

## LONDON BOROUGH OF RICHMOND UPON THAMES

## AUDIT COMMITTEE

DATE: 11 June 2008

REPORT OF: HEAD OF INTERNAL AUDIT AND RISK  
MANAGEMENT

SUBJECT: INTERNAL AUDIT PLAN 2008 / 2009

WARDS: ALL

**1. Summary**

This report summarises the proposed Internal Audit Plan for 2008/09.

**2. Recommendation**

**That the Committee agree the Internal Audit Plan for 2008/09**

**3. Details**

3.1 The main influences upon the proposed Internal Audit Plan for 2008/09 are detailed below:

Assurance Framework & Risk management process

The annual Audit Plan is mainly risk based, with individual audits derived from / linked to the key risks identified in the Corporate, Directorate and Service Risk Registers (where they have been established). This means that audit work is targeted at the organisation's high risk areas.

As for 2007/08, independent validation and verification of management assertions made in Risk Registers and Control Effectiveness Reports will be undertaken as an ongoing contribution to the Council's Assurance Framework.

Further work will be undertaken in 2008/9 to develop risk management in relation to partnerships and partnering arrangements and in further developing risk registers at Service Plan level across the Authority.

Additional time has also been included in the Audit Plan to reflect the developing role of Internal Audit within the Council including involvement in corporate projects and increasing provision of advice and guidance.

ICT

The key financial systems and network are subject to audit in 2008/9 to satisfy External Audit requirements. Work will also to be undertaken on Frameworki following the interface with SAP and on Homeworking given the increased number of staff with the facility to work from home.

A substantial number of ICT audits undertaken in 2007/8 were given Limited audit assurance. Any high priority recommendations made in 2007/8 or outstanding from 2006/07 will continue to be monitored through normal follow-up procedures.

#### Key service developments

The plan for 2008/09 includes audit reviews of key changes to services including further work to review the progress in implementing self directed support for adults and older people, Building Schools for the Future, changes in Corporate Commissioning arrangements and Partnerships which is a key area for development.

Additional time has been included in the plan for contract audit in response to the number of issues raised in 2007/8. CIPFA benchmarking statistics also identified that we spent the least number of days on contract audit in 2007/8 when compared with other Unitary Authorities and within our local benchmarking group.

The number of days on schools remains high due to the requirement to audit 40% of primary schools in 2008/9 against the Financial Management Standard in Schools (FMSiS). Some follow up work will also have to be undertaken to ensure that all remaining secondary and primary schools audited in 2006/7 and 2007/8 respectively, meet the standard during the current financial year.

#### Fraud work

A fraud risk register was established in December 2006 and a programme of pro-active fraud checks put in place for 2007/8. The programme for the first half of the year was substantially completed however fewer pro-active checks were completed during the second half of the year due to resource issues. The Fraud Risk Register was updated in May 2008 and the programme of pro-active fraud checks updated to include overtime payments. Work will continue to be undertaken to ensure that our limited resources are targeted to key fraud risk areas.

A gap analysis was undertaken based on the CIPFA Fraud and Corruption Manual and against the Use of Resources Key Lines of Enquiry (KLOE). Work will be undertaken to bridge these gaps in accordance with best practice and to work towards achieving KLOE Level 4.

During 2008/09, our work at a national level will mainly be around the NFI (National Fraud Initiative led by the Audit Commission) data matching exercise. Data is due to be submitted in September 2008 for matching in February 2009. Work during the year will largely be preparatory including informing data subjects about data matching and making sure relevant parties are aware of data requirements. There will also be some investigative work to be completed on outstanding data matches from the 2006/7 NFI exercise.

#### **4. Consultation**

The internal annual plan has been presented to and agreed by Executive Board

#### **5. Financial Implications**

There are no financial implications arising directly from this report.

#### **6. Policy and equality Implications**

The proposed arrangements are intended to facilitate the delivery of the Council's statutory responsibilities. There are no specific policy implications arising from this report.

**7. Background papers**

Corporate Risk Register  
Directorate Risk Registers  
International Auditing Standards  
CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006  
Internal Audit Strategy 2008/9

**8. Contacts**

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Directorate of Finance and Corporate Services

Internal Audit Plan 2008/09

<b>Information Technology</b>	<b>Planned Days</b>
SAP Application	16
Revenues and Benefits Application	16
NNDR Application	11
Payroll Application	11
Service Desk	9
Homeworking	11
Telecommunications	16
Network	16
Frameworki	6
ICT Follow up	10
ICT Key Controls	5
<b>ICT Total</b>	<b>127</b>

<b>Key Financial Systems</b>	<b>Planned Days</b>
SAP General Ledger	11
Treasury Management	13
Cash and Bank	17
Accounts Receivable	13
Accounts Payable	20
Payroll (& Pensions)	19
Pensions, Payroll & Retirement Costs	8
Pension Contributions	7
Pensions Investments	11
Council Tax	13
NNDR	13
Housing Benefits	21
Budgetary Control	15
Income Monitoring	15
Follow up work	12
<b>KFS total</b>	<b>208</b>

<b>Adults and Housing Services</b>	<b>Planned Days</b>
Housing Needs and Allocations	12
Establishments	6
Joint Equipment Store Contract	12
Passenger Services	15
Commissioning	20
Self Directed Care	12
Leaving Care	15
<b>Adults and Housing Services total</b>	<b>92</b>

<b>Education and Children's Services</b>	<b>Planned Days</b>
Libraries	12
Schools	192
Early Years	8
Admissions and Student Support	13
Education Asset Management	20
Arts Service & Orleans House Gallery	9
Children's Centres	15
Leisure Contracts	15
Establishments	6
<b>Education and Children's' Services total</b>	<b>290</b>

<b>Environment</b>	<b>Planned Days</b>
Parking	25
CRM Phase 2 (Contact centre / Business processes)	17
Confirm	12
Building Maintenance DLO	12
Climate Change Strategy & Fund	8
Registration Service (B, D & M)	8
Property Leases	8
Careline/CCTV	9
Contracts	25
Teddington School BSF	12
Waste Contract	12
<b>Environment total</b>	<b>148</b>

<b>Finance &amp; Corporate Services</b>	<b>Planned Days</b>
SWMCB	6
Partnerships	20
PGCC	3
LAA Finance	20
Data Quality	30
Corporate Agency Staff contract	10
Procurement cards	10
Use of Consultants	11
Mobile phones / PDAs	12
Contracts – strategic review	15
Management Support	45
Follow up work	20
<b>Finance &amp; Corporate Services total</b>	<b>202</b>

<b>Chief Executive</b>	<b>Planned Days</b>
Recruitment and Selection	16
<b>Chief Executive total</b>	<b>16</b>

<b>Risk Management &amp; Assurance Framework</b>	<b>Planned Days</b>
Corporate Governance	11
Risk Management & Assurance	12
Risk Management	50
Controls Assurance	37
<b>Risk Management &amp; Assurance Framework total</b>	<b>110</b>

<b>Anti fraud</b>	<b>Planned Days</b>
Anti-fraud and Corruption	35
Investigation and Anti-fraud	60
National Fraud Initiative (NFI)	62
<b>Anti-fraud total</b>	<b>157</b>
<b>TOTAL PLANNED DAYS</b>	<b>1350</b>