

<b>TITLE</b>	<b>Revised Internal Audit and Investigations Plan 2014/15</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 23 September 2014
<b>WARD</b>	None specific
<b>STRATEGIC DIRECTOR</b>	Julie Holland, Service Manager – Business Improvement (and Head of Internal Audit)

**OUTCOME/ BENEFITS TO THE COMMUNITY**

The Council's Internal Audit and Investigations Plan details the Internal Audit 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;
- allow the Council to demonstrate it is complying with the relevant legislation and applicable professional standards;
- demonstrate the Council's commitment to good governance and a zero tolerance approach towards fraud and corruption; and
- set out that the team's resources are being properly utilised.

**RECOMMENDATION**

That the Audit Committee approve the revised Internal Audit and Investigations Plan for 2014/15.

**SUMMARY OF REPORT**

The Internal Audit and Investigations Plan for 2014/15 was initially agreed by CLT and Audit Committee in February. This was based on discussions with key stakeholders including: Directors, the Chair of the Audit Committee and the council's external auditors, Ernst and Young.

Since this plan was agreed, proposals to develop a Shared Internal Audit Service have been agreed with Royal Borough of Windsor and Maidenhead (RBWM). In addition, we have had confirmation of the date of transfer of benefit fraud investigations to the Department of Work and Pensions. As part of the proposals for the shared service, two internal auditor posts will be deleted.

As a result, we have considered the impact of these changes in resources to the plan which is attached as Appendix A.

The outcomes from internal audit and investigations work in the proposed plan underpin the Head of Internal Audit'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.

We have reduced the plan as much as we can while safeguarding the ability of the Head of Internal Audit to give an annual opinion. It should be noted that there is no spare capacity to deal with any emerging issues and it is also dependent upon some capacity from RBWM (this has yet to be agreed with RBWM).

## Background

Summary of changes are shown below:

<b>Planned Work</b>	<b>Total Days 13/14</b>	<b>Original Days 14/15</b>	<b>Revised Days 14/15</b>	<b>Comment on changes</b>
Internal Audit Key Material Financial Systems Work	183	174	174	
Grant Certification	20	29	29	
Risk Based Internal Audit Reviews linked to the Corporate Risk Register	68	90	90	
Internal Audit Assurance Work	215	239	144	See Appendix B for list of deleted audits.
Internal Audit Consultancy & Advisory Work	70	111	30	See Appendix B for list of deleted audits.
Follow-up of previous Internal Audit recommendations	30	35	25	
Corporate Investigations	100	40	40	
Benefit Fraud & Council Tax Reduction (CTR) Investigations Work	350	350	275	Benefit investigations transferring to DWP on 01/11/14. CTR investigations to remain with WBC.
Proactive Fraud Prevention Work	200	260	245	Resources moved to support audit work
Risk Management Facilitation	40	20	20	
Annual Governance Statement and Good Governance Survey Facilitation	40	20	15	Removed Good Governance Survey Facilitation from plan.
Contingency	200	50	0	
<b>Total</b>	<b>1,488</b>	<b>1,428</b>	<b>1,087</b>	

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. The plan needs to balance the competing needs of Internal Audit stakeholders and strike the appropriate balance between core assurance that internal control, governance and risk management is

functioning effectively and seeking value added activity valued by management.

The plan is aligned to the councils corporate risk register and provides coverage over the top eight risks (rated as high risk areas). It also provides coverage over areas of key strategic, reputational and financial risk.

### Analysis of Issues

The key issue for consideration is whether the Internal Audit and Investigations Plan has the appropriate high-level coverage and is focused on the key areas of risk facing the Council. CLT and Audit Committee should ensure that there is adequate coverage to provide appropriate assurance.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	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

None.

### Reasons for considering the report in Part 2

Not applicable.

### List of Background Papers

- Accounts and Audit Regulations 2011
- Public Sector Internal Audit Standards

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Audit title	Department	Budget (days)
<b>Key Financial Systems</b>		
Housing Benefits	Finance & Resources	15
Housing Rents	Finance & Resources	12
Budgetary Control & Reporting	Finance & Resources	15
Capital Programme (Allocation, Accounting & Budgetary Control)	Finance & Resources	15
Council Tax & NNDR	Finance & Resources	15
Fixed Asset Register	Finance & Resources	10
Material Schools	Finance & Resources	5
VAT	Finance & Resources	10
Treasury Management	Finance & Resources	10
BACS	Finance & Resources	5
Bank Reconciliations	Finance & Resources	7
Cashiers	Finance & Resources	5
Main Accounting	Finance & Resources	10
WISer Reconciliation Checks	Finance & Resources	5
Payroll	Finance & Resources	10
Schools financial controls	Finance & Resources	25
<b>Total</b>		<b>174</b>
<b>Grant Certification</b>		
Troubled Families/Family First Grant Certification (twice a year)	Children's	10
Integrated Transport IT Block & Integrated Transport Maintenance Block, Severe Weather Recovery Scheme, Pinch Point Grant, Additional Maintenance Grant	Environment	10
Local Sustainable Transport Fund (Travel Behaviour and Sustainable Chilterns Gateway grants),	Environment	4
Decent Homes Backlog Grant, Traveller Pitch Funding Programme (Twyford Orchards) and Care and Support Specialised Housing Fund (Hillside) grant	Health & Wellbeing	5
<b>Total</b>		<b>29</b>
<b>Risk Based Internal Reviews linked to the Corporate Risk Register</b>		
School Place Provision - Corporate Risk 2	Children's	10
Safeguarding Vulnerable Adults - Corporate Risk 8	Health & Wellbeing	10
Infrastructure Repair - Corporate Risk 12	Environment	15
Safeguarding Vulnerable Children - Corporate Risk 7	Children's	10
Delivery of Key Objectives - Corporate Risk 14	Governance & Improvement	10
Judicial Review - Corporate Risk 15	Governance & Improvement	10
Strategic Infrastructure Provision - Corporate Risk 19	Environment	10
Health and Social Care Failure - Corporate Risk 27	Health & Wellbeing	15
<b>Total</b>		<b>90</b>
<b>Internal Audit Assurance Work</b>		
Corporate Governance	Chief Executive	15
Ethical Governance	Governance & Improvement	10
Information Governance	Finance & Resources	10
Effectiveness of Internal Audit	Head of Internal Audit Opinion	7
Effectiveness of Audit Committee	Head of Internal Audit Opinion	5
Risk Management	Head of Internal Audit Opinion	10
Balanced Scorecard	Governance & Improvement	10
Corporate/Service Planning	Governance & Improvement	10
Coaching Culture Embeddedness Review	Chief Executive	15
WISer Security Controls	Finance & Resources	10
Major Corporate Projects	Governance & Improvement	20
Community Infrastructure Levy (S106 Transition)	Environment	10
Tender Opening Attendance and Analysis of Tender Results	All	12
<b>Total</b>		<b>144</b>
<b>Internal Audit Consultancy and Advisory Work</b>		
HWB Strategic Response to Increased Demand	Health & Wellbeing	10
Property Services	Finance & Resources	10
Public Health	Health & Wellbeing	10
<b>Total</b>		<b>30</b>
<b>Follow up activity and Facilitation</b>		
Facilitating the AGS	Chief Executive	15
Follow up activity	All	25
<b>Total</b>		<b>40</b>
<b>TOTAL INTERNAL AUDIT DAYS</b>		<b>507</b>

<b>Audit title</b>	<b>Department</b>	<b>Budget (days)</b>
<b>Deleted Internal Audit Assurance Work</b>		
Software Licences	Finance & Resources	10
Cloud Computing	Finance & Resources	10
Elections	Governance & Improvement	10
People Strategy (Organisational Development)	Finance & Resources	10
Local Children's Safeguarding Board	Children's	10
Optalis - Effectiveness of Growth Strategy	Health & Wellbeing	10
Wokingham Housing Limited Company - Operations	Health & Wellbeing	10
Town Centre Regeneration	Town Centre Regeneration	15
Procurement	Finance & Resources	10
<b>Total</b>		<b>95</b>
<b>Deleted Internal Audit Consultancy and Advisory Work</b>		
Schools Transport Planning - forecasting/budgeting	Children's	10
Support in implementing organisational change	Chief Executive	10
WSP Partnership	Environment	7
Community Services Structure	Environment	7
Grounds Maintenance	Environment	7
WISEr Project Board Attendance	Finance & Resources	5
Review and Update of Audit Committee Handbook	Head of Internal Audit Opinion	5
Unallocated Days for Advice	All	25
Contract Management	All	15
<b>Total</b>		<b>91</b>
<b>Deleted Facilitation and Contingency</b>		
Good Governance Survey	Chief Executive	15
Contingency Days	All	50
<b>Total</b>		<b>65</b>
<b>TOTAL DELETED INTERNAL AUDIT DAYS</b>		<b>251</b>