

CORPORATE MANAGEMENT TEAM

TITLE	AUTHOR	ITEM NO	CORPORATE MANAGEMENT TEAM DATE
Revised Audit Plan for 2014/15	Minesh Jani and Bharat Mehta Resources Directorate Telephone 0738	5.8	13 January 2015

1. SUMMARY

- 1.1. This report provides an update of audit activity planned for this financial year and reflects changes made to the original internal audit plan as a result of changing priorities of the authority within the resources available to perform audit work.

2. RECOMMENDATIONS

- 2.1 CMT is asked to note the changes proposed and to endorse the revised 2014/15 internal audit plan attached at Appendix 2.
- 2.2 CMT is asked to note the resourcing of the audit plan, as detailed at para. 4.1 of this report.

3. Background

3.1 The original internal audit plan was prepared at the start of the current financial year and was presented to CMT and the Audit Committee for endorsement in March 2014. The internal audit plan was formulated using the governance model whereby four key areas were assessed for all operations of the Council and prioritised.

3.2 In line with the internal audit strategy, the plan has been refreshed and some changes made to the original annual audit plan. The reasons for this are as follows:

- Requests from officers to perform audits that were not originally planned;
- Requests from officers to increase the scope of audits which has resulted in higher allocation of audit days;
- Requests from Chief Officers to defer audits due to service restructuring, other external inspections and changes made to existing systems and the need to allow a period of bedding in;
- Make use of days provided in the original plan that had not been allocated to specific audits.
- To avoid duplication of work with either the external auditor or other assurance provider; and
- Additional commitment to unplanned work.

4. Updated Internal Audit Plan for 2014/15

4.1 Appendix 1 summarises audits that have been added to or deferred from the original internal audit plan. As with previous years, any audits deferred from the current year's audit plan will be considered as part of the audit planning process for the 2015/16.

4.2 Appendix 2, in line with internal audit best practice, provides details of additional audits that have been identified from a review of the recent organisational changes and developments, our own risk assessment of audit needs for the Council and the Council's strategic risks. The majority of the audits are essentially compliance based audit work that would provide assurance to those charged with governance around compliance with key policies, procedures and regulations and the assurance over the management of strategic risks. As the existing audit programme is already fully resourced, carrying out any of the audits listed at Appendix 2 will require programmed audits to be differed and/or provision of additional resource.

4.3 Appendix 3 shows the updated internal audit plan for 2014/15, which can be resourced from the existing Internal Audit structure. The summary below shows how the plan has changed from that approved in March 2014.

Number of days originally planned	1,441
Add: Additional audits added to the plan (Please refer to Appendix 1)	130
Less: Audits to be considered as part of 2015/16 Audit Plan (Please refer to Appendix 1)	60
Less: Use of previously unallocated days to specific audits	40
Less: Use of reactive fraud allocation	30
Number of days per the Revised plan	1,441

A Summary of Changes to the Internal Audit Plan – 2014/15

	Directorate	No. of days	No. of days
Original 2014/15 Audit Plan			1,441
<i>Audits Added to the Original Plan</i>			
Best Value Review –Policing ASB	CLC	15	
Troubled Families Grant Verification	ESCW	15	
Failed Visits Procedures	ESCW	15	
Ben Jonson School - Investigation	ESCW	20	
Employment Options	Corp	15	
Mulberry School – Procurement	ESCW	10	
CIS Compliance Testing	RES	10	
Reactive work	RES	15	
Parking Permits	CLC	15	
<i>Sub Total</i>			130
			1,571
Less			
Audits amended and carried forward to 2015/16 due to additional requests above			
Management and Control of Sickness	Corp	-15	
Service Planning	Corp	-15	
Management of VAT	RES	-15	
Management of Licence Revocation	CLC	-15	
Use of Management Request contingency		-40	
Use of Reactive Fraud provision		-30	
<i>Sub Total</i>			-130
Total Revised Plan			1,441

Appendix 2

List of Additional Audits

Auditable System	Broad Scope of Audit	Days
Corporate Reviews		
Compliance Testing - use of Purchase Cards across the Council's services.	This audit will carry out compliance testing on the use of Purchase Cards by services across the Council to provide assurance that the cards are appropriately used for purchasing supplies and services in accordance with Council's procedures.	30
Management and Control of use of Taxis/Cabs	Following the procurement of a framework contract for taxis, this audit will examine the soundness of controls in place for managing and approving the use of taxis/cabs by officers across the Council and compliance with Council policies and procedures.	10
Establishment Control	The objective is to review the systems for effective management and monitoring of Establishments levels to ensure that sound establishment control is exercised throughout the organisation.	15
Value for Money Arrangements	This audit will review the Council's arrangements for providing value for money in resources used.	30

Procurement Compliance	This audit will undertake compliance testing to provide assurance that the key requirements of the Council's Procurement policies, procedures and government regulations are being complied with by officers across all the Council's services.	30
Regularity audit of third sector organisations	We will undertake regularity audits of a sample of third sector organisations to ensure compliance with Council procedures.	100
Law, Probity and Governance		
Procurement and Payment for Legal Advice	This audit will review the arrangements for procuring, managing, controlling and paying for external legal advice.	15
Executive Decisions Making Process	This audit will examine systems and controls over the management of Executive Decision making arrangements.	10
<i>Education, Social Care and Wellbeing</i>		
Management of the Action Plan for Serious Review Cases	We will examine the soundness of arrangements for implementing the action plan for serious review cases.	15
Management of HR/Payroll in Schools	To undertake a thematic review of management of HR and Payroll in a sample of schools to provide assurance that key	30

	procedures and requirements are complied with by schools to manage the increasing risk of inappropriate recruitment practices in schools.	
Regularity audits at schools	We will increase the frequency of regularity audits at schools using a risk based approach. A present, schools are audited every 5 years unless assigned limited assurance, in which case, a follow up audit is also undertaken.	80
<i>Development and Renewal</i>		
Grants Monitoring – Compliance testing	To undertake compliance testing of the grants monitoring procedures and to support the monitoring officers in developing systems, procedures and testing programmes for monitoring of grants.	30
<i>Communities, Localities and Culture</i>		
Procurement of Technical Services	This audit will review the arrangements within the Directorate for commissioning various Technical Services for procurement of contracts for building projects and for project managing the works.	10

Resources		
Processing of Credit Notes from Suppliers	This review will examine controls for managing and processing credit notes from suppliers to provide assurance that the systems are sound and secure.	10
Tollgate Reviews	We will examine the systems and controls for Tollgate reviews carried out to govern and steer the procurement of goods and services over £250K.	20

London Borough of Tower Hamlets 2014/15 Internal Audit Plan

	Audit Days	Pages
Corporate systems and Council-wide reviews	30	5
Director of Law, Probity and Governance	30	6
Education, Social Care & Wellbeing	350	7-9
Communities, Localities & Culture	170	10-11
Tower Hamlets Homes	130	12-13
Development & Renewal	150	14-15
Resources & core financial systems	296	16-18
Information technology audits	100	20
Follow up, management and reactive fraud provision	185	20
Total Provision	1,441	-

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Corporate Systems & Council Wide Reviews</u>				
Management and Control of Waivers of Financial Regulations	The objective is to provide assurance that there are sound systems and controls for management and monitoring of waivers to Council's financial regulations.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Employment Options	This will be a compliance audit on the Council's ER/VR procedures to provide assurance that the necessary controls have been complied with.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Director of Law, Probity and Governance</u>				
Information Governance Confidentiality Audits	This review will examine systems and controls for confidentiality audits to meet the requirements set in the IG Toolkit.	30	Management Request	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source Of Audit	Link with Corporate Priorities
<u>Education, Social Care & Wellbeing</u>				
Building Contract Audit	This audit will examine systems and controls for managing and monitoring capital works contracts. A sample of capital projects in progress will be selected for audit testing at pre-contract, currency of contract and post contract stages.	20	Audit Needs Analysis	A Prosperous Community Support lifelong learning opportunities for all
Framework –I	This will be an audit of the controls around ordering, paying and general data quality on Framework-I system for Adults Social Care.	15	Management Request	A Safe and Supportive Community Empower Older and Vulnerable People
Management and Control of Cleaning Contract services	This audit will examine systems and controls for managing the Cleaning contracts operated by the Contract Services team.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management and Control of Leaving Care services	This audit will assess the effectiveness of controls for managing the Children's Leaving Care services.	15	Audit Needs Analysis	A Safe and Supportive Community Focus on Early Intervention
Management and Control of Youth Offending Services	The objective of this audit is to examine and evaluate the effectiveness of systems and controls for management of various Youth Offending services.	15	Management Request	A Safe and Supportive Community Focus on Early Intervention

Auditable System	Broad Scope	Audit Days	Source Of Audit	Link with Corporate Priorities
<u>Education, Social Care and Wellbeing</u>				
Monitoring of Adults Social Care contracts with Third Sector Organisations	This will be a review of systems and controls for monitoring Adults Social Care services delivered by voluntary organisations to ensure that the providers deliver these contracts effectively and provide good value for money.	20	Audit Needs Analysis	A Safe and Supportive Community Focus on Early Intervention
Risk Management	To carry out testing around the effectiveness of risk identification, risk assessment, control identification and management of risks and opportunities.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Schools Probity Audits	The objective of this audit is to carry out programmed regularity audit visits to primary, secondary and special schools to ensure that delegated budgets and functions are managed and controlled effectively by schools.	120	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Education, Social Care & Wellbeing</u>				
Management and Control of Adoption services	This audit will examine systems and controls for managing the Adoption services to ensure that key standards, procedures and requirements are complied with.	15	Management Request	A Safe and Supportive Community Focus on Early Intervention
Management and control of petty cash accounts	This audit will carry out compliance testing on management and control of various petty cash accounts operated by the Directorate.	10	Audit Needs Analysis and Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Ben Jonson School	Probity audit followed by an investigation into the financial management of the school.	20	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Mulberry School	Probity review of procedures followed in procuring photocopiers for the school	10	Management request	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Education, Social Care & Wellbeing</u>				
Public Health Contracts	This audit will examine systems and controls for monitoring a sample of Public Health contracts to ensure that the client – side monitoring is sound and effective.	20	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Customer Journey- First Response	This will be a review of the processes for First Response Services to ensure that there are sound systems and controls in place and objectives are achieved.	10	Management Request	A Safe and Supportive Community Focus on Early Intervention
Troubled Families – Grant Verification	This audit will verify the grant claim in respect of the Troubled Families Grant.	15	Management Request	A Safe and Supportive Community Focus on Early Intervention
Failed Visits	This audit will review procedures for recording and monitoring failed visits to vulnerable service users.	15	Management Request	Focus on Early Intervention

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Communities, Localities & Culture</u>				
Management and Control of Blue Badges	This audit will examine systems and controls for management and administration of Blue Badges issued to eligible residents.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Current Contract Audit	This audit will examine systems and controls for managing and monitoring capital works contracts. A sample of capital projects in progress will be selected for audit testing.	20	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Parking Income	This audit will examine systems and controls for managing and administering on-street parking income, including electronic cashless payments.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management and control of Animal Warden service	This audit will assess the effectiveness of controls for managing the Animal Warden Service.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Refuse Collection and Disposal - Contract Management and Monitoring	The objective of this audit is to examine and evaluate the effectiveness of systems and controls for client-side monitoring of the contracts.	20	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Communities, Localities & Culture</u>				
Transport Services	This will be a review of systems and controls within Transport Services Unit to ensure that key service priorities are delivered effectively.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Risk Management	To carry out testing around the effectiveness of risk identification, risk assessment, control identification and management of risks and opportunities.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Rechargeable Works	The objective of this audit is to examine systems and controls for managing rechargeable works to ensure that all such works are identified, assessed and income raised and collected for the works carried out.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Poplar Mortuary	This audit will be a regularity audit to provide assurance that key standards, procedures and requirements are being complied with.	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Communities, Localities & Culture</u>				
Best Value Review – Policing ASB	To undertake a best value review of how the MPS delivers the investment made by the Council in policing ASB within the borough.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Parking Permits	This audit will review arrangements for issuing residential and other parking permits to those eligible.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Tower Hamlets Homes</u>				
Management and Control of Housing Repairs	This audit will examine the systems and controls for management and monitoring of reactive housing repairs works carried out to tenanted dwellings.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management of Asbestos	This audit will examine systems and procedures for management of Asbestos to assure management that key standards and procedures are in place.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Financial Systems	This will be an annual review of financial systems.	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Contract Audit	This audit will examine systems and controls for managing and monitoring capital work projects. A sample of capital schemes will be selected for audit testing at pre-contract, currency of contract and post-contract stages.	20	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Housing Insurance Claims	This audit will assess the effectiveness of controls for managing the housing insurance claims. This will be consultancy	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council

piece of work.

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Tower Hamlets Homes</u>				
Management and Monitoring of Out of Hours Repairs	This review will examine systems and controls for monitoring Out of Hours Repairs processed by THH, through LBTH via Vangent and by various repairs contractors	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Follow Up Audits	To carry out follow up audits to assess the progress made in implementing previously agreed recommendations.	20		One Tower Hamlets Working efficiently and effectively as One Council
Management Requests	To service management requests for additional audit work.	10		One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Development & Renewal</u>				
Management and Control of Community Infrastructure Levy	This audit will examine the systems and controls for management and administration of CIL.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management and Control of Community Chest programme	This audit will examine systems and controls for managing and monitoring Community Chest grants.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Management and Delivery of Homelessness Strategy	The objective of this audit is to assure management that Homeless Strategy is being delivered effectively to achieve objectives and priorities of the Council.	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Contract Audit	This audit will examine systems and controls for managing and monitoring capital work projects. A sample of capital schemes will be selected for audit testing at pre-contract, currency of contract and post-contract stages.	20	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management and monitoring of Energy contracts	This audit will assess the effectiveness of controls for managing and monitoring the borough-wide contracts for the supply of gas and electricity.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Development & Renewal</u>				
Management and Control of Housing Improvement and Renovation Grants	The objective of this audit is to examine and evaluate the effectiveness of systems and controls in place for awarding, monitoring and paying for improvement and renovation grants.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Risk Management	To carry out testing around the effectiveness of risk identification, risk assessment, control identification and management of risks and opportunities.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Tower Hamlets Homes – Client side Monitoring	The objective of this audit is to examine systems and controls for client-side management and monitoring of the Management Agreement with THH to deliver housing services for the Council.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management and Control of s.106 non-financial obligations	This audit will review the controls in place for ensuring that s.106 non-financial obligations are managed and controlled to secure their delivery in accordance with the agreements.	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Asset Management	This will be a review of systems and controls for management of Council's assets to achieve the key priorities and objectives.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Resources</u>				
Management of Business Rate Retention Scheme	To provide assurance over the soundness and adequacy of the business rate retention scheme.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Bank Reconciliation	We will examine the arrangements for the bank reconciliation of Council's various bank accounts.	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Debtors incl. Recovery and write-offs	To provide assurance to management in preparing the annual statement of accounts and to support the authority's "Managed" audit approach.	15	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Treasury Management	Annual Review of key financial system	10	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
HR/payroll	Annual Review of key financial system	15	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
General Ledger	Annual Review of key financial system	15	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Budgetary control	Annual Review of key financial system	10	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System <u>Resources</u>	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
Creditors	Annual Review of key financial system	15	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
NNDR	Annual Review of key financial system	10	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Council Tax	Annual Review of key financial system	10	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Capital Programme and Accounting	Annual Review of key financial system	10	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Pensions	Annual Review of key financial system	8	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Housing and Council Tax Benefit	Annual Review of key financial system	15	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Risk Management	To carry out testing around the effectiveness of risk identification, risk assessment, control identification and management of risks and opportunities	15	Management Request	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Resources</u>				
Housing rents	Annual Review of key financial system	8	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Reconciliation of Feeder systems with GL	Annual Review of key financial system	15	Part of Managed Audit approach	One Tower Hamlets Working efficiently and effectively as One Council
Systems Development and Variation Control for Future Sourcing Contract	This audit will review the effectiveness of systems and controls for monitoring ICT systems development work packages referred to Agilisys. We will also review the soundness of systems for controlling and monitoring variations to the contract.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
HR Improvement - Systems development and advice	This audit will be part of the HR systems development review and advice	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Cash and Deposit System	Annual Review of key financial system	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Post completion review of the new Financial Information System	This will be a complete post-implementation review of the new financial information system.	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Resources</u>				
Revenues, Processing and Reconciliation Functions (ex-Cahiers)	This audit will review the systems and processes for managing and controlling the various functions within the Revenues, Processing and Reconciliation service based at Roman Road.	10	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
Management of Efficiency Savings Programme	Review of systems and controls for managing and monitoring the Council's savings programme.	15	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
CIS Compliance Testing	This audit involved testing of Council's compliance with CIS regulations.	10	Management Request	One Tower Hamlets Working efficiently and effectively as One Council
Reactive Work	This was an inquiry into procurement of a contract and other associated issues.	15		One Tower Hamlets Working efficiently and effectively as One Council

Auditable System	Broad Scope	Audit Days	Source of Audit	Link with Corporate Priorities
<u>Information Technology</u>				
ICT Audits	This will be a programme of ICT systems and applications audits.	100	Audit Needs Analysis	One Tower Hamlets Working efficiently and effectively as One Council
<u>Other</u>				
Management Requests	Provision for additional management requests	10		One Tower Hamlets Working efficiently and effectively as One Council
Reactive Fraud	Provision for reactive fraud work	20		One Tower Hamlets Working efficiently and effectively as One Council
Follow Up audits	Provision for undertaking follow up to recommendations raised during 2013/14.	105		One Tower Hamlets Working efficiently and effectively as One Council
Management Time	This is a provision for management time to direct, control and monitors the work of the team.	50		One Tower Hamlets Working efficiently and effectively as One Council