

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>11 FEBRUARY 2016</b>
TITLE	<b>DRAFT INTERNAL AUDIT PLAN 2016/17</b>
PURPOSE OF THE REPORT	<b>TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2016 – 31 MARCH 2017</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO APPROVE THE PLAN IN THE APPENDIX</b>

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## **1. INTRODUCTION**

- 1.1 The draft work plan for Internal Audit for the financial year 2016/17 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'S PURPOSE**

- 2.1 The purpose of the Internal Audit service is:

***To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Audit Committee***

- 2.2 When preparing this plan, therefore, consideration was given to what the service needs to do in order to achieve this purpose.
- 2.3 The Unit only has limited resources. Since April 2015, the resources of the Unit has been reduced from 10 full-time posts to 7 full time posts. This makes it increasingly important that the service is directing its resources to the right places.
- 2.4 Therefore, in order to ensure that we are reviewing the right things, consideration was first given to the Corporate Risk Register and to departmental risk registers. This is to ensure that the Council's key controls in order to deal with its main risks are addressed. In that regard, we have worked closely with the Insurance and Risk Unit, which as part of their role ensure that these registers are updated regularly.
- 2.5 The result of this was to prepare an initial draft plan, which has been discussed with each Head of Department (or departmental management team in some cases). This was an opportunity to refine the plan further, before preparing the draft plan that is presented to the Audit Committee.

2.6 During 2016/17, internal audit will also give appropriate consideration to the following:

- Assisting the Council to prepare for the Corporate Assessment that will be carried out by the Wales Audit Office.
- Ensuring that the service contributes to Ffordd Gwynedd reviews, as the need arises, in order to ensure the success of the Council's culture change.
- Will be aware at all times of the potential occurrence of fraud or corruption. We will therefore take advantage of the National Fraud Initiative, and undertake proactive fraud prevention work.
- Continue to address specific grants, particularly where the conditions of the grant expect an Internal Audit review.

This has been reflected in the plan.

### **3. RESOURCES AVAILABLE**

3.1 It is projected that approximately 970 days of audit resources will be available to complete the 2016/17 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:

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|--|---------|
| • Provision for advising on controls and propriety | 55 days |
| • Provision for responsive work                    | 65 days |
| • Provision for follow-up                          | 45 days |

3.2 Discussion have already been held with the heads of department and relevant managers and their suggestions, based on what they deem to be high risk have been incorporated in the plan.

### **4. RECOMMENDATION**

4.1 The Committee is requested to approve the draft audit plan for the period 1 April 2016 to 31 March 2017.

## DRAFT INTERNAL AUDIT PLAN 2016/17

Audit	Reason	Days
<b>CORPORATE</b>		
Supporting Ffordd Gwynedd Reviews	To provide advice and support to staff and managers on issues regarding risk management and internal control.	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
Corporate Assessment	The Auditor General for Wales is required to conduct a corporate assessment under the Local Government (Wales) Measure (2009) of all local councils, national parks and fire and rescue authorities. Days have been allocated to assist with the pilot review.	25
National Fraud Initiative	The Council participates in this initiative, which is run by the Wales Audit Office.	50
IT System Security	A range of audits will be undertaken on specific issues within this area.	30
Managing Early Departures	Ensure that the Council follow good practice and fully complies with the principles, specifically the arrangements for reporting to the Council.	20
Use of Credit Cards	Analyse the current usage of Credit Cards across the Council including an analysis of the type of expenditure.	20
Fuel Supplies – Local and Regional Plans	Ensure that strong arrangements are in place to mitigate the risks in the event of a fuel shortage.	12
Safeguarding Arrangements – Disclosure and Barring Service Checks.	The current year is the last in the three year cycle to conduct checks' therefore it would be appropriate to ensure that arrangements are operating properly.	20
E-proc System - Tolerance Levels	A review to ensure that the current levels are appropriate and relevant.	10
<b>EDUCATION</b>		
Post-16 provision in Schools Grant	Requirement under the financial terms and conditions.	2
Pupil Deprivation Grant	The PDG has not been incorporated in the Education Improvement Grant; therefore it will be necessary to carry out a separate audit.	5

Education Improvement Grant for Schools	This grant is a combination of several previous grants that were paid by the Welsh Government.	20
Dwyfor Meirionnydd Special School	Removed from the 2015/16 plan because of a reduction in resources.	15
Schools – General	Annual provision for work involving providing advice and support.	10
Information Governance in Schools	This is an area of high risk which could result in a penalty from the Information Commissioner's Office; therefore it is vital that strong arrangements have been established.	25
Budgetary Control – Primary Schools	A review of the arrangements to ensure that adequate information is presented to the Governing Body.	25
Statistics and Census – Secondary School	The information from the statistics and census are used as a basis for grant allocation.	15
The Arrangements for Safeguarding and Protecting Children	Safeguarding Arrangements is a priority in the Council's Strategic Plan and this audit has been included at the request of the Head of Department.	25
<b>CORPORATE SUPPORT</b>		
Health and Safety - Trees	An area of risk – this will be a joint audit with the Health and Safety Service.	15
<b>FINANCE</b>		
Debtors System – 'Cancelled' Invoices	Review to ensure that adequate evidence exists before invoices are cancelled to ensure that there is no loss of income.	12
Coding Structure	Due to the high volume of mis-coding of income and expenditure, carry out a review into the possibility of streamlining the coding structure.	8
Review of Checking Limits	The last audit was carried out in 2005.	10
Benefits – Review of Key Controls	It is expected that the review will be of assistance to the external auditors when conducting their review of the Subsidy claim.	12
Benefits – Discretionary Housing Payments	Removed from the 2015/16 plan because of a reduction in resources.	10
Council Tax System - Connect and Serve	Removed from the 2015/16 plan because of a reduction in resources.	10
Council Tax – Reductions and Exemptions (People)	Specific audit to ensure there is sufficient evidence to support the reduction/exemption.	12

Business Rates – Charitable Reductions	This area has not been addressed by Audit for - some time.	8
<b>ECONOMY AND COMMUNITY</b>		
Welsh Church Fund	An independent check will be needed if the fund's income is over £25,000.	5
Storiol – Governance and Management Arrangements	Storiol is a new venture and proper arrangement should be in place for business planning and governance – this is an area recorded on the Departmental Risk Register.	15
Leisure Centres	A review of both administrative and financial arrangements within specific centres.	40
Beaches –Unannounced Visits	Unannounced visits to conduct income reconciliations.	10
Sale of Diesel	Audit included at the request of the Head of Department to ascertain alternative methods of collecting payments.	10
Hafan	The Head of Department requested an audit to review the direct debit arrangements.	10
Youth Club Accounts	The Head of Department requested a review of the current arrangements.	15
<b>ADULTS, HEALTH AND WELLBEING</b>		
Budgetary Control - Provider	Arrangements for monitoring budgets.	15
Deprivation of Liberty	There have been considerable changes in regulations in this area.	15
Business/Service Continuity Plans	Review the plans following a discussion with the Head of Service.	20
Social Services Complaints Procedures	A review of the arrangements following Welsh Government amendments in 2014 which supersede the previous arrangement which were in place since 2005.	15
Support Workers - Adults	This area has not been addressed by Audit for - some time.	15
Changes to ILF	Removed from the 2015/16 plan because of a reduction in resources.	15
Direct Payments	The Direct Payments Policy was adopted in May 2015.	15
Housing Support	This area has not been addressed by Audit for - some time.	15

Plas Gwilym, Penygroes	All Council homes to be audited within a 3 year cycle (2016/17 is the third of three).	12
Plas Pengwaith, Llanberis	All Council homes to be audited within a 3 year cycle (2016/17 is the third of three).	12
Bryn Blodau, Blaenau Ffestiniog	All Council homes to be audited within a 3 year cycle (2016/17 is the third of three).	12
Llys Cadfan, Tywyn	All Council homes to be audited within a 3 year cycle (2016/17 is the third of three).	12
<b>CHILDREN AND SUPPORTING FAMILIES</b>		
Grants	A review of specific grants, e.g. Flying Start and Youth Justice Grant.	24
Safeguarding Arrangements – the Operational Structure	Safeguarding Arrangement is a priority within the Strategic Plan.	20
Adoption	A review of the governance arrangements of the Regional Adoption Service.	20
Gyda'n Gilydd Project	There has been an 11% reduction on grant and therefore there is a risk that the project will not be able to meet its objectives.	15
Support Workers	A review of the administrative arrangements of Support Workers – Children and Children with Disabilities (Derwen) including timesheets, and claiming costs etc.	15
<b>HIGHWAYS AND MUNICIPAL</b>		
MOT Fees	This area has not been addressed by Audit for some time.	10
Fleet Management	A new system has been developed for the fleet with tracker devices now installed in all the vehicles – the accuracy of the system will be reviewed.	12
Commercial Waste	New Legislation will be introduced from 1 April 2016 with implications for business to recycle.	15
<b>REGULATORY</b>		
Animal Health	There has been a reduction in the Animal Health Grant and hence it is necessary to ascertain the effect on the service. Audit included at the request of the Head of Department.	15
Flare System	One of the main systems used by several services within the Regulatory Department.	15

Capital Schemes - Property	Review a contract from the tendering process to the final account.	15
<b>CORPORATE LEADERSHIP TEAM</b>		
Coroner	This area has not been addressed by Audit for some time.	10
<b>YGC</b>		
Overtime	The audit is included at the request of the Head of Department as there is a need to ensure consistency across the department.	15
Project Plans	As requested by the Head of Department.	15
Recruitment and Selection	Removed from the 2015/16 plan because of a reduction in resources.	10
<b>TOTAL NUMBER OF DAYS</b>		<b>970</b>