

## GWYNEDD COUNCIL

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>20 FEBRUARY 2014</b>
TITLE	<b>DRAFT INTERNAL AUDIT PLAN 2014/15</b>
PURPOSE OF REPORT	<b>TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2014 - 31 MARCH 2015</b>
AUTHOR	<b>DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK</b>
ACTION	<b>TO APPROVE THE PLAN CONTAINED IN THE APPENDIX</b>

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### **1. INTRODUCTION**

- 1.1 The draft work plan for Internal Audit for the financial year 2014/15 (in the Appendix) is presented to the Audit Committee for comment and approval.
- 1.2 This report explains the factors that were considered and the technical process used to produce the plan that is presented to the Committee.

### **2. INTERNAL AUDIT STRATEGY**

- 2.1 The 2012-2015 Internal Audit Strategy was adopted by the Audit Committee in February 2012. This strategy forms the basis of Internal Audit work for the period in question, and it explains how Internal Audit work will offer assurance on the internal controls that are in place at Gwynedd Council.
- 2.2 Internal Audit work programme has been planned and prepared in accordance with the steps outlined in the Strategy; the Strategy also explains how it will assist the Council to improve, for the benefit of the citizen. In addition, it outlines the resources that are expected to be available for it, and states the predictions in terms of working with others.

### **3. RESOURCES AVAILABLE**

- 3.1 On the basis of analysis of the staffing resources available, including reasonable allowances for “unproductive” work such as holidays, illness, management and meetings, it is forecast that a resource requirement of approximately 1,506 audit days will be available to complete the audit plan. This is after considering the following provisions:
  - Provision for advising on controls and propriety 55 days
  - Provision for responsive work 120 days
  - Provision for follow-up 65 days
- 3.2 The days shown are a reflection of that which has proven necessary in practice in recent years.

#### **4. OPERATIONAL AUDIT PLAN**

- 4.1 The Strategy gives a detailed description of the steps that are to be followed in creating an annual operational audit plan.
    - 4.1.1 Internal Audit Standards expect that Internal Audit will give consideration to the risk management arrangements already in place in the Council in formulating its work programme, and where these arrangements are not strong enough, that Internal Audit undertakes its own risk analysis.
    - 4.1.2 Consideration was given to the corporate, departmental and cross-departmental risk registers in preparing this draft plan. Priority given to those high risks which, according to the relevant department, are being controlled. This allows Internal Audit to give an independent opinion on the adequacy these internal controls.
    - 4.1.3 After considering the risk registers, consideration was given to matters that must be included in the plan each year:
      - A review of the key controls of the Council's major financial systems (in accordance with an agreement with Wales Audit Office)
      - Corporate Governance issues for the Annual Governance Statement, based on the contents of the Local Code of Governance
      - Audits that are required due to funding conditions
      - Areas of constant Control Weaknesses that have been identified
      - Theme-based reviews at Council establishments.
  - 4.2 The draft audit plan for 2014/15 that is the result of this work is included in the Appendix. A brief explanation of the reason for including each audit in the draft plan is noted.
  - 4.3 Discussions with the heads of department and relevant managers are envisaged before this work commences. Where appropriate, their suggestions will be incorporated into the final plan.
- #### **4. RECOMMENDATION**
- 4.1 The committee is requested to approve the draft audit plan for the period 1 April 2014 to 31 March 2015, subject to amendments following further consultation with officers.



# Draft Internal Audit Plan 2014/15

<u>Audit Title</u>	<u>Why is this in the draft plan?</u>	<u>Days</u>
<b>Education</b>		
Special Educational Needs Joint Committee	A review if needed of the administrative arrangements and of the effectiveness of the governance arrangements	20
Communication with Schools	Effective engagement with schools is critical for guidance, advice and guidance to be effective	10
GwE	Needs a further review, to build on the work of 2013/14	20
ICT in Secondary Schools	Every part of the iT network needs to be reviewed in turn, to ensure robustness of the entire system.	20
<b>Capital Schemes</b>		
New Hafod Lon School	A capital contract that is a substantial financial investment	15
<b>Grants</b>		
Pupil Deprivation Grant	A substantial grant. A review could reduce external audit fees	8
Post-16 Provision in Schools Grant	An expectation in the Funding Conditions	15
Out of School Childcare Grant	An expectation in the Funding Conditions	8
Flying Start Revenue grant	A substantial grant. A review could reduce external audit fees	10
Foundation Stage Revenue Grant	An expectation in the Funding Conditions	8
<b>Schools</b>		
Catering	Some schools have established their own arrangements - need to check compliance with standards.	20
Primary Schools - Workforce Modelling	A review of arrangements, following discussions with senior managers from the Education Department	20
Secondary Schools - Governance	An audit of governance in primary school was conducted in 2013/14, therefore arrangements in secondary schools will be reviewed in 2014/15	20
<b>Human Resources</b>		
Health and Safety - Lone Working	This can present significant risks to some staff. There is a need to verify that all departments take this matter seriously.	10
Jobs System - security and accuracy	This is a new system that has been developed. Due to the nature of the information that is held on it, there should be an independent check of its administrative arrangements.	25
Sickness arrangements - referral to Occupational Health	This is identified as an important step in ensuring consistency and staff support.	20

**Audit Title****Why is this in the draft plan?****Days****Corporate**

Staff Protection Register	Need to ensure consistency, the safety of staff and compliance with data protection legislation	10
Severe Weather Plan	This plan has been noted in the Cross-departmental Risk Register as mitigating a high risk. There is a need to ensure that it remains updated and practicable.	10
Use of Technology - Value for Money review	A review to find if the Council is making the best use of the technology available to it to make efficiency savings	25
Mobile Phones	Weaknesses were identified the last time this was reviewed; this is an area of high risk	30
Proactive Anti-Fraud and Anti-Corruption Work	Work that needs to be undertaken to address the risk of fraud and corruption	40
NFI (National Fraud Initiative)	The Council partakes in this scheme, that is run by the external auditors	30
Exemptions from the corporate training arrangements	Training and staff development is key for the Council to achieve its objectives, and assurance is needed that there is a reasonable basis to exclude staff	15

**Code of Governance**

Contribution to preparation of the Annual Governance Statements	This is contained within the plan every year	5
Succession Plan and Workforce Planning	This is a key part of the Council's work in preparing for the future	15
Corporate Governance - Implementing Committee Decisions	This has been identified by members of the Audit Committee as a key part of the review of governance arrangements	15
Protocol for Member-Officer Relations	Part of a cyclical programme to review elements of the Local Code of Governance	10
Officers Gifts and Hospitality	This is a key control in establishing a culture of propriety	20

**Finance**

Treasury Management	An important financial area that has not been reviewed by Internal Audit for some time	20
CHAPS Payments	An audit to review security and value for money of this method of payment	10
Risk Management Arrangements	A key element in the Council's governance arrangements	20

**Major Financial Systems**

Gwynedd Pension Fund - Review of Key Controls	Joint working Protocol with WAO	15
Gwynedd Pension Fund - Closure 2013-14	Joint working Protocol with WAO	5
Payroll - Multiple Jobs	The need to administer correctly those employees who have more than one post is an important control	25
Bank Reconciliation - Review of Key Controls	Joint working Protocol with WAO	10

<u>Audit Title</u>	<u>Why is this in the draft plan?</u>	<u>Days</u>
Bank Reconciliation - Closure 2013-14	Joint working Protocol with WAO	5
Main Accounting System - Review of Key Controls	Joint working Protocol with WAO	10
Benefits System - Review of Key Controls	Joint working Protocol with WAO	15
Benefits System - Closure 2013-14	Joint working Protocol with WAO	5
Debtors System - Review of Key Controls	Joint working Protocol with WAO	10
Payroll System - Review of Key Controls	Joint working Protocol with WAO	15
Payroll System - Closure 2013-14	Joint working Protocol with WAO	5
Payments System - Review of Key Controls	Joint working Protocol with WAO	15
Payments System - Closure 2013-14	Joint working Protocol with WAO	5
Council Tax System - Closure 2013-14	Joint working Protocol with WAO	5
Council Tax System - iPortal	A new development that will widen access to the Council Tax System. The controls over this need to be reviewed.	10
NNDR System - Review of Key Controls	Joint working Protocol with WAO	10

### Economy and Community

Communities First - The New Scheme	The is a new scheme that replaces the old "Communities First". This could be an area of high risk.	20
Potential Scheme	Has been the subject of substantial investment and a European Grant	25
Low Carbon Energy Collaboration Projects	Collaboration projects offer opportunities, but also significant risks	15
Beaches	There are a number of risks that need to be controlled.	10
Industrial and Technology Units	This area has not been reviewed for several years	20
Yr Hafan, Pwllheli	An establishment review that is periodically required	10

### Capital Schemes

Sailing Academy	A substantial capital contract that is largely funded through grants, and therefore is a high risk	15
Gwynedd Museum and Gallery	A substantial capital contract that is largely funded through grants, and therefore is a high risk	15

### Grants

Youth Service Revenue Grant	An expectation in the Funding Conditions	8
Youth Service Training Grant	An expectation in the Funding Conditions	8

### Customer Care

Network Convergence	This has been in the audit plan for several years, but the project has slipped	20
Galw Gwynedd	A review of arrangements in the contact centre, following some work in 2013/14	15
IT Systems	Further assessments will confirm which specific audits will be conducted in this area	20

<u>Audit Title</u>	<u>Why is this in the draft plan?</u>	<u>Days</u>
IT - Backups and Service Continuity	This area was audited in 2012/13, but there is a need to ensure resilience following recent developments	10

### **Adults, Health and Wellbeing**

Leisure Centres	These are an area of high financial, health and safety and business risk .	30
Council Residential Homes - Financial Arrangements	Periodic audits of arrangements at the residential homes are required.	15
Council Residential Homes - Security Arrangements	Periodic audits of arrangements at the residential homes are required.	15
Independent Living Fund	This has shown in that past that in can be an area of high risks.	15
Collaboration with the Health Board	A high risk on the service's risk register	30
Public Sector Housing Leasing Scheme	Slipped from the 2013/14 plan. A scheme that seeks to address homelessness.	15
Adult Placement Scheme	This was the subject of an audit some years ago. A further audit would be timely.	15
Homelessness	An area of comparitavely hugh risk, that has not been audited since the "Systems Review" on the service	25
Case Management, Learning Disability	Following past audits there were plans to introduce new arrangements. This is an audit to see if this has happened.	25
Home Care Management System	This system was introduced some years ago to transform working arrangements. This review will be an opportunity to gain assurance on its effectiveness.	20
Private Sector Housing - Renewal Loans	A new scheme to offer loans instead of grants. This presents new risks that need to be reviewed.	20
Telecare	Slipped from the 2013/14 plan. An important development for the provision of care, that also involves external partners.	20

### **Capital Schemes**

Social Services Information System	A capital contract that is a substantial financial investment. Large risks if the project fails	20
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### **Grants**

Supporting People	A large grant with a regional strategic direction	15
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### **Children and Family Support**

Children's Services - Commissioning of Care	A review is suggested on the robustness of arrangements in this important area	16
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### **Highways and Municipal**

Waste Disposal Contracts	These are essential in transforming the way with which wate is dealt.	15
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<u>Audit Title</u>	<u>Why is this in the draft plan?</u>	<u>Days</u>
Depots and Workshops - Stock Control	Periodic audits are expected for these areas of risk.	10
Safety at Recycling Centres	Centres that are very popular with the public, but have a high inherent risk due to the nature of machinery, traffic etc.	20
Playgrounds	The Department has identified this as an area of high risk. A programme of work to ensure safety should be in place.	15
Fleet Management	An area of several risks, that have not been reviewed recently by Internal Audit.	20

#### Grants

Sustainable Waste Management Grant	A substantial grant. A review could reduce external audit fees	25
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#### Regulatory

Collaboration - Road Safety Partnership	There are inherent risks with collaboration projects	10
Traffic Orders	An area where weaknesses have been found in the past	20
Parking Enforcement	An area of high public profile for which independent assurance of propriety would be beneficial	20
Public Footpaths and Recreational Routes	An area of risks to the public.	15
Joint Planning Policy Committee	A review if needed of the administrative arrangements and of the effectiveness of the governance arrangements	10
Integrated Transport Unit	An area of high risk that warrants regular Internal Audit reviews	25

#### Capital Schemes

Briwet Bridge	A substantial capital contract that is largely funded through grants, and therefore is a high risk	15
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#### Strategic and Improvement

Procurement Strategy	This strategy is of key importance for the Council	40
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#### Grants

Families First Grant	A substantial grant. A review could reduce external audit fees	10
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#### YGC

Gwynedd Consultancy Projects Risk Registers	Due to the nature of the work of YGC, individual project risk registers are essential.	10
Follow-up to Reviews on Gwynedd Consultancy	Has slipped from the 2013/14 plan. A verification that recommendations in the review by Finance officers have received proper attention.	30

**1,506**