

## **AUDIT & RISK MANAGEMENT SERVICE**

### **INTERNAL AUDIT PROGRESS REPORT AND QUARTER 2 PLAN 2013/14**

#### **Introduction**

- 1 The Internal Audit Plan for Quarter 2 is attached as Annex 1 to this report, and includes a progress status on the previously reported planned activity.

#### **Resources**

- 2 There are no changes to the current resourcing. No progress has been made with regards to procuring specialist IT Audit resources for 13/14. This will be completed during Q2. We will also be seeking to recruit new staff within the combined Oxfordshire and Buckinghamshire team, the priority of which remains a Principal Auditor.

#### **Completed Audits**

- 3 There have been no completed audits in relation to the 13/14 plan. Priority has been given to completing the 12/13 work; however good progress has been made and a number of the audits are at draft report stage.
- 4 There has been one addition to the Q1 planned audits. CYP, in conjunction with the S151 Officer requested an internal audit of Mandeville School. The fieldwork has been completed and a draft report prepared.

#### **Other Audit Activity**

- 5 Within the Q1 Plan a contract audit needs assessment was to be completed. This has been actioned; however, the actual audit activity will be reviewed subject to the outcome of the two current audits for which the audit days have been extended.
- 6 The Purchase to Pay project has been established. The Chief Internal Auditor is on the project board; however, in addition the Audit Manager is providing advice and support to the project, which in time will include reviewing the controls being considered in the design of new systems and processes.
- 7 An audit of the Joint Waste Committee Return is undertaken annually by BCC on behalf of the County and District Councils. This has been completed, with no issues to report.
- 8 The Strategic Director is Hon Secretary/Treasurer for ADEPT (Association of Directors of Environment, Economy, Planning and Transportation). Internal Audit is undertaking the annual audit of the ADEPT Accounts.

## **2013/14 Counter-Fraud Plan**

- 9 Attached as Annex 2 to this report is the 2013/14 Counter-Fraud Plan. This sets out the counter-fraud activity we will be undertaking during the year, including eight proactive fraud reviews, in areas identified from our fraud risk assessment. The fraud risk assessment will be presented at the next Risk Management Group.

Ian Dyson  
Chief Internal Auditor  
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## ANNEX 1 - Q1 PROGRESS AND Q2 PLAN

Qtr	Audit	Overview	Status
	<b>Governance</b>		
1	Annual Governance Statement	We will be analysing the self-assessment Annual Governance Statement questionnaires returned from Service Directors. This will form key evidence for the production of the Annual Governance Statement. The Chief Internal Auditor will also be liaising with the Corporate Leads on the key control processes in compiling the AGS	Completed - AGS signed
1	Governance Audits	Throughout 2013/14 we are planning on testing compliance with the key control processes across directorates including undertaking a series of "establishment" based audits. The detailed plan will not be established until 12/13 is completed. This will be presented with a future progress report.	Planning and scope of the audits has commenced. Meetings planned with Directorate Leadership Teams to identify teams/establishments for audit.
1	Review of Charges (Financial Management/Legislation)	As part of the governance audits we will undertake for the first time an audit of a review of charges made by the Council. The audit will consider the charges made in accordance with the legislation/regulations that underpin them, and how those charges are aligned to the income generation strategy. At an operational level the audit will consider the application of those charges and for a sample the systems for collection.	Scoping

1	Health and Safety (Legislation)	Carried forward from 2012/13 this audit will review the system for ensuring statutory responsibility for Health and Safety is being effectively managed.	Draft Report
	<b>Financial Systems</b>		
1	Income Collection (Zipporah System)	Following an investigation by Internal Audit in 2012/13, an audit of income generation managed through use of the Zipporah, e-bookings software used across the Council for web based activity will be undertaken.	Will commence in Q2
	<b>Operational Risks</b>		
1	CYP - Admissions Service	This audit was scoped in 2012/13, but will be completed in 2013/14. The audit will review the systems and procedures that support the Admissions Service	Fieldwork
1	Assurance Mapping	During Q1 the methodology and plan for undertaking the assurance mapping exercise will be determined.	This work has started and will be piloted in Oxfordshire. Once the first review in Oxfordshire has been completed the model will be tested at BCC
	<b>Strategic Risk</b>		
1	AFW - Local Authority Trading Company	The Audit and Risk Management Team will continue to review the governance arrangements through the life of this project, including reviewing the operational systems and procedures being designed for the operation and management of the contract with the LATC.	This work is on-going.
1	Bucks Learning Trust	The Audit and Risk Management Team will	This work is on-going

		continue to review the governance arrangements through the life of this project, including reviewing the operational systems and procedures being designed for the operation and management of the contract with the LATC.	
	<b>Contract Audit</b>		
1	Contract Audit Plan	In quarter 1 we will develop the plan for reviewing major contracts and contract management.	
1	Place Service - contract management arrangements	This audit commenced in Q4 looking initially at the Amey contract (Client Transport). In Q1 we will be reviewing the contract management arrangements for the Ringway Jacobs contract and following up on the audit of Property Services completed during 2011/12.	There are two reports both at draft stage; Amey Contract, and Ringway Jacobs Contract.
	<b>Schools</b>		
1	Budget Setting and Budget Monitoring	The audit will review the adequacy and effectiveness of the management control within central finance and CYP, over budget setting, including those schools in surplus and deficit, and the routine budget monitoring returns submitted by schools.	Scoping
1	Schools Audit Plan	During Q1 we will be developing the schools plan based on an analytical review of financial and performance data. This will be used to determine the format of schools audits for the year, which could be thematic reviews, or targeted audits of specific schools.	The approach in 13/14 will focus on targeted audits of specific schools; however the exercise to identify those schools has not yet been completed.
1	Mandeville School	This is an addition to the original Q1 plan. An internal audit of financial management at the	Draft report

		school was requested by CYP.	
	<b>IT Audit</b>		
1	IT Audit Needs Assessment	A needs assessment has been commissioned. Once the outcome of that needs assessment is determined, and an annual plan formed, we will then procure the services to deliver that planned activity.	Not yet started
	<b>Counter-Fraud</b>		
1	NFI Data Matching	We will be continuing to work through the data matches identified in the NFI 2012 reports, investigating irregularities where appropriate.	On-going No issues to report.
1	Fraud risk assessment	A fraud risk assessment will be undertaken and presented to the Regulatory and Audit Committee, along with a plan of proactive audits looking specifically at the fraud risk areas.	Completed - this will be presented to the RMG

## Quarter 2

In addition to the completion of the Q1 activity above, the following audits will commence in Q2

Qtr	Audit	Overview	Status
	<b>Governance</b>		
2	Governance Establishments	Aim to visit three establishments as part of the Governance programme	
2	Governance Testing	Areas to be determined, once scoping and Service meetings have taken place	
2	Growth & Optimism Project Gateway Review	We have been requested to undertake and a gateway review of this project.	
	<b>Contract</b>		

2	Capital Programme Management	The audit will review how the schemes in the programme are being managed, with particular focus on project slippage.	
	<b>Schools</b>		
2	School audit	Actual school to be determined	
2	Follow up on 12/13 actions	We will be reviewing the actions taken following the 12/13 thematic audits within schools.	
	<b>Strategic Risk</b>		
2	Families First	The audit will be reviewing the processes and data quality that are required to achieve the funding in relation to the Families First programme	
2	CYP - Care Management Controls	The audit will review the management controls in place to give quality assurance over the care management process.	

## ANNEX 2 - COUNTER-FRAUD PLAN 2013/14

REF.	TASK/OBJECTIVE	DAYS NEEDED	QUARTER	CURRENT POSITION	COMPLETION DATE
a)	Attend regional and national groups on fraud issues (i.e. MCCIAG Sub-Fraud Group, London Audit Group, etc.).	N/A – covered via OCC Counter-Fraud Work Plan	N/A		
b)	Engage with DLT's, Directorate Manager Meetings and/or team meetings to deliver presentations as required.	8 days	All		
c)	Develop & maintain a Counter-Fraud webpage on the Council's intranet and internet.	2 days	1 & 2		
d)	Produce material to help raise awareness of counter-fraud and whistleblowing. Publish material via a range of mediums.	2 days	2		
e)	Review and update Anti-Fraud Strategy and supporting policies	2 days	2		
f)	Review and monitor completion of Combating Fraud & Corruption e-learning course. Also updating the course as necessary.	1 day	2		

REF.	TASK/OBJECTIVE	DAYS NEEDED	QUARTER	CURRENT POSITION	COMPLETION DATE
a)	Proactive fraud reviews and targeted testing in the following areas; <ul style="list-style-type: none"> <li>- Blue Badge Application review</li> <li>- High Value Contract Monitoring</li> <li>- Agency Staff Claims</li> <li>- Zipporah (Wider systems)</li> <li>- Creditors Vendor amendments and duplicate vendors</li> <li>- Support Fund administration</li> <li>- Children's Centres/Establishment cash handling</li> <li>- Claims against the Council</li> </ul>	40 days (5 days each)	3 2 3 3 4 3 4 4		
b)	National Fraud Initiative (NFI); <ul style="list-style-type: none"> <li>- Co-ordinating the investigation of matches,</li> <li>- Investigating key matches.</li> </ul>	9 days	2 & 3		
a)	Investigating potential fraud allegations and making the necessary enquiries to assist any management	10 days	All		

REF.	TASK/OBJECTIVE	DAYS NEEDED	QUARTER	CURRENT POSITION	COMPLETION DATE
	investigations.				
b)	Seek the appropriate sanctions and redress.	1 day	All		