

APPENDIX 1 – KEY AREAS OF INTERNAL AUDIT PROGRAMME 2017/18 – MIDDLESBROUGH COUNCIL

Please note that consultation with directorate management teams is still ongoing at the time of this report and therefore the proposed individual audits are likely to change. The purpose of this report is to allow Members of the Corporate Affairs and Audit Committee to be part of the consultation process (in accordance with Public Sector Internal Audit Standards) and to suggest areas for audit coverage. Once consultation has taken place with all relevant parties, the content of the Plan will be reconsidered and amended with the final version presented to LMT and then to the Corporate Affairs and Audit Committee.

Audit and Assurance Area	Comments	Proposed assignments based on consultation to date and subject to change once all DMTs have been consulted. (References in brackets refer to any risks from the Council's risk registers that relate to the area)
Council Improvement Plan	Assignments to support the provision of assurance on the Council's Improvement Plan. All link to corporate risk reference O8-054. Focus during 2017/18 is expected to be on compliance with the relevant procedures.	<ul style="list-style-type: none"> • Financial Reporting and Monitoring (O8-034); • Financial Planning (O8-034); • Risk management (O8-054); • Performance Management Data Quality checks (O8-034/036/054); • Decision Making; • Asset Management (O7-013/002); • Capital programme (O1-008); • Change Programme/Project Management (O1-007; O6-012; O8-040/054/056; O9-001/039); • Embedding Business Change (O8-020).
Additional Corporate/Cross Cutting Audits	If not already included in the above category, these assignments review key corporate themes that cut across all directorates and are aimed at providing the appropriate assurance to the Council that its overall governance and control arrangements remain effective. The findings from this work will also contribute to the formation of the Council's Annual Governance Statement.	<ul style="list-style-type: none"> • Information governance (O3-011); • Partnership governance (O8-008); • Contract Management; • Attendance Management (O9-015); • Complaints Management (O9-03);
Corporate Compliance	This category of audits will assess the extent to which the Council	<ul style="list-style-type: none"> • Declaration of interests, gifts and

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	is complying, in practice, with its own policy and procedure framework (areas that have not already been included in another category).	hospitality; <ul style="list-style-type: none"> • Compliance with Contract Procedure Rules; • Starters and Leaver Procedures (O9-038); • Purchasing Cards.
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 fact that they are subject to some level of review each year does not mean that the control environment is weak but reflects the potential impact should a major control weakness be identified. Most of the material systems have, in previous years, consistently been assessed as having Strong or Good Assurance and therefore future audit work will focus on key controls and risk areas and system changes with a full audit only been carried out once every three years.	<ul style="list-style-type: none"> • Main accounting/bank reconciliation; • Accounts Receivable; • Accounts Payable. • Council tax and business rates; • Housing benefits; • Treasury management; • Medium term financial plan (O6-006/008/O8/O8-005/006/009-014); • Capital accounting; • Payroll, travel and expenses including HR Payroll System (O9-033); • Pension Fund Admin; • Pension Fund Investments; • Highways Network Assets Valuation.
Risk based and directorate specific audits – Finance, Governance and Support Services	These assignments aim to provide assurance on the adequacy of mitigation controls for key corporate risks relating to the Children's Service's Directorate. Alternatively, they may have been included at the specific request of a senior manager or because the area has not been subject to audit review within the last two to three years.	<ul style="list-style-type: none"> • Integrated Support Unit.

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Risk based and directorate specific audits – Children's Services	These assignments aim to provide assurance on the adequacy of mitigation controls for key corporate risks relating to the Children's Service's Directorate. Alternatively, they may have been included at the specific request of a senior manager or because the area has not been subject to audit review within the last two to three years.	<ul style="list-style-type: none"> • Safeguarding and Protecting Children and Young People (O4-001/O5-005/008/009); • Liquid Logic – use of system (O5-001); • Youth Offending Service; • Delivery of Children's Plans (O5-004/006/013/015) – proposed to incorporate this audit into overall project/programme management audit.
Risk based and directorate specific audits – Social Care	These assignments aim to provide assurance on the adequacy of mitigation controls for key corporate risks relating to the Children's Service's Directorate. Alternatively, they may have been included at the specific request of a senior manager or because the area has not been subject to audit review within the last two to three years.	SMT still to be consulted - 02 Feb. 2017. <ul style="list-style-type: none"> • Better Care Fund Governance (O6-004); • Safeguarding Adults;
Risk based and directorate specific audits – Economic Development and Community Services	These assignments aim to provide assurance on the adequacy of mitigation controls for key corporate risks relating to the Children's Service's Directorate. Alternatively, they may have been included at the specific request of a senior manager or because the area has not been subject to audit review within the last two to three years.	DMT still to be consulted - 09 Feb. 2017. <ul style="list-style-type: none"> • Public Health Prevention and Early Intervention (O3-008); • Volunteer Strategy and Monitoring (O2-002); • Early Help Strategies, Initiatives and Plans (O2-013; O5-003); • Road Safety – risk reference O1-009; • Building Maintenance EDC (O7-018) • Tree Stock Management(O7-014);

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		<ul style="list-style-type: none"> • Highways/Winter Maintenance EDC (O1-032/O7-019); • Economic Development Projects e.g. Town Hall refurbishment (O1-006) or Stainton Way Western Extension; Longlands Ladgate Scheme; Hemlington Grange (O1-036/O37/O13).
Information Governance/IT System audits	A series of IT audits carried out by the Service's Audit and Assurance Officers for Information Security and Information Governance. This work relates to corporate risk register.	<ul style="list-style-type: none"> • IT Management Information security compliance checks (O9-034/O40); • Information Governance Compliance Contingency (O3-011; O8-019/O38); • IT Disaster Recovery.
Follow Up	An allocation of time to monitor and report on the rate of implementation of all agreed actions.	<ul style="list-style-type: none"> • Follow up – allocation for each directorate to monitor implementation of agreed actions.
Anti Fraud Controls and Framework	A series of short assignments targeted at areas that are traditionally susceptible to fraud and where, nationally, fraud is most likely to occur. 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"> • Section 17 payments. • Social care payments. • Blue badges. • Special investigation Contingency (to investigate allegations if and when they arise). • Update of Anti Fraud, Bribery and Corruption Policy. • Fraud and Loss Risk Assessment. • Coordination of National Fraud

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		Initiative (NFI) exercise. <ul style="list-style-type: none"> • Fraud bulletins and alerts.
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 a sample of individual schools; • Special Educational Needs and Disability (SEND) (O4-010); • School Improvement (O4-002/003/006/013/015/016/018). • Children Missing from Education (O4-001).
Critical friend support and 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.	A contingency allocation will be included for each directorate. Assignments identified during the year as and when issues/requests arise.
Other assurance support	TVAAS staff carry out a number of tasks and roles that do not necessarily result in the production of a formal report or the undertaking of an audit but which are required for compliance with Public Sector Internal Audit Standards.	<ul style="list-style-type: none"> • Committee attendance. • LMT/DMT/EMT attendance. • Meetings and advisory. • 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.