adequacy and effectiveness of the Council's control environment. Any major issues arising from corporate work will also contribute to the formation of the Council's Annual Governance Statement.

<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
<b>CA</b>	<b>Risk Management</b>	<b>15</b>
	Deferred from last year. A review of the Council's arrangements for profiling, managing and reporting on its risks and a review of the extent to which risk management is currently embedded within the Council but also how it can support the Council in managing risks associated with significant restructuring and development of alternative delivery models. At the time of producing this plan, a Whole Risk Diagnostic was being carried out for the Council with an expected report due at the end of Feb 2014. The audit should therefore be carried out in the first three months of 2015 in order to review progress made against that report.	
<b>CA</b>	<b>Contract Management</b>	<b>20</b>
	A review of the corporate arrangements in place for ensuring that the Council manages and monitors its contracts effectively.	
<b>CP</b>	<b>Budgetary Planning and Control</b>	<b>20</b>
	A review of the governance and controls to ensure that the Council is building its budget on complete and reliable information and that the ongoing monitoring process throughout the year is effective.  Corporate Risk Register – CORP089	
<b>CP</b>	<b>Middlesbrough Manager</b>	<b>20</b>
	An allocation of time for internal audit assistance with the implementation of controls required as part of the Middlesbrough	

<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
	Manager framework. The audit should include consideration of how the Council's policies are being reviewed/ revised in line with the MM framework.	
<b>CP</b>	<b>Change Programme</b>	<b>20</b>
	An allocation of time for providing a critical friend role as appropriate and to provide assurance that risks are being managed and objectives achieved.  Corporate Risk Register – CORP089CS	
<b>CA</b>	<b>Information Governance</b>	<b>20</b>
	A review of the IG Strategy framework in place at the Council, the communication of those strategies, the level of compliance with the principles set out in the policies and whether the existing policies are meeting legislative requirements.  Corporate Risk Register – CORP074CS	
<b>CP</b>	<b>Performance Management</b>	<b>20</b>
	A critical friend review of the Council's performance management framework and processes in place for performance monitoring. The audit will consider how the Council is introducing/applying balanced scorecards and how performance data will be collected, collated, reported, used and made available.  Central Services Risk Register – RCS080	
<b>CA</b>	<b>Compliance with Legislation</b>	<b>20</b>
	This allocation of time will focus on one or two specific areas e.g. health and safety, equalities, HR in order to assess whether the Council has an adequate framework in place to ensure compliance with the relevant legislation/regulations. Areas to be agreed at the time of the audit.  Corporate Risk Register – CORP014CS	
<b>Fin</b>	<b>Purchasing Cards</b>	<b>15</b>
	Following the introduction of more widespread use of purchasing cards across the Council, this audit will confirm whether there are adequate controls in place to monitor the use of cards and prevent misuse.	

<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
<b>CA</b>	<b>Mouchel Contract</b>	<b>20</b>
	An audit to provide assurance that the Council has effective contract monitoring arrangements in place.  Central Services Risk Register – RCS093	
<b>CA</b>	<b>Coroners Follow Up</b>	<b>5</b>
	To review the extent of the implementation of the recommendations made in the 2013/14 internal audit.	
<b>CP</b>	<b>Value for Money Review – Environment and Community Services</b>	<b>20</b>
	An audit deferred from 2013/14. A review to assess the level of assurance that the Council is able to have that value for money principles are and will be observed in relation to contractual relationships and services and supplies procured within Env/Community Services. The audit will aim to identify value for money opportunities where appropriate.  Corporate Risk Register – CORP089	
<b>CF</b>	<b>Vehicles, Fuel and Tools</b>	<b>10</b>
	A review of the anti fraud controls in place to ensure that there are appropriate controls in place for the management of the Council's vehicles, fuel and tools. The audit will also review the controls in place for the management of fuel keys.	
<b>CA</b>	<b>Property/Asset Management</b>	<b>20</b>
	An audit deferred from 2013/14 which was to examine the controls in place to ensure that the Council's property/asset portfolio is managed effectively. The audit was deferred pending the outcome of the Deloitte report.  Central Services Risk Register – RCS052	
<b>CF</b>	<b>Leisure Centres, Parks and Cafes</b>	<b>15</b>
	A review of the anti fraud controls in place selecting a sample of the Council's leisure centres and parks e.g. Albert Park, Rainbow, Neptune and Southlands.  NC Risk Register – NC015, NC014, NC007	
<b>ICC</b>	<b>Crematoriums/Memorials</b>	<b>10</b>

Category	Audit Title	Days
	An audit of the control environment to be carried out later in the financial year.	
LR	<b>Meetings and Advisory – Commercial and Corporate Services</b>	15
	An allocation of time for TVAAS auditors to liaise with the Executive Director, the S151 Officer and to respond to ad hoc queries, requests for assistance, to attend DMT and other meetings as required.	
	<b>TOTAL DAYS COMMERCIAL AND CORPORATE SERVICES and cross cutting audits</b>	285

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## C FINANCIAL/MATERIAL SYSTEMS

Financial systems remain an important area of the internal audit plan as they provide the Section 151 Officer with assurance that the Council has made proper arrangements for the effective administration of its financial affairs and support the integrity of the Council's accounts. Such audits cover key expenditure systems such as Accounts Payable and Receivable, Payroll, Main Accounting and Financial Management & Budgetary Control. The need to annually review these and other material areas reflects the overall significance of the systems to the Council. It does not mean that the control environment is weak but reflects the potential impact should a major control weakness be identified. For that reason, assurance on material systems is provided more frequently than for many other areas where the risk and impact is considerably less.

<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
	The following areas are classed as a fundamental or material system to the Council and are therefore subject to some level of annual review. The exact scope of the material systems to be audited by TVAAS will be agreed with the External Auditor.	
<b>Fin</b>	<b>Main Accounting</b>	<b>15</b>
<b>Fin</b>	<b>Debtors</b>	<b>20</b>
<b>Fin</b>	<b>Creditors</b>	<b>20</b>
<b>Fin</b>	<b>Treasury Management</b>	<b>15</b>
<b>Fin</b>	<b>Council Tax and Business Rates</b> <b>Corporate Risk Register – RCS084</b>	<b>30</b>
<b>Fin</b>	<b>Housing and Council Tax Benefits</b> <b>Corporate Risk Register – RCS086</b>	<b>30</b>
<b>Fin</b>	<b>Housing Benefit Count</b>	<b>35</b>
<b>Fin</b>	<b>Payroll</b>	<b>20</b>
<b>Fin</b>	<b>Capital Accounting</b>	<b>15</b>
<b>Fin</b>	<b>Pension Fund Admin</b>	<b>20</b>
<b>Fin</b>	<b>Pension Fund Investments</b>	<b>20</b>
	<b>TOTAL DAYS FINANCIAL/MATERIAL SYSTEMS</b>	<b>240</b>

## D WELLBEING, CARE AND LEARNING

Category	Audit Title	Days
CA	<b>Workforce and Service Demand Planning</b>	10
	The audit will focus on the effectiveness of arrangements in place for key areas to forecast and prepare for expected pressures on their services. Work commenced in this area in 2013/14 but due to the number of ongoing changes at that time, it was agreed that a follow up audit would be carried out in 2014/15.  WCL Risk Register – WCL004 and WCL024	
CA	<b>Safeguarding Young People</b>	15
	The work will provide assurance of the systems, procedures and arrangements in place to ensure that the Council is doing all it can to prevent/detect cases similar to those arising in Rochdale & Oxford happening within the borough.  Corporate Risk Register – COR006	
CA	<b>Safeguarding Children</b>	15
	The risk of failure to implement procedures in relation to safeguarding children could have such a significant impact that this is an area that will always require some level of audit review each year. The audit will consider the capacity of the team to cope with its workload and its responsiveness when concerns are raised.  WCL Risk Register – WCL021 and WCL031  Corporate Risk Register – COR006	
CA	<b>Safeguarding Adults</b>	15
	The annual audit plan will always include some form of assurance work in this area due to the potential impact of a failure in procedures. Suggested at WCL DMT that some work be performed around the use of guardianships/appointeeships/estates team for clients. Focus will also be given to early intervention work.  WCL Risk Register – WCL013	
CA	<b>Child Poverty</b>	20
	It is estimated that there are currently 1.6 million children in the UK living in severe poverty. Middlesbrough is the third most deprived local authority area in the UK with an average child poverty rate of 37%. This rises to 61% in the case of the worst-	

Category	Audit Title	Days
	<p>affected ward.</p> <p>The audit proposes to examine the strategies and plans in place to ensure that Middlesbrough Council is actively working to address child poverty by working with its partners and relevant agencies and through publication of its Child Poverty Strategy and Children and Young People Plan.</p> <p>Some work has been carried out by Scrutiny therefore this assignment will consider the scope of that work to avoid duplication. Possible focus on Early Help.</p>	
<b>ICC</b>	<b>Adult Social Care Payments</b>	<b>20</b>
	<p>A review of the systems and procedures in place at the Council to ensure that correct payments for care are being made. The review will encompass direct payments, care at home and residential care payments and examine links between IAS and Controcc. The audit will take into account the findings of the peer review.</p>	
<b>ICC</b>	<b>Care at Home</b>	<b>15</b>
	<p>A review of the processes and procedures (and the level of compliance with) for ensuring that an appropriate level of care is given to those receiving care at home. The audit proposes to examine the system controls in place for ensuring that client needs are adequately assessed and also that the Council receives sufficient evidence to confirm that an agreed level of care has been provided.</p>	
<b>Sch</b>	<b>Schools and School Investment Improvement</b>	<b>30</b>
	<p>The Council has a statutory role to monitor and support its schools to achieving high and to intervene in cases of underperformance. Whilst the Council does not have the same powers when it comes to academies, it maintains an interest in all schools regardless of their status. The time allocation under this heading is proposed to be divided between:</p> <p>Establishment reviews of a sample of schools.</p> <ol style="list-style-type: none"> <li>1) Themed audits examining a particular issue e.g. budget management across a number of schools.</li> </ol> <p>Other possible considerations: Council has been involved in ISOS partnership work and there have been changes in autonomy (within schools?) Waiting for the School Improvement Inspection. Work around attendance and accuracy of records held by schools and the definitions of education when recording children.</p>	



<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
	Corporate Risk Register – WCL023 and WCL048	
<b>LR</b>	<b>Meetings and Advisory</b>	<b>10</b>
	An allocation of time for TVAAS auditors to respond to ad hoc queries, requests for assistance, to attend DMT/SEN Working Group and other meetings as required.	
	<b>TOTAL DAYS WELLBEING, CARE AND LEARNING</b>	<b>150</b>

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## E ECONOMIC DEVELOPMENT AND COMMUNITIES

Category	Audit Title	Days
<b>ICC</b>	<b>Development Control</b>	<b>15</b>
	A review of the systems and processes in place for the processing and approval/rejection of planning applications from the receipt of application through to the decision making process. The review will also consider the way in which decisions are recommended and made at Planning Committee. The timing of this audit to be following the lean systems review but before the IT system implementation.	
<b>CA</b>	<b>Health Outcome Delivery</b>	<b>20</b>
	A review of the strategies and plans in place to ensure the delivery of improvements to health outcomes, meeting service user needs and delivering public health responsibilities.  Corporate Risk Register – WCL037 and WCL Risk Register WCL039	
<b>ICC</b>	<b>Car Parking</b>	<b>10</b>
	A review of the control environment for the collection of car parking income, issue and recovery of penalty charge notices.	
<b>ICC</b>	<b>Hubs Governance and Decision Making</b>	<b>10</b>
	An audit deferred from 2013/14 to examine the governance and control framework in place at community hubs.  NC Risk Register – NC048	
<b>CA</b>	<b>MIMA</b>	<b>10</b>
	An audit deferred from 2013/14 due to the timing of the change in legal status of MIMA. The audit will assess the effectiveness of the control environment during the transition and any issues regarding asset handover.  NC Risk Register – NC046	
<b>ICC</b>	<b>Taxi Fees and Licensing</b>	<b>15</b>
	An audit of the control environment for regulating the taxi and private hire trade in Middlesbrough.	
<b>LR</b>	<b>Meetings and Advisory</b>	
	An allocation of time for TVAAS auditors to respond to ad hoc queries, requests for assistance, to attend DMT and other	<b>15</b>

	meetings etc.	
	<b>TOTAL ECONOMIC DEVELOPMENT AND COMMUNITIES</b>	<b>95</b>

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## F ICT AUDITS

The TVAAS team includes an auditor with specialist IT skills for the provision of IT audits. The main areas to be covered by ICT audits include the management of IT arrangements, the security of IT facilities and the data contained within systems and the control environments relating to individual applications.

Category	Audit Title	Days
CA	<b>IT Governance (Commercial and Corporate Services)</b>	<b>25</b>
	A high level review of the overall IT governance and decision making arrangements in place.  Corporate Risk Register – RCS011 and CORP010CS	
ICT	<b>Leisure Management System (Commercial and Corporate Services)</b>	<b>15</b>
	An application audit to provide assurance that an effective control environment is in place.	
ICT	<b>Flare (Economic Development and Communities)</b>	<b>15</b>
	An IT application audit to confirm that a secure and effective control environment is in place for the system.	
ICT	<b>SAP (Commercial and Corporate Services)</b>	<b>20</b>
	Deferred from last year. An application audit to provide assurance that an effective control environment is in place. Also, consideration to be given as to how other systems are feeding into SAP where applicable and the effectiveness of testing carried out before systems go live. The time may be used for the IT Auditor to provide critical friend input into the new system.  <b>Linked to Risk CORP010CS</b>	
ICT	<b>IAS/Controcc (Wellbeing, Care and Learning)</b>	<b>20</b>
	An application audit to provide assurance that an effective control environment is in place and that there is adequate interface between the two systems.  Corporate Risk register – WCL032	
	<b>TOTAL DAYS – ICT AUDITS</b>	<b>95</b>

## G COUNTER FRAUD

Fraud against the public sector can take many forms including fraud in relation to benefits, grants, procurement, blue badges, payroll and recruitment. To reduce the risk of fraud and corruption taking place, the Council has to demonstrate a strong anti fraud culture. TVAAS will assist the Council in establishing such a culture by:

- Ensuring that a counter fraud policy framework is in place that is up to date and reflects relevant legislation.
- Raising awareness amongst staff, suppliers, partners and other relevant parties of key fraud and loss risks and how to report any concerns.
- Carrying out an annual fraud and loss risk self assessment to identify the key risk areas for the Council and ensuring that audit resource is directed towards those areas.

Category	Audit Title	Days
CF	<b>Counter Fraud Strategy</b>	<b>5</b>
	An allocation of time to review and update the Council's counter fraud strategy framework and ensure that it reflects relevant legislation e.g. Anti Money Laundering, RIPA, Bribery Act.	
CF	<b>Fraud and Loss Risk Self Assessment</b>	<b>10</b>
	An annual review of the main fraud risks facing the Council, the results of which will feed into the annual audit plan.	
CF	<b>National Fraud Initiative</b>	<b>15</b>
	An allocation of time for dealing with any data matching investigations arising from the NFI exercise.	
CF	<b>Fraud Awareness</b>	<b>5</b>
	An allocation of time to support the process of raising awareness of potential fraud risks. This time will relate to fraud warning bulletins and awareness raising sessions.	
CF	<b>Counter Fraud Reviews</b>	<b>10</b>
	An allocation of time to carry out reviews into areas that have been identified by the Council's fraud and loss risk self assessment as being a high or medium fraud risk (e.g. blue badges etc). TVAAS staff will have access to IDEA software which will facilitate data interrogation techniques.	
	<b>TOTAL DAYS COUNTER FRAUD</b>	<b>45</b>

## H OTHER PRODUCTIVE WORK

In order to ensure that internal audit work remains focussed on the areas of greatest risk and that significant findings are highlighted with the appropriate officers, it is important that TVAAS managers have reporting and liaison mechanisms in place across the Council. This category includes time to prepare for and attend the Corporate Affairs and Audit Committee, officer groups and management meetings across the Council. Liaison with directorate contacts, external audit, Risk Management and Performance Management will also be required.

<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
<b>LR</b>	<b>Corporate Affairs and Audit Committee</b>	
	An allocation of time for the preparation and presentation of reports to and attendance at Corporate Affairs and Audit Committee. The allocation of time also relates to any development work required for the purposes of the Committee e.g. effectiveness reviews etc.	<b>20</b>
<b>CA</b>	<b>Follow Up</b>	<b>20</b>
	An allocation of time to follow up on the implementation of previously agreed actions/recommendations.	
<b>LR</b>	<b>External Audit Liaison</b>	<b>5</b>
	Liaison with the external auditors for information sharing purposes and to avoid duplication of work.	
<b>ICC</b>	<b>Requests for Dispensation</b>	<b>14</b>
	An allocation of time for TVAAS to review the validity of requests from dispensation from the Council's contract procedure rules.	
<b>LR</b>	<b>Links with Risk Management and Performance Management</b>	<b>5</b>
	A provision of time for developing and strengthening the links between internal audit, risk management and performance management to ensure that audit work carried out is focused on areas of identified risk and performance concerns.	
<b>LR</b>	<b>Annual Audit Plan</b>	<b>10</b>
	An allocation of time for the preparation, compilation and consultation of the annual internal audit plan.	
<b>LR</b>	<b>Governance Groups and Committees</b>	<b>5</b>
	An allocation of time for TVAAS staff to attend and contribute to the Council's working groups and committees (other than	

<b>Category</b>	<b>Audit Title</b>	<b>Days</b>
	Corporate Affairs and Audit C'ttee) as required e.g. Corporate Improvement Group, Information Governance etc.	
<b>CA</b>	<b>Assurance Map</b>	<b>5</b>
	The purpose of this assignment is for the Audit and Assurance Manager to update the Council's assurance map in order to consider what gaps exist in internal audit's coverage and to set out an Assurance Framework which will detail what if any alternative sources of assurance exist within the Council and what additional assurance is needed.	
	<b>TOTAL DAYS LIAISON AND REPORTING</b>	<b>84</b>

**TOTAL AUDIT DAYS 2014/15 - 994**