

Draft Internal Audit Plan 2013/14

Introduction	1
Internal Audit Strategy – How we choose what to look at	1 - 2
Draft Internal Plan 2013/14	2 - 3
Our Performance	3
Audit Lincolnshire Partnership	4 - 5
Appendices	
Appendix A – Draft Internal Audit Plan 2013/14	6 - 13

Contact Details:
Lucy Pledge CMIIA
Head of Audit & Risk Management



County Offices, Newland, Lincoln, LN1 1YG
☎:01522 553692 📧 lucy.pledge@lincolnshire.gov.uk

Introduction

1. This report sets out the proposed work of Internal Audit for 2013/14. The plan has been developed using the Council's Combined Assurance Model which is a record of all assurances against our critical activities and key risks.
2. Internal Audit provides independent assurance designed to add value and improve how the council operates. We help the council achieve its priorities and objectives by bringing a systematic, disciplined approach to evaluate and improve the management of risk, control and governance processes.

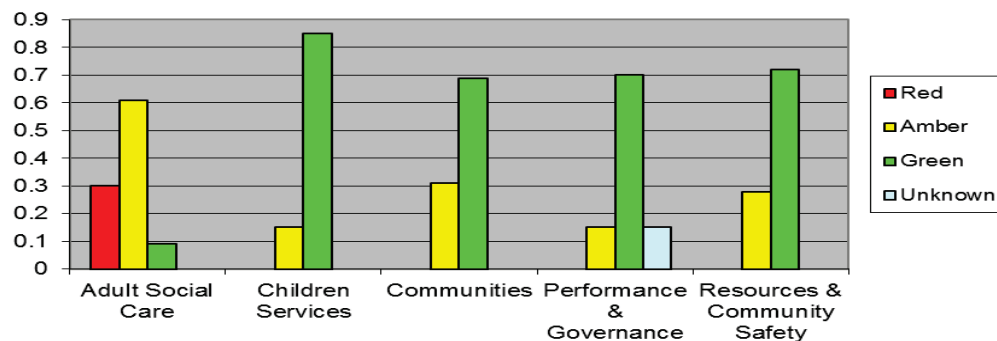
Internal Audit Strategy – How we choose what to look at

3. Our Internal Audit strategy has been developed to demonstrate how assurance can be given on:
 - The critical systems of the Council - Those key service activities whose failure could result in significant damage to the Council's reputation, material financial loss, significant impact on members of the public, significant impact on the successful delivery of Council priorities or failure to comply with service legal requirements.
 - Due diligence activities – Key processes that support the running of the business and ensure compliance with corporate policies and legal requirements. How often Internal Audit review these activities depends on previous assurance opinions, when we last examined the activity and if there has been any significant changes to the system or senior management. We also consider the requirements of External Audit.
 - Strategic Risks – Any risk recorded within the Strategic Risk Register.
 - Emerging risks - Risks that are created by a new activity or business strategy and whose failure could result in significant damage to the Council's reputation, material financial loss, significant impact on members of the public or failure to comply with service legal requirements.
 - Key transformation programmes and projects. Those supporting delivery of a corporate objective / priority.
 - ICT Assurance. Focused on the critical IT applications and activities that support delivery of the Councils' key functions.
4. We have identified the level of assurances in place by using the 'Three lines of Assurance' Model



- Using the Combined Assurance Model helps streamline and avoid duplication of effort where assurances can be drawn from other sources eg management – corporate functions - third parties. It shows us where we can co-ordinate our assurance work across the whole Council and where we can leverage assurance from these other sources to enable the Head of Internal Audit to provide their Annual Audit Opinion on the Council’s governance, risk and control framework for 2014. Figure 1 below shows the current assurance levels for each Executive Director.

Figure 1 – Assurance Levels

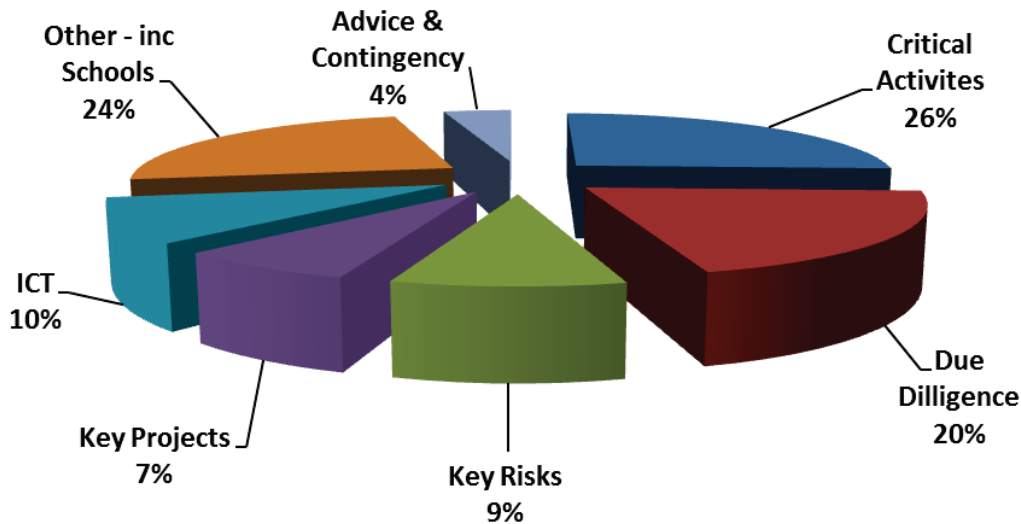


- Internal Audit continues to have the right to conduct its own assurance activity freely and independently in order to meet its role and remit – even if there appears to be a good level management or alternative assurance in place. However, the Map has enabled the reasons why we have included areas in our plan to be clearly understood by Management.
- Our consultation with Senior Management also helped identify areas where they wish to have more independent assurance provided.
- We co-ordinate our work on key financial systems with the Council’s External Auditors, KPMG. We have a joint working protocol which sets out where the External Auditor seeks to place reliance on our work. This ensures that the Council gets the most out of its combined audit resource – keeping audit fees low.

Draft Internal Audit Plan 2013/14

- The type of areas included in the plan for 2013/14 is shown in figure 2 with the detailed projects in Appendix A. A schedule of audits will be developed with management once the plan has been approved.

Figure 2 – Analysis of Internal Audit Resource



Our Performance

10. Our effectiveness and performance is monitored through the Audit Committee. Our performance measures are set out below in Figure 3 for information.

Figure 3 – Our performance measures

Performance Indicator	Target
Percentage of plan completed.	100% (revised plan)
Percentage of key financial systems completed.	100%
Percentage of recommendations agreed.*	100%
Percentage of recommendations implemented.*	100%
Timescales	<ul style="list-style-type: none"> ■ Draft report issued within 10 working days of completing audit. ■ Final report issued within 5 working days of closure meeting / receipt of management responses. ■ Period taken to complete audit – by exception
Client Feedback on Audit (average)	Good to excellent

* Achievement of the performance measures on recommendations agreed and implemented are not within our control. These are reported so the Governance and Audit Committee can see what actions management have taken. The details of any recommendations not agreed will be included in the executive summary and report to Committee.

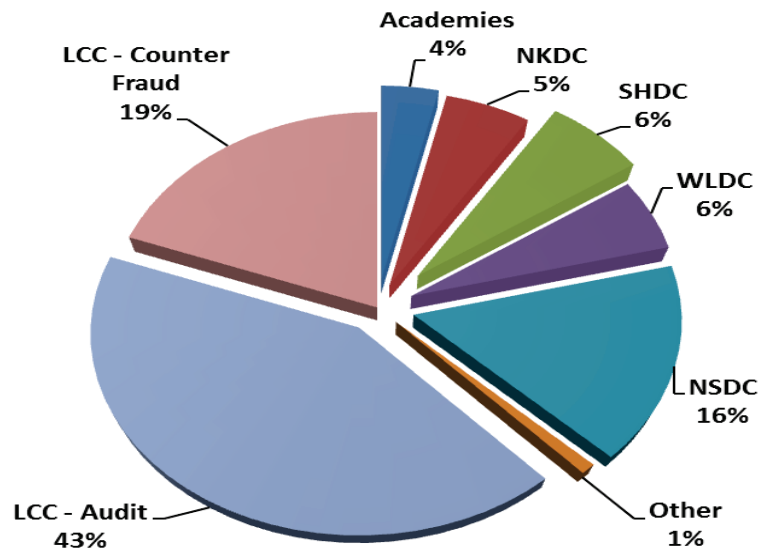
Audit Lincolnshire Partnership

9. The County Council works in partnership with the City of Lincoln and East Lindsey District Council for the provision of internal audit services to their own authorities and authorities with whom they have contractual, or other agreements.
10. By working together the partnership aims to be:

‘the best audit assurance provider for Lincolnshire public sector agencies’.
11. The partners deliver 7 of the 8 Lincolnshire local authority internal audit functions - plus Newark and Sherwood District Council. We have developed excellent relationships, demonstrating the relevant skills and expertise to deliver a comprehensive audit service to our clients. By working together we improve the overall quality of the service provided through:
 - Sharing of knowledge and experience
 - Adoption of leading audit techniques and methods
 - Pooling resources across the organisations to make savings, improve efficiency and offer greater value for money to our clients through streamlining our audit plans to audit / research specific areas of common interest.
12. The County Council has five significant external clients:
 - North Kesteven District Council
 - South Holland District Council
 - West Lindsey District Council
 - Newark and Sherwood District Council
 - Lincolnshire Academies

The net income generated from this arrangement is £104,837. Our budget also includes income of £20,000 through fraud recoveries. Figure 4 below shows how the resources are distributed across our clients.
13. The net budget for the Internal Audit Service, including Counter Fraud for 2013/14 is £643,522.
14. The service is also generates income of £117,000 through providing an Academies Insurance product.
15. The above initiatives minimise the overall cost of the Audit and Risk Service to the Council with any underspends and fraud recoveries being made available to other Council priorities / services. To illustrate this for the year 2012 / 13 there is likely to be an underspend of £40,000 and fraud recoveries of £159,500.

Figure 4 – Distribution of Resources across our clients



Draft

Appendix A – Draft Internal Audit Plan 2013/14

Area	Indicative Scope	Planned Days
Public Health		
Critical Service Areas		
Critical service allocation	Audit of critical services to be determined after the assurance map has been produced	
Sub Total		35
Due Diligence		
Due Diligence allocation	To audit a key project during the year.	
Sub Total		10
Key Projects		
Key Project allocation	To audit a key project during the year.	
Sub Total		10
Key Risks		
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	
Sub Total		30
Other relevant Areas		
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	
Sub Total		15
Non-Audit		
Advice & Liaison		
Sub Total		10
Total for Public Health		110
Adult Services		
Critical Service Areas		
Customer Finance and Direct Payment Team	Review of the newly formed team for carrying out financial assessments of clients and making direct payments to clients.	
Brokerage	Review of end to end process of the Brokerage team for the purchase and monitoring of packages of care.	
Organisational learning and follow up	Review progress made to implement recommendations from the 2012 Internal	

Area	Indicative Scope	Planned Days
	Management Review / audit reviews.	
Quality Assurance	Review the effectiveness of the service-quality assurance regime – developed to ensure that ASC operates to best practice standards / policy and procedures.	
Performance & Productivity Management	Review of data quality, trend analysis and reporting arrangements, and the actions being taken to address issues.	
Reablement Service	Review to gain assurance that the performance of the service continues to improve and that outcomes for service users are achieved.	
Sub Total		100
Key Projects		
Key Project allocation	To provide assurance on the successful delivery / progress of a key project during the year.	
Transformation Programme	Review of the programme/project management arrangements for this key ASC programme, considering the design and application of the governance structure.	
Proactive Support	To provide proactive advice and support on governance, managing key risks and effective internal control.	
Sub Total		45
ICT		
Case Management System	To provide proactive advice and support to this project, ensuring that key risks and controls are being considered.	
Sub Total		15
Key Risks		
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	
Sub Total		35
Other relevant Areas		
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	
Sub Total		10
Non-Audit		

Area	Indicative Scope	Planned Days
Advice & Liaison		
Sub Total		10
Total for Adult Services		215
Children's Services		
Critical Service Areas		
Birth to Five		
Supported Childcare Allocations	To provide assurance that in allocating supported childcare, families are properly assessed and meet the eligibility criteria.	
Commissioning		
Child Poverty Strategy	To ensure the authority's Child Poverty Strategy is supported by a robust action plan which will ensure national targets for eliminating child poverty are achieved.	
Performance Assurance Services		
Lincolnshire Safeguarding Children's Board	To review the arrangements Performance Assurance are developing to strengthen the assurance received from the LSCB.	
Property & Technology Management Services		
Legal Changes to Schools	To provide assurance that statutory procedures are complied with when changes are made to schools' status – such as change in provision, expansion, closure etc.	
Police Notification of Domestic Violence	To provide assurance on arrangements to assess and record police referrals.	
Sub Total		75
Key Projects		
Families Working Together	To review the FWT project to provide assurance that effective mechanisms are in place to: <ul style="list-style-type: none"> • Identify 'troubled' families • Assess family needs • Assess, evidence & record achievement of specified results • Claim available funding 	
Sub Total		10
ICT		
Integrated Children's System ICS	Review of system management, user and administrative access, input and output controls, user training and guidance.	
Access Databases	Review of system maintenance, user and administrative access, input and output	

Area	Indicative Scope	Planned Days
	controls, user guidance.	
Sub Total		30
Key Risks		
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	
Sub Total		15
Other relevant Areas		
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	
Schools	Periodic audits of maintained schools.	
Sub Total		285
Non-Audit		
Advice & Liaison		
Sub Total		10
Total for Children's Services		425
Communities		
Critical Service Areas		
Environment, Planning & Customer Services		
Carbon Reduction Commitment	Review of the arrangements in place to comply with the Environment Agency's requirements under the CRC, including sign off of the LCC Evidence Pack.	
Flood Management	Review of the development and delivery of the Flood Risk Management Strategy.	
Customer Service Centre	To review the arrangements for responding to customer queries, delivering advice and information on council services and forwarding service requests.	
Highways & Transport		
Civil parking enforcement	Review of the arrangements for the management and monitoring of the contract for the provision of parking enforcement services.	
Adult Services Transport	Review of the impact of personal budgets to give assurance that they have been adequately managed and arrangements put in place.	
Sub Total		70

Area	Indicative Scope	Planned Days
Key Projects		
Spalding Western Relief Road	To provide assurance that appropriate arrangements are in place for the governance, management and monitoring of the design stage to ensure planning permission is achieved.	
Castle Revealed	To provide assurance that appropriate arrangements have been put in place to manage the project works and finances and they are being properly applied.	
Sub Total		20
Key Risks		
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	
Sub Total		15
Other relevant Areas		
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	
Sub Total		10
Non-Audit		
Advice & Liaison		
Sub Total		10
Total for Communities		125
Resource & Community Safety		
Critical Service Areas		
Fire & Rescue		
Fleet Provision	To review the provision and maintenance of the fleet, including the safeguards in place to prevent reoccurrence of the AssetCo risk.	
Safer Communities		
YOS – under 18s single remand order	To review the Authority's response to the Legal Aid and Punishment of Offenders Act 2012 – scope to cover: process, finance and links to Children's Services – Looked After Children	
Trading Standards	Assessment of resourcing, task prioritisation and impact on timescales.	
Procurement Lincolnshire		

Area	Indicative Scope	Planned Days
Category Management	Review the effectiveness of category management model and development of supply market intelligence to delivery client needs and sustainable outcomes.	
Business Support		
Direct Payments	Review of process, compliance and support arrangements in light of change of responsibilities – system is significant to the support in ASC and has had past limited assurance from Audit.	
Sub Total		70
Due Diligence		
Resources		
Finance Systems	Ensure the financial control environment is robust and operating effectively. Areas selected from risk assessment, last audit review, known changes, External Audit liaison and assurance map – will also include coverage of new areas around Public Health	
Key financial systems – transaction testing	Throughout the year test key controls and transactions feeding into the Council's accounts in liaison with External Audit	
Financial and Contract Regulations – establishment visits	To review the level of compliance with the Council's key financial procedures across selected service areas	
Risk Management	To provide assurance on the risk management strategy, structure and operations within the organisation.	
Sub Total		260
ICT Applications		
SAP		
Sub Total		15
Key Projects		
FDSS		
Sub Total		10
Emerging Risks		
Emerging risk contingency	To audit any strategic risks and significant emerging risks arising in the year.	
Sub Total		20
Other relevant Areas		

Area	Indicative Scope	Planned Days
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	
Sub Total		10
Non-Audit		
Advice & Liaison		
Sub Total		10
Total for Resources & Community Safety		395
Performance & Governance		
Critical Service Areas		
People Management	Review the effectiveness of the People Strategy launched in 2012 and the strands underpinning delivery of the Council's people management arrangements	Q1
Sub Total		20
Due Diligence Activities		
Corporate Governance	To review the effectiveness of the Council's governance arrangements, including compliance with new standards regime	Q1
Gifts, Hospitality and Register of Interests	To assess the level of compliance with the Council policy for managing gifts and hospitality and controlling potential conflicts of interest.	
Sub Total		20
ICT		
	Work is underway to finalise ICT assurance map and status report – this will inform the choice of audits in this section of the plan. Scheduling of individual ICT audits will be agreed when the assurance map is finalised.	
Sub Total		85
Key Projects		

Area	Indicative Scope	Planned Days
Broadband in Lincolnshire	To provide assurance on delivery and compliance with the grant conditions.	Q4
Sub Total		10
Strategic / Emerging Risks		
Strategic risk	To seek assurance on the key controls linked to strategic risks which sit within the directorate, e.g. Becoming a Commissioning Council	
Emerging risk contingency	To audit any significant emerging risks arising in the year.	
Sub Total		15
Other relevant Areas		
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	Q3
Sub Total		10
Non-Audit		
Advice & Liaison		
Sub Total		10
Total for Performance & Governance		170
Grand Total		1440

This page is intentionally left blank