

TITLE	Business Assurance Plan: Quarter 3 & Quarter 4 2012/13
FOR CONSIDERATION BY	Audit Committee on 26 September 2012
WARD	None specific
STRATEGIC DIRECTOR	Muir Laurie, Director of Business Assurance and Democratic Services

OUTCOME / BENEFITS TO THE COMMUNITY

The Council's Business Assurance (BA) Plan details the Internal Audit (IA) and Investigations activity and seeks to:

- provide all key stakeholders with independent assurance that the risks within the Council's fundamental systems and processes are being effectively managed;
- set out that BA resources are being properly utilised;
- assist services to plan in advance for proposed IA reviews and other BA activity;
- allow the Council to demonstrate it is complying with the relevant legislation and applicable professional standards; and
- demonstrate the Council's commitment to good governance and a zero tolerance approach towards fraud and corruption.

RECOMMENDATION

The Audit Committee is asked to approve the proposed Business Assurance Plan for Quarter 3 and Quarter 4 2012/13 (attached).

SUMMARY OF REPORT

The outcomes from individual BA assignments in the proposed plan underpin the Head of IA's Annual Opinion on the overall adequacy and effectiveness of the Council's internal control environment. This opinion supports the Council's Annual Governance Statement which is a statutory report. In producing the BA Plan for Quarter 3 and Quarter 4, Business Assurance has invited stakeholders to contribute towards its formation including the Chief Executive (Interim), Strategic Directors and other senior officers. We have also considered risk registers (where in place), reports from external inspectorates (e.g. the Audit Commission) and legislative updates as well as exercising our own professional judgment.

The BA Plan for Quarter 3 and Quarter 4 therefore lists the planned IA and Investigations activity that will commence during the period 1 October 2012 to 31 March 2013. The plan will be refreshed in January 2013 and amended where necessary as a result of any changes in risk assessment or circumstances. CLT and the Audit Committee will be informed of proposed additions, deferrals and/or removals at that time.

Background

BA has a quarterly planning cycle to ensure that they have the flexibility to respond to the dynamic environment in which the Council operates. The planning approach is to prioritise high risk areas of the Council's operation. This is balanced by the need to provide assurance over key financial systems that are fundamental to the successful operation of the Council.

Analysis of Issues

The key issue for consideration is whether the BA Plan has the appropriate coverage and is focused on the key areas of risk facing the Council. If high risk areas are not covered in this plan, assurance should be sought that coverage is planned in the near future. CLT and the Audit Committee should ensure that there is adequate coverage to provide appropriate assurance.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	N/A
Next Financial Year (Year 2)	N/A	Yes	N/A
Following Financial Year (Year 3)	N/A	Yes	N/A

Other financial information relevant to the Recommendation/Decision

None.

Cross-Council Implications (how does this decision impact on other Council services and priorities?)

None.

Reasons for considering the report in Part 2

Not applicable.

List of Background Papers

- o Accounts and Audit Regulations 2006 and 2011
- o CIPFA Internal Auditing Standards
- o Institute of Internal Auditing Standards
- o CIPFA Code of Practice for Internal Audit in Local Government 2006

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BUSINESS ASSURANCE PLAN QUARTER 3 AND QUARTER 4 2012/13

BA Ref.	Area for BA Review	Risk Assessment	BA Category	Timing	BA Days	Audit Sponsor	Key Officer(s)	Lead Member	High Level Scope	Rationale	Link to Vision - Priority/Principle
040	Debtors	High	Assurance	Q3	10	Strategic Director of Resources	WISE Services Manager	Executive Member for Finance	To ensure that there are robust controls within the debtors systems; including procedures, income identification, invoicing, debt collection, write offs, ICT security (including account management) and management information.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
041	Creditors	High	Assurance	Q3	10	Strategic Director of Resources	WISE Services Manager	Executive Member for Finance	To ensure that there are robust controls within the creditors systems; including procedures, requisitions / ordering, authorisations, discounts, prompt payment, credit notes, ICT security (including account management) and management information.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
042	Payroll	High	Assurance	Q3	12	Strategic Director of Resources	WISE Services Manager	Executive Member for Finance	To ensure that there are robust controls within the corporate payroll system; including procedures, starters, leavers, deductions, variations, ICT security and management information.	A fundamental finance system / process. External Audit will place reliance on this work.	Deliver quality in all that we do
043	Cashiers	High	Assurance	Q3	10	Strategic Director of Resources	Head of Transactional Finance	Executive Member for Finance	A review to ensure that there are adequate controls operating within the cashiers office; including policies and procedures, receipt and recording of income, reconciliations and variances, returned cheques, banking, audit trails, and the prevention of fraud and theft.	A fundamental finance system / process. External Audit will place reliance on this work.	Improve the customer experience when accessing Council services
044	Council Tax & NNDR	High	Assurance	Q3	10	Strategic Director of Resources	Head of Transactional Finance	Executive Member for Finance	To ensure that there are adequate controls in place within both the Council Tax and NNDR Systems; including billing, recovery, reconciliations, refunds and discounts.	A fundamental finance system / process. External Audit will place reliance on this work.	Improve the customer experience when accessing Council services
045	Treasury Management	High	Assurance	Q3	12	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	A review to ensure that there are robust controls operating within the treasury management function; including policy and strategy, compliance with strategy (investment and borrowings), transactions and transfers are supported by appropriate documentation, cash flow monitoring, investment income due is received, loan interest is paid and received when due, and investments are properly recorded in the accounts of the Council.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
046	Service Planning Assessment	High	Assurance	Q3	10	Chief Executive (Interim)	Various	The Executive	A review to establish feedback and seek opinions regarding the recent 'star chamber' service planning process. This will feed into any lessons learnt review of the process and ensure continuous improvement for future years.	For the 2013/14 year, a new approach to service planning has been undertaken consisting of a 'star chamber' in which Directors and/ or Heads of Service present their service plans to a panel of their peers for scrutiny. From this process financial decisions are taken in relation to the service.	All
047	Information Security Awareness	High	Assurance/ Consultancy	Q3	5	Strategic Director of Resources	Various	Executive Member for Internal Services	An internal audit review (likely to be a staff survey) on information security awareness. This will help to establish the current level of awareness/ understanding as well as raise the profile of the issue in general.	Organisations (including a large number of local authorities) are increasingly being fined for breaches of information security. It is essential that staff at all levels within the council have an understanding of this topic and the likely consequences of poor information security.	Deliver quality in all that we do
048	Youth Service - Management Data	Medium	Assurance	Q3	10	Strategic Director of Children's Services	Assistant Director: Early Intervention and Community Support	Executive Member for Children's Services	A review to ensure that data collected in respect of the council's Youth Service is; accurate, complete, consistent, timely, and used effectively.	Data is a key organisational resource and should be managed accordingly. Managers need to have confidence in their data and ensure that data is 'fit for purpose'. Impacts of poorly used data include; lower customer satisfaction, increased costs, poor decision making, and difficulty in setting an accurate strategy.	Look after the vulnerable
049	Children's Services Income Generation	Medium	Assurance	Q3	10	Strategic Director of Children's Services	Assistant Director: Early Intervention and Community Support	Executive Member for Children's Services	A review to ensure that processes around traded services models within Early Intervention and Community Support are robust.	Within Children's Services, provision of services is increasingly undertaken through a traded services model. These services are then being commissioned by schools and other parties. It is therefore important that the model of traded services is effective and accessible.	Offer excellent value for your Council Tax
050	Section 106 - Infrastructure Delivery (Deferred from Q1)	Medium	Assurance	Q3	12	Strategic Director of Development & Regeneration	Head of Infrastructure Implementation	Executive Member for Highways and Planning	A review to provide advice and assurance on the progress of the new way of co-ordinating infrastructure delivery. To also assess the negotiation process with developers over s106 monies.	A new role has been created to oversee infrastructure delivery including S106 and the Community Infrastructure Levy. Internal Audit will provide advice/ assurance on proposals in this area as it is developed.	Ensure strong sustainable communities that are vibrant and supported by well designed development
051	Transition Planning (Children to Adults)	High	Assurance	Q4	10	Strategic Director of Children's Services	Strategic Director of Health & Well-Being (and DASS)/ Head of Safeguarding and Social Care/ Head of Adult Social Care Statutory Services	Executive Member for Children's Services/ Executive Member for Health and Well-Being	A review to provide assurances that the processes in place for the transition of our children into young adults is robust, that information is effectively shared and appropriate decisions are taken.	A smooth transition from Children's Service to Adult Social Care is crucial to ensure that we maintain our duty of care and continue to provide an effective service based on the needs of the individual.	Look after the vulnerable

BUSINESS ASSURANCE PLAN QUARTER 3 AND QUARTER 4 2012/13

BA Ref.	Area for BA Review	Risk Assessment	BA Category	Timing	BA Days	Audit Sponsor	Key Officer(s)	Lead Member	High Level Scope	Rationale	Link to Vision - Priority/Principle
052	Review of Lean Programme	High	Assurance	Q4	10	Director of Transformation	Various	The Executive	A review to provide an assessment of the initial Lean reviews undertaken (council tax and development management) including the approach, buy-in and outcomes.	The Lean Programme is an approach to improve current services and redesign them as a whole to ensure that they are customer focused, fit for purpose and affordable for the future. The thinking aims to achieve a radical shift in the way that services are conceived, designed and delivered; ultimately improving outcomes for residents	Offer excellent value for your Council Tax
053	Review of Major Projects Governance	High	Assurance	Q4	10	Chief Executive (Interim)	Various	The Executive	A cross-cutting review of the major projects identified by CLT to ensure that appropriate project governance has been established/ planned for each.	It is essential that major projects within the council are identified and then appropriate governance mechanisms established to ensure that these projects are run and overseen at the right level. This will help to ensure that high risk projects are appropriately controlled and mitigated.	Deliver quality in all that we do
054	Capital Accounting	High	Assurance	Q4	15	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	A review to ensure that there are adequate controls in place over; capital strategy, capital planning and bidding process, recording of capital asset acquisitions and disposals, formal valuation process, security of the capital accounting system, asset verification, depreciation, impairments, and monitoring and oversight.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
055	Budgetary Control & Financial Reporting	High	Assurance	Q4	10	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	A review to ensure that there are adequate controls over both the budget setting process and financial reporting within the Council; including roles and responsibilities, policies and templates, budget manager training, virements, budget profiling, variances, financial reporting, and monitoring.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
056	VAT	High	Assurance	Q4	10	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	To provide assurance that the Council is correctly accounting for VAT, that clear guidance is in place for staff, and that statutory duties in relation to VAT are being fulfilled.	VAT issues are often very complex and the penalties for incorrectly accounting for VAT are severe. It is therefore essential that the council fulfils all its statutory obligations.	Offer excellent value for your Council Tax
057	BACS	High	Assurance	Q4	5	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	A review to ensure that there are robust controls over the BACS payment system; including payment processing, payment dates, certification and authorisation, notification, output reports, and audit trails.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
058	Material Schools	High	Assurance	Q4	8	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	A review to ensure that our fully funded (and therefore material schools) have; robust systems of financial internal control, proper accounting records in place, and that the Council's financial statements accurately reflect the financial position of these schools.	A fundamental finance system / process. External Audit will place reliance on this work.	Offer excellent value for your Council Tax
059	Corporate Governance	High	Assurance	Q4	15	Chief Executive (Interim)	Corporate Leadership Team	The Executive	A review to ensure that the Council has a robust governance framework in place and in operation; including an assessment of Member governance structures (Joint Board, Task Groups) and senior managers governance structures (CLT and Extended CLT). The audit will also review progress since the Joint Board self-assessment.	There have been a number of high level changes to the governance arrangements within the council. Effective governance arrangements ensure the effective direction and control of the Council. Corporate governance is subject to annual review and supports the completion of the Annual Governance Statement.	All
060	Information Governance	High	Assurance	Q4	10	Chief Executive (Interim)	Corporate Leadership Team	The Executive	A report at the end of 2012/13 summarising the internal audit assurance/ advice given throughout the year.	The Council requires assurance that the system of internal control is effective in design and operation and that identified risks are being managed effectively.	All
061	Review of Risk Management	High	Assurance	Q4	8	Chief Executive (Interim)	Senior Internal Auditor (PK)	The Executive	To ensure that there are robust and effective controls in place over the management of corporate and service risks including roles and responsibilities, risk identification, evaluation, mitigation, monitoring, and reporting.	The Council requires assurance that the Council's key strategic and operational risks are being identified and managed effectively.	All
062	Annual Governance Statement 2012/13 Facilitation	High	Facilitation	Q4	5	Director of Business Assurance and Democratic Services	Corporate Leadership Team	Leader of the Council	To facilitate the production of the Council's 2012/13 statutory Annual Governance Statement.	Good governance is essential for the long term delivery of all the Council's vision and strategic priorities. The production of an Annual Governance Statement is a statutory requirement and forms part of the Council's statement of accounts.	All
063	Bank Reconciliations	Medium	Assurance	Q4	8	Strategic Director of Resources	Group Finance Manager	Executive Member for Finance	A review to ensure that the Council's main bank accounts are subject to regular monitoring, reconciliation and formal review.	A fundamental finance system / process. External Audit will place reliance on this work.	Deliver quality in all that we do

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BA Ref.	Area for BA Review	Risk Assessment	BA Category	Timing	BA Days	Audit Sponsor	Key Officer(s)	Lead Member	High Level Scope	Rationale	Link to Vision - Priority/Principle
064	Procurement Model	Medium	Consultancy	Q3	15	Strategic Director of Resources	Contracts and Procurement Manager	Executive Member for Internal Services	A review to assess how we procure and manage contracts across the organisation, with an assessment of the most efficient and effective way to do this.	The Council procures a wide range of goods and services throughout service areas on a daily basis. It is crucial that the individuals doing so give full consideration to the concept of value for money as well as following the relevant procurement regulations.	Offer excellent value for your Council Tax
065	Recruitment - Reference Checks	Medium	Assurance	Q4	10	Strategic Director of Resources	WISE Services Manager	Executive Member for Internal Services	A cross-cutting review throughout the organisation to provide assurance over the current system of obtaining appropriate references for new employees. The audit will include permanent and agency staff.	When recruiting it is important that we seek appropriate references prior to new employees starting, ensuring that the council selects high-performing staff who will positively contribute to providing value to our customers.	Deliver quality in all that we do
066	Children's Services Resource Panel	Medium	Assurance	Q4	10	Strategic Director of Children's Services	Head of Safeguarding and Social Care	Executive Member for Children's Services	A review to provide assurances over how the Children's Services Resource Panel operates, how decisions are made and how the Panel takes purchasing decisions.	The Children's Services resource panel determines care packages for vulnerable children within the Borough. Important decisions regarding care and financial commitments are made through this panel.	Look after the vulnerable
067	Schools Financial Value Standard	Medium	Assurance	Q4	10	Strategic Director of Children's Services	Head of Learning & Achievement/ Schools Finance Manager	Executive Member for Children's Services	A review to ensure that the Borough's schools have robust financial controls in place which are based upon the Council's Financial Regulations and the Department for Education's (DfE) Schools Financial Value Standards (SFVS). The review will seek to share financial and governance best practice to all our schools.	Schools have autonomy over the use of their budgets. The SFVS was introduced in September 2011 to help provide assurance that schools have secure financial management in place. The Council is required to provide assurance that there is a system of audit in place which provides for adequate assurance over the standard of financial management in schools and for the regularity and propriety of school spending.	Deliver quality in all that we do
068	WISE Replacement Project	High	Consultancy	Q3/Q4	10	Strategic Director of Resources	Commercial Operations Manager	Executive Member for Finance	To provide advice on the specification, procurement and project management aspect of the WISE replacement system which is due to be introduced in 2013.	The system that will replace WISE will be a fundamental financial system of the Council. It is therefore crucial that the project to select the replacement system is carried out robustly with input from a wide variety of stakeholders.	Deliver quality in all that we do
069	Technology Futures Programme - Project Assurance/ Project Advice	High	Assurance	Q3/Q4	15	Strategic Director of Resources	Portfolio and Innovation Manager	Executive Member for Internal Services	Attendance at Project Board meetings and the provision of advice and assurance in relation to the key projects of the Council's Technology Futures Programme.	The Technology Futures Programme is a two year ICT programme of change including core software upgrades as well as transformational change around SMART working and document management. The programme will ensure that the Council's technology is fit for the future.	Deliver quality in all that we do
070	Internal Audit Follow-ups	High	Follow-up	Q3/Q4	25	Director of Business Assurance and Democratic Services	Corporate Leadership Team	The Executive	To follow up all due recommendations arising from the work of Internal Audit in accordance with International Standards for the Professional Practice of Internal Auditing and the Internal Audit Protocol.	The International Standards for the Professional Practice of Internal Auditing requires internal audit activities to monitor the outcomes of previous internal audit reviews including consultancy advice.	All
701	Risk Management Facilitation	High	Facilitation	Q3/Q4	4	Director of Business Assurance and Democratic Services	Risk Management Group	Executive Member for Internal Services	To further embed risk management by facilitating the Council's Risk Management Group.	Risk Management is a key component of a good governance framework which helps ensure that the Council's vision and strategic priorities are achieved.	All
072	Corporate Risk Register	High	Facilitation	Q3/Q4	16	Director of Business Assurance and Democratic Services	Corporate Leadership Team	Executive Member for Internal Services	To facilitate the refresh of the Council's Corporate Risk Register.	Risk Management is a key component of a good governance framework which helps ensure that the Council's vision and strategic priorities are achieved.	All
073	Performance Management Project Board	Medium	Consultancy	Q3/Q4	10	Chief Executive (Interim)	Interim Head of Human Resources	Deputy Leader	To provide Internal Audit expertise in governance, risk management and project management to the Performance Management Project Board to ensure that objectives are achieved and successfully implemented.	The Performance Management Project Board is looking to develop and implement a consistent and robust performance management framework across the Council.	Deliver quality in all that we do
INV07	Investigations	High	Investigations	Q3/Q4	60	Various	Various	Leader of the Council	To investigate suspected fraud, corruption, malpractice, and breaches of Council policy and procedures.	The Council takes allegations of misconduct seriously as they undermine the public's trust in the Council and cause reputational damage.	Offer excellent value for your Council Tax
INV08	Benefits Fraud	High	Investigations	Q3/Q4	200	Strategic Director of Resources	Head of Transactional Finance	Executive Member for Finance	To investigate allegations of benefits fraud.	The 2012/13 target for identifying benefit overpayments is £250,000. Identifying benefit overpayments will result in future benefit claims being reduced.	Offer excellent value for your Council Tax
INV09	Proactive Fraud Prevention	High	Prevention	Q3/Q4	30	Strategic Director of Resources	Various	Executive Member for Finance	To raise fraud awareness and proactively detect and prevent opportunities for fraud.	The Council has a zero tolerance approach to fraud. Fraud awareness is the first stage to prevent fraud. Active fraud detection ensures that this zero tolerance approach is enforced.	Offer excellent value for your Council Tax
BAC	Business Assurance Contingency (ad-hoc requests for work, etc)	High	Contingency	Q3/Q4	50	Various	Various	Various	Ad hoc advice, support and consultancy.	This budget provides for the additional consultancy/ assurance work that is regularly requested and for the provision of any ad hoc internal control advice and support.	All

700

BUSINESS ASSURANCE PLAN QUARTER 3 AND QUARTER 4 2012/13

Total BA Plan Days: Quarter 3 to Quarter 4 2012/13		
SPONSOR	DAYS	%
Chief Executive	63	9
Strategic Director of Resources & S151 Officer	405	58
Strategic Director of Neighbourhood Services	0	0
Strategic Director of Development & Regeneration	12	2
Strategic Director of Health & Well-Being (and DASS)	0	0
Strategic Director of Children's Services	50	7
Director of Transformation	10	1
Director of Legal & Electoral Services	0	0
Director of Business Assurance & Democratic Services	50	7
Unassigned - Reactive Investigations	60	9
Unassigned - Contingency	50	7
TOTAL	700	100

