

AUDIT PANEL			
Report Title	DRAFT INTERNAL AUDIT PLAN FOR 2008/09		
Key Decision	NO		Item No. 5
Ward	ALL		
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES		
Class	Part 1	Date: 19 MARCH 2008	

1 Purpose of the Report

The purpose of this report is to present the members of the Audit Panel with the draft Internal Audit Plan for 2008/09 for their Consideration.

2 Recommendations

Members are recommended to agree the draft audit plan.

3 Draft Audit Plan For 2008/09

- 3.1 The 2006 CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (CIPFA Code) recommends that Internal Audit sections produce a plan of work that they propose to carry out during the financial year. The purpose of the plan is to ensure that the available audit resources are used effectively and are targeted towards the key and high risk areas of the Council's activities.
- 3.2 The CIPFA Code also recommends that the audit plan is fixed for a period of time that is no longer than twelve months, and is sufficiently flexible to accommodate changes in risks and priorities that arise during the period covered by the plan.
- 3.3 In compiling the 2008/09 activity plan, the Head of Audit and Risk has taken into consideration a number of factors. These include:-
 - The Corporate, Directorate and Service risk registers
 - The risk categories used in compiling the risk registers and Internal Audit's own assessment of risk in the operational areas
 - The adequacy of the risk management, performance management and other assurance processes within the Council
 - The requirements of the external auditors and their ability to place reliance on the work of Internal Audit in forming their opinion on the Council's Financial Statements
 - The extent and scope of audit activity in previous years
 - Previous audit reports and recommendations made to strengthen controls or enhance systems

- External factors such as the Financial Management Standards in Schools (FMSiS) and grant conditions,
- The requirements of regulations and legislation
- The views of the Directorates

- 3.4 It is anticipated that the plan will be delivered by a mix of in house and external resources. For the first quarter of the year, the majority of the planned activity will be delivered by the in house Internal Audit Section. However, it is anticipated that from the 1st of July 2008 the majority of the planned audits will be delivered by and external provider. At the time of writing this report the Council is out to tender for its internal audit service and as such it is not possible to state who the external provider will be.
- 3.5 Until the tenders have been received and evaluated it is also not possible to determine with any degree of certainty the exact number of audit days the Council will be able to purchase from the external provider. It has therefore been necessary to make some assumptions regarding the expected price the successful contractor will submit and the number of days this will allow the Council to purchase within the constraints of the existing budget. If the assumptions used prove to be incorrect it will have an impact on the number of days that can be purchased and therefore the number of audits that can be carried out.
- 3.6 The draft audit plan for 2008/09 is set out in Appendix 1 to this report. The draft plan covers the activities of the Council that the Head of Audit and Risk considers are in need of an independent Internal Audit inspection.

4 Legal Implications

There are no legal implications arising directly from this report.

5. Financial Implications

There are no financial implications arising directly from this report.

6. Equalities Implication

There are no specific equalities implications arising directly from this report.

7. Crime and Disorder Implications

There are no specific Crime and Disorder implications arising directly from this report.

8. Environmental Implications

There are no specific environmental implications arising directly from this report.

Audits Planned	Priority	Days	Objective	Type
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RESOURCES

Main Accounting System / General Ledger	M	15	A review of the main accounting system. This may include the monthly management accounts process and controls to ensure that all expenditure is accrued for/correctly stated; the suspense accounts to ensure they are being managed effectively; controls around the use of journal transfers; set up and amendment of accounting codes; and the key account reconciliations between the feeder systems and the General Ledger.	Fundamental
Fixed Assets	H	10	A review of the system for operating and maintaining the Council's fixed asset register, accounting for fixed assets and the mechanisms for valuing and depreciating fixed assets. The key controls and information flows will be documented as per ISA315	Fundamental
Treasury Management / Investments and loans	M	10	An extended implementation audit to include the documentation of the key controls and information flows as per ISA315	Fundamental
Capital Programme and Expenditure	M	12	Accuracy of forecasting to produce capital plan, whether sales being generated to fund it, and whether monitoring reports to the performance review groups are identifying slippage and cost over-runs promptly. Project outcomes and feedback are documented and lessons learnt inform future projects. Key controls and documentation of key information flows as per ISA315	Fundamental
Payroll	M	15	As the payroll system is scheduled for replacement this financial year, the scope of this review will concentrate on the implementation of the previous recommendations, the recovery of salary overpayments, and overtime claims. Key controls and information flows will be documented in accordance with ISA315	Fundamental
Pension fund	M	10	This review will concentrate on the implementation of previous recommendations, transfers into and out of the scheme, and the management, performance and monitoring of the fund. Key controls and information flows will be documented in accordance with ISA315	Fundamental
Risk management	H	8	This review will cover the implementation of recommendations made in previous reports and the key controls and information flows will be documented	Corporate Governance

Audits Planned	Priority	Days	Objective	Type
Health and Safety	H	8	As the previous audit has identified a number of issues that need to be addressed and made several recommendations, and the function is high profile and still has a red classification on the corporate risk register, this scope of this review will primarily be an extended implementation check	Corporate Governance
Budget setting and control	M	15	This review will concentrate on the budget setting and monitoring process to ensure that it is robust. The review will include the way the budgets have been constructed, the profiling and forecasting models used, virements, and the alignment of budgets with the current service plans and activity levels. Key controls and information flows will be documented in accordance with ISA315	Fundamental
Freedom of Information (FOI) / Data Protection Act (DPA)	H	10	Review of the Freedom of Information and Data Protection Act systems to ensure system controls are adequate and effective.	System
Mobile Phones	M	5	Follow up review of the system for monitoring and managing the mobile phone contract, monitoring and controlling the usage of handsets, and the collection of income from staff for personal calls.	System/VFM
Creditors - Procure to pay	H	12	This review will look at the procurement through to payment process and will focus on the controls within the electronic and manual ordering and invoicing systems, the monitoring of the use (and non use) of the electronic ordering system, and the scope and strategy for expanding e-procurement.	Fundamental
Storage Area Network (SAN)	H	10	Review of the security, controls and management of the storage area network (SAN)	IT
Criminal Records Bureau (CRB)	M	10	Review of the system for undertaking CRB checks on staff	System
Agency Managed Service Contract	M	10	Review of the Corporate system for obtaining agency staff	Procurement
Corporate Purchasing Card	M	10	Review of the system for operating the Corporate Purchasing Cards	System/VFM
Photocopier Contracts	M	10	Review of the operation of the Corporate photocopier contract	Procurement
ICT Purchases	M	10	Review of the system for purchasing IT equipment and software	Procurement

Audits Planned	Priority	Days	Objective	Type
ICT Main Contract	M	15	This review will look at the system for monitoring the performance of the ICT service provider	System
ICT Business Continuity	H	10	Review of the ICT Business Continuity arrangements	IT
Performance Monitoring System	M	15	Review of the system for performance monitoring including the Performance Plus system	System
IT Infrastructure Audit	H	8	Follow up review of the IT infrastructure to include Active Directory (AD), Network Controls, Email Exchange / Outlook Security, IPSec, SAN, Wireless LAN & Cisco VPN	IT
IT Security Policy	H	8	Follow up review of the ISO27001 IT Security gap analysis review	IT
HR / Payroll Integrated System – Post Implementation Review	L	10	Review of the implementation of the integrated HR/Payroll system	IT
Resources total		256		

CUSTOMER SERVICES

Housing Benefits	H	25	Adequate controls exist over the payment and reconciliation of housing and council tax benefit, following the recent migration to a new system. The review will examine the interfaces between HB system and the general ledger, the reconciliation process, and the Implementation of recommendations from the previous audit. Key controls and information flows will be documented in accordance with ISA315	Fundamental
Council Tax	M	15	Controls over charging, billing, collection, single person discounts and enforcement following the recent migration to a new system. Key controls and information flows will be documented in accordance with ISA315	Fundamental
NNDR	M	15	Controls over charging, billing, collection and enforcement following the recent migration to a new system. Key controls and information flows will be documented in accordance with ISA315	Fundamental
Cash collection and banking	H	15	Adequate controls exist over the collection, recording and posting of income, including income received through MOTO and web based collections, and the Accounting Officer System, including the monitoring and resolution of over & under banking and the setting up of bank accounts. Key controls and information flows will be documented in accordance with ISA315	Fundamental

Audits Planned	Priority	Days	Objective	Type
Debtors	H	15	Review the processes for raising debtor accounts, the effectiveness of the debt recovery process, and the implementation of the recommendations from the Best Value Review and the previous audit. Key controls and information flows will be documented in accordance with ISA315	Fundamental
Concessionary Fares	H	15	Review of the system for managing concessionary fares (Freedom Passes)	System
Registrars	M	10	Review of the systems operated by the Registrars service	System
Bereavement Services	M	10	Review of the systems operated by the Bereavement service	System
Building Services - Transfer of Services	M	10	Review of the process for transferring the Building Services operation to its new operators	System
EH Enforcement, H&S, & Food Safety	M	12	Review of the systems following the restructure of the service	System
Fleet & Vehicle Maintenance	M	10	Review of the systems for managing and maintaining the fleet	System
Building Control	M	10	Review of the Building Control service and the systems for granting approvals and the collection of fees	System
Homelessness	H	10	Review of the systems for dealing with people presenting themselves as homeless.	System
Hostels	H	10	Review of the system for the management of the temporary accommodation hostels	System
Private Sector Leasing	H	10	Review of the systems for managing the private sector leasing scheme	System
Refuse - Trade	M	10	Review of the trade refuse system	System
Abandoned Vehicles	M	10	. Review of the system for the collection and disposal of abandoned vehicles	System
Customer total		212		

COMMUNITY SERVICES

Supporting People grant claim 06/07	H	5	Verification of the cost elements included in the supporting people grant claim.	Fundamental / substantive
Supporting People System	H	10	Full review of the supporting people system	System
Client contributions for residential and domiciliary care services	H	10	Follow up review of the system for assessing clients ability to contribute towards the cost of care services received, including the processes used for raising charges and recovering overdue accounts. Effectiveness of the system for recovery of fees from residents assessed as having means to pay.	System

Audits Planned	Priority	Days	Objective	Type
Payments to residential and domiciliary care providers	H	5	Follow up review of the process for paying residential and domiciliary care service providers, monitoring payments and comparison of costs to agreed prices	System
Direct Payments / Individual Budgets	H	10	Follow up review of controls over direct payments to adults.	System
Community Mental Health - SLAM Partnership	M	10	Review of the partnership arrangements with the South London and Maudsley NHS Trust (SLAM)	System
Honor Lea Hostel	M	10	Review of the Honor Lea Hostel which is managed by SLAM although staffed by LBL employees	Establishment
Sports Development & Leisure Centres	M	10	Review of the contract monitoring arrangements for the Leisure centres	System
Housing 21	M	10	Review of the management arrangements for Housing 21	Operational
Client Financial Affairs	H	10	Review of the system to ensure arrangements are in place for the management, safeguarding and protection of client's property and financial affairs where the Council has taken on this responsibility. This audit will encompass a review of key controls and document key information flows	System
CRSA for Cultural Services Establishments	M	8	Review of the control risk self assessment returns submitted by libraries and the Broadway Theatre including follow up visits where necessary.	Establishment
CRSA for Adult Services Establishments	M	7	Review of the control risk self assessment returns submitted by day centres, including follow up visits where necessary.	Establishment
Re-tendering of Care Services Contracts	H	10	Review of the re-tendering process for the residential, nursing and domiciliary care services.	Procurement
Procurement, Contracts & Brokerage	M	10	Review of the system for obtaining care home beds including the arrangements for block booking beds	System
SWIFT IT system	M	10	Review of the arrangements for obtaining a new IT system for care management	IT
Community Sector Grants	M	10	Review of a sample of the community sector grants that are made each year to community organisations	Substantive
Community Education Lewisham	H	10	Post restructure review of the systems operating in the Community Education Lewisham service	Operational
Community total		155		

Audits Planned	Priority	Days	Objective	Type
CHILDREN AND YOUNG PEOPLE				
Vulnerable Pupils	H	5	Review of the system for dealing with vulnerable pupils	System
Payments for 3 & 4 Year Olds	M	10	Review of the systems for funding arrangements for 3 and 4 year olds	System
Sure Start Schemes	M	10	Review of the systems in place to manage the Sure Start Schemes	System
Free school meals	L	5	Extended implementation check to review progress on the implementation of recommendations from previous audits and the effectiveness of changes made to the system by CYP.	Implementation
School audits - primary, nursery and special schools.	H	160	Review of school financial and governance systems, and compliance with the Financial Management Standards In Schools (FMSIS) The Department for Education and Skills requires 100% of schools to be accredited as compliant with its new financial standards by 31 March 2010, with at least 40% reaching the standard by 31 March 2008. The new standards are an enhancement to the previous guidelines. Once a school has been assessed as achieving the standard, the certificate lasts for three years, after which the school has to be reassessed.	Establishment
CRSA for CYP Establishments	M	8	Review of the control risk self assessment returns submitted by youth clubs and children's centres, including follow up visits where necessary.	Establishment
SEN: Transport for Pupils	M	10	Review of the system for managing transport for pupils with SENs	System
SEN: Independent School Placements	M	12	Review of the system for placing pupils with SENs into independent schools	System
SEN: Recoupment	M	15	Review of the system for the recoupment of costs for pupils with SENs from other boroughs in LBL schools	System
Youth Service	M	15	Full review of the youth service systems	System
Estate Management	M	18	Review of the systems for managing the maintenance of the CYP estate	System
Grant Claims	M	6	Certification of grants claims	Substantive
Milwall Study Support Centre	M	8	Review of the funding arrangements for the Milwall Study Support centre	System
Education Business Partnership	M	10	Review of the systems in place to control the operation of the Education business Partnership	System
Fostering	H	15	Review of the system for placing children with foster carers	System

Audits Planned	Priority	Days	Objective	Type
Child Protection & Care Planning	M	12	Review of the systems in place for protecting children	System
Children's Placements & Procurement	M	12	Review of the systems for placing children in residential care	System
School catering	M	5	Review of the arrangements in place for the re-tendering of the schools catering contract	Procurement / Contract
CYP total		336		

REGENERATION

Corporate Estate - Property Asset Management	H	10	Review of the controls in place on the corporate estate to ensure the assets are safeguarded, maintained in good order, comply with property related legislation including access for disabled people, and operated in an efficient and effective way.	Fundamental
Programme Management - BSF PFI Projects	M	10	Review of the project management arrangements for the BSF PFI projects	Operational
Land Management	M	12	Review of the systems for managing the Council's stock of land	System
Passenger Services - Door To Door	H	10	Review of the systems in place for the operation of the Door To Door passenger transport service	System
Parking Income Collection	H	10	Review the system for collecting income from the parking service including the management of outstanding debts and the recovery of penalty charge notices.	System / Compliance
Parking System	M	10	This review will focus on the procurement and pre-implementation phases of a new IT system for on and off street parking PFI contract	IT
Street Lighting PFI	M	10	Review of the operation of the street lighting PFI project	Procurement
Winter Maintenance	M	10	Review of the winter maintenance arrangements	System
Opening Doors	M	10	Review of the systems for the Opening Doors project	System
Land Charges	M	10	Review of the land charges system	System
Planning Section 106 agreements	M	10	This review will be an extended implementation check focussing on the recommendations from previous audits, and the processes for monitoring Section 106 agreements to ensure compliance with the agreements and the benefits do not become time barred	System
Regeneration total		112		

Audits Planned	Priority	Days	Objective	Type
CROSS CUTTING				
LAA Grant claim 07/08	H	5	Department of Communities and Local Government requirement for Internal audit to examine the grant claim for 07/08 and substantiate the items claimed prior to its submission to DCLG	Fundamental / Substantive
Strategic Partnerships	H	10	Review of the arrangements for establishing, monitoring and managing partnerships, including assessing and monitoring outcomes and the processes for assessing and managing risk	Fundamental / Corporate Governance
Consultant Procurement	H	5	Follow up review of the system for procuring the services of consultants to ensure compliance with the new guidance on appointment of consultants, verification of self employed status and compliance with Inland Revenue requirements	Procurement / Contract
Cross cutting total		20		

Housing Revenue Account (HRA)				
HRA Systems managed by LHL on behalf of the Council	H	160	Review of the core HRA systems	System / Fundamental
HRA total		160		

NON DIRECTORATE SPECIFIC				
Carry over from 07/08	H	80	Contingency to cover work required to bring reviews started in 2007/08 to a conclusion	System
Contingency	N/A	238	For any additional unplanned audits, extensions to planned audits, increased productive and non productive elements arising during the course of the year, sickness and medical appointments, and advice provided to clients.	Contingency
Non directorate specific total		318		

Total Audit Days **1,569**