

APPENDIX 1 – KEY AREAS OF INTERNAL AUDIT PROGRAMME 2016/17 – MIDDLESBROUGH COUNCIL

Audit and Assurance Area	Comments	Proposed individual audits (based on consultation to date – subject to change)
Corporate/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 remain effective. The aim of corporate audits is to focus on those areas that can have a significant impact upon the achievement of the Council's priorities. Any major issues arising from corporate work will also contribute to the formation of the Council's Annual Governance Statement.	<ul style="list-style-type: none"> • Governance Improvement Plan – risk register reference 09-007. • Change Programme – risk register reference 09-001. • Middlesbrough Manager – risk register reference 09-009. • Project management. • Contract management. • Procurement. • Partnership governance – risk register reference 09-008. • Information governance. • Performance data quality – accuracy of reported outcomes.
Material/Financial Systems audits	Financial systems remain an important area of the internal audit and assurance 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. The system/areas examined are generally subject to annual review due to 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. Where changes to systems or team structures have taken place, such areas will be looked at more closely in the relevant audit in order to confirm that controls remain effective and that objectives are being achieved. In addition, within all of the areas selected, more focus will be given to reviewing the controls in Agresso to ensure that robust systems are in place going forward.	<ul style="list-style-type: none"> • Main accounting/bank reconciliation. • Accounts payable. • Accounts receivable. • Council tax and business rates. • Treasury management. • Capital accounting. • Payroll. • Benefit support and social fund and council tax reduction scheme. • Capital programme.
Risk based audits	These audits/assignments focus on key strategic risks or emerging risk areas and assess the adequacy of controls in place (as stated by risk owners as being mitigating factors). The	<ul style="list-style-type: none"> • Early help/intervention – risk register 02-013. • Youth employment – risk register

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	selection of these audits is based on the Strategic Risk Register (at the time of the compilation of the audit and assurance plan).	reference 02-014 and 02-006. <ul style="list-style-type: none"> • Social care transformation – risk register reference 05-004 and 06-003. • Safeguarding children and young people – risk register reference 05-009. • Medium term financial plan – risk register reference CRP089CS and CRP089CS. • Customer Strategy – risk register reference RCS103.
Controls Compliance or Directorate specific	The purpose of these audits is to review the extent to which the Council's regulations, policies and procedures are being complied with in practice. This type of work will often be directorate specific but may sometimes cross over more than one. This work also aims to provide assurance that policies, processes and procedures are up to date, fit for purpose and effectively communicated as well as checking the extent to which they are being complied with.	<ul style="list-style-type: none"> • Safeguarding children/adults. • Compliance with funding/grant requirements. • Use of Council vehicles. • Compliance with contract procedure rules. • Attendance management. • Valuation Services. • Middlesbrough Town Hall. • Economic Growth. • Transport and Infrastructure.
Follow Up	A series of short assignments to follow up on the implementation of previous areas where internal audits have resulted in a low level of assurance or where there are known issues. A separate allocation of time will also be put aside to monitor the rate of implementation of all agreed actions.	<ul style="list-style-type: none"> • Follow up – general allocation to monitor implementation. • Project governance and property disposals – to follow up on 2015/16 internal audit report. • S106 process - to follow up on 2015/16 internal audit report.
Information Technology/Systems audits	A series of IT related audits carried out by the Service's Audit and Assurance Officers – Information Security and Corporate Risk.	<ul style="list-style-type: none"> • Agresso. • ICT Strategy – risk register reference 09-002.

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		<ul style="list-style-type: none"> • IT Management Framework. • Card payments (PCIDSS). • IT software procurement. • Objective – document management system.
Anti Fraud Controls	A series of short assignments targeted at areas that are traditionally susceptible to fraud and where, nationally, fraud is most likely to occur.	<ul style="list-style-type: none"> • Section 17 payments. • Adult social care payments. • Blue badges. • Counter fraud reviews and special investigations into incidents as they arise. • Targeted fraud work at key national fraud risks.
Schools	The Service carries out a mixture of internal audits of maintained schools and themed audits of issues affecting all schools e.g. school improvement.	<ul style="list-style-type: none"> • Internal audits of individual schools. • School improvement.
Audits in response to insurance claims	Data on the number and value of insurance claims submitted to the Council can often provide useful indicators as to areas where process improvement is required.	To be confirmed.
Anti Fraud Framework	This allocation of time involves members of the Audit and Assurance Team reviewing and updating counter fraud related strategies and policies.	<ul style="list-style-type: none"> • Whistleblowing Policy review. • Anti Fraud and Corruption Policy Review. • Counter Fraud Action Plan. • Fraud and Loss Risk Assessment. • National Fraud Initiative exercise. • Fraud bulletins and alerts.
Critical friend support	These assignments are aimed at supporting service managers in implementing effective control processes from the outset or in allowing TVAAS staff to provide input to various groups and meetings.	To be confirmed.
Other assurance support	TVAAS staff carry out a number of tasks and roles that do not	<ul style="list-style-type: none"> • Committee attendance.

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	necessarily result in the production of a formal report or the undertaking of an audit. However, these tasks provide an important assurance support to the Council.	<ul style="list-style-type: none"> • LMT/DMT/EMT attendance. • Meetings and advisory. • Follow up of actions/recommendations. • Certification of grants and claims. • Production of progress reports and other reports for committees, governance groups and management teams. • External audit liaison. • Annual audit plan compilation. • Audit scheduling.
Contingency	Included each year is an allocation of time for Audit and Assurance to offer input as required in response to unplanned risks and concerns. This time could be used for acting as a 'critical friend' or it may be used to investigate allegations of fraud or a data security breach.	To be confirmed – assignments identified during the year as and when issues/requests arise.

TVAAS can also perform a number of advisory and support functions in order to work with officers across the Council to ensure that an effective control environment is in place to mitigate risks and support the achievement of Council priorities and objectives. Provision of some of these services is not currently part of the existing service level agreement but are available if required. Additional services which may be acquired include risk management support, health and safety audits and advice, training sessions on various governance related areas, business continuity exercises and assistance and information governance advice and support.