

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	17 FEBRUARY 2015
TITLE	DRAFT INTERNAL AUDIT PLAN 2015/16
PURPOSE OF REPORT	TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2015 - 31 MARCH 2016
AUTHOR	DEWI MORGAN, SENIOR MANAGER REVENUES AND RISK
ACTION	TO APPROVE THE PLAN CONTAINED IN THE APPENDIX

1. INTRODUCTION

- 1.1 The draft work plan for Internal Audit for the financial year 2015/16 is presented to the Audit Committee for comment and approval.
- 1.2 This report explains the factors that were considered and the 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 The preparation of a new strategy for 2015-2018 has started, but the plan presented here is based on the current Strategy. I have no reason to think that the plan as presented here would be inconsistent with any new strategy.
- 2.3 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 Internal Audit staffing levels has decreased significantly since the presentation of the 2014/15 Audit Plan. Three full-time posts have been deleted from the structure because of the need to find financial savings. Where the original plan 2014/15 envisaged 1,506 productive days, it is projected that approximately 960 days of audit resources will be available to complete the 2015/16 audit plan. This is on the basis of analysis of the staffing resources available, including reasonable allowances for “unproductive” work such as holidays, illness, management and meetings and after considering the following provisions:
 - Provision for advising on controls and propriety 55 days
 - Provision for responsive work 65 days
 - Provision for follow-up 45 days
- 3.2 In response to the cut in resources, Internal Audit will have to consider the way in which it works and how to undertake a similar number of audits with fewer resources. This will mean gradual changes in the ways of thinking, and whilst I do not expect to see the effects in 2015/16, I do expect that audits can be completed in less time in future years.

4. OPERATIONAL AUDIT PLAN

- 4.1 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.
- 4.2 Consideration was given to the corporate, departmental and cross-departmental risk registers in preparing this draft plan. Priority was 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.
- 4.3 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 where constant control weaknesses have been identified
 - Theme-based reviews at Council establishments.
- 4.4 The draft audit plan for 2015/16 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.
- 4.5 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 2015 to 31 March 2016, subject to amendments following further consultation with officers.



Draft Internal Audit Plan 2015/16

<u>Audit</u>	<u>Reason</u>	<u>Days</u>
<u>Education</u>		
School Catering	Removed from the 2014/15 plan because of a reduction in resources.	20
Special Educational Needs Joint Committee	Removed from the 2014/15 plan because of a reduction in resources.	20
Education Improvement Grant for Schools	This grant is a combination of several previous grant that were paid by the Welsh Government.	20
GwE	GwE aims to comply with the new model by September 2015. The audit is an opportunity to undertake an independent verification.	20
Dwyfor Meirionnydd Special School	Construction is expected to commence during 2015/16.	15
Schools - Health and Safety of school trips	An opportunity to check that robust arrangements are in place to mitigate the high risks.	20
Schools - Governance	This audit is included in the plan at the request of the Audit Committee. Its purpose is to verify that Governors attend mandatory courses.	20

North and Mid Wales Trunk Road Agency

North and Mid Wales Trunk Road Agency	A request has been received by the Trunk Road Agency for Internal Audit to conduct a series of reviews during the first part of the year.	50
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Corporate

Supporting Ffordd Gwynedd Reviews	As the number of reviews increases, Internal Audit will provide advice and support to staff and managers on issues regarding risk management and internal control.	20
Use of Consultants	The use of external consultants could be an area of risk in terms of value for money.	25
Various Grant	The exact grants to be decided upon during the year, when all the information is to hand.	20
Proactive Prevention of Fraud and Corruption	Work is to be undertaken to ensure that robust arrangements are in place for dealing with the risks of fraud and corruption.	20
Information Governance - Data Protection Act	There are risks related to information security that require robust mitigation arrangements to be in place.	20
Officers Gifts and Hospitality - High-Risk Services	This audit is included at the request of the Control Improvement Working Group, so that Internal Audit targets high-risk areas, following the "high level" audit in 2014/15.	15
First Aid Payments	A number of staff receive payments to give first aid to colleagues. It is considered that an audit is necessary to verify that the arrangements are appropriate.	7
National Fraud Initiative	The Council will take part in this initiative, which is run by the external auditor.	50
Awareness of Whistleblowing Policy - Manual Workers	A survey of office staff was carried out in 2014/15, and a similar exercise is due with manual workers in 2015/16.	25

<u>Audit</u>	<u>Reason</u>	<u>Days</u>
<u>Finance</u>		
Benefits - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	10
Pension Fund - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	10
Bank Reconciliation - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	10
Bank Reconciliation - Closure 2014-15	In the plan in accordance with the Joint Protocol with WAO.	5
IT System Security	A range of audits are planned under this heading, to look at specific issues in the field of information technology.	30
MAS - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	10
MAS including Debtors and Payments - Closure 2014-15	In the plan in accordance with the Joint Protocol with WAO.	8
Siebel / eFinancials Interface	There is a need to obtain independent assurance on the security of the interface between these two key systems.	10
Debtors System - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	12
Payroll System - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	12
Payroll System - Closure 2014-15	In the plan in accordance with the Joint Protocol with WAO.	5
Payments System - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	12
Council Tax System - iConnect	It is expected that this system will be introduced during 2015/16.	10
Revenues System - Closure 2014-15	In the plan in accordance with the Joint Protocol with WAO.	10
Discretionary Housing Payments	An audit to ensure the appropriateness of the arrangements, and compliance with policy.	10
Removing Leavers from IT systems	The failure to remove former employees from our computer systems could compromise their safety.	15
Council Tax - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	8
NNDR - Review of Key Controls	In the plan in accordance with the Joint Protocol with WAO.	8
<u>Economy and Community</u>		
Sailing Academy	An audit of the development of the new centre has been removed from a plan 2014/15 due to a cut in resources.	15
Welsh Church Fund	An independent check will be needed if the fund's income is over £25,000.	10

<u>Audit</u>	<u>Reason</u>	<u>Days</u>
Healthy Living Projects	One of the projects in the Council's Strategic Plan.	20

Adults, Health and Wellbeing

Cefn Rodyn, Dolgellau	All Council homes to be audited within a 3 year cycle (2015/16 is the second year of three).	12
Validity of Invoices from Private Providers	There is significant expenditure on third party care providers. An audit to review the internal controls would be timely in 2015/16. It will include Extra Care Housing, where appropriate.	20
Home Care	An area with a high number of staff working without contact with their managers. Has not been audited for some years.	25
Hafod Mawddach, Barmouth	All Council homes to be audited within a 3 year cycle (2015/16 is the second year of three).	12
Governance of collaborations with 3rd Sector	The increase in joint working with the 3rd sector leaves the Council open to unnecessary risks without robust governance arrangements.	20
Changes to ILF	The upcoming changes to ILF has been identified as one of the Council's main risks.	15
Plas Hedd, Bangor	All Council homes to be audited within a 3 year cycle (2015/16 is the second year of three).	12
Plas y Don, Pwllheli	All Council homes to be audited within a 3 year cycle (2015/16 is the second year of three).	12
Care Worker Training Programmes	Ensuring appropriate training for care workers is a key control to mitigate significant risks within Care services.	20
Housing Waiting List	To verify the arrangements between the Council and Housing Associations.	15

Children and Supporting Families

Maintaining the Estyn action plan after the follow-up	To provide independent assurance that the improvements following the review continue.	20
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Highways and Municipal

Inspections	The inspections routine has been robust, but the arrangements need to be checked due to an increase in highways insurance claims.	20
Maintenance of buildings and sites	This has been identified as a very high risk in the departmental risk register, with reliance on the controls in place to bring these down to low risk. There is therefore a need to check on these controls.	10
Fleet Management	An external review was undertaken during 2015/16. This audit is a way to follow up on the arrangements to manage these risks.	25

Regulatory

Parking Income	This area has not been addressed by Audit for some time.	20
Pont Briwet	A capital scheme of relatively high risk that will be completed during 2015/16.	15
Public Transport	A high risk area that has been the subject of criminal investigations during 2014/15.	25

<u>Audit</u>	<u>Reason</u>	<u>Days</u>
<u>Strategic and Improvement</u>		
Member Training and Development	This is a key control in ensuring that governance arrangements are robust.	10
<u>Leadership Team</u>		
Chairman's Fund	This is not an area of high risk, but it has not been checked for many years.	10
<u>YGC</u>		
Recruitment and Selection	It is timely to verify that the recruitment and appointment procedures are transparent and consistent with the rest of the Council.	15
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