

ABERDEEN CITY COUNCIL

COMMITTEE	Audit and Risk Committee 27 th April 2010
CORPORATE DIRECTOR	Stewart Carruth
TITLE OF REPORT	Annual Audit Plan 2010/11
REPORT NUMBER:	CG/10/048

1. PURPOSE OF REPORT

To inform members of the development of the Annual Audit Plan for 2010/11 and seek their approval for its content. To recommend to the Committee that the content and progress of the implementation of the Annual Plan be reviewed and presented to the Committee on a quarterly basis.

2. RECOMMENDATION(S)

The Committee are asked to:

- i) approve the Annual Audit Plan to 2010/11;
- ii) to note that the planned outsourcing of Internal Audit Services is progressing and that the completion of the Plan in future years will fall to the successful bidder; and
- iii) agree that the content of the Annual Plan be reviewed on a quarterly basis and that any proposed amendments be reported to the Committee together with a statement of progress against the Annual Plan.

3. FINANCIAL IMPLICATIONS

As stated above the work to outsource the Council's Internal Audit Services is progressing. The costs of the outsourced service are not yet known, however, the overall costs will be contained within the approved budget for the Internal Audit function. The delivery of the Annual Plan will require to be reviewed once a contractor has been appointed. The review will require to examine the variants of the number of days agreed for each Audit and the daily rate agreed under a contract.

4. SERVICE & COMMUNITY IMPACT

An effective Internal Audit Service is seen as critical to the delivery of good services to the community and is a vital element of good governance.

5. OTHER IMPLICATIONS

The Annual Plan is prepared in line with best practice, using a risk based approach to auditing. This does not supersede the need for normal internal audit compliance work and this is accommodated within the plan.

6. REPORT

6.1 Background

6.1.1 The Annual Internal Audit planning process is designed to:

- ascertain the level of audit resource required;
- achieve optimum use of audit time;
- ensure that the maximum benefit is derived from the audit process for the organisation.

6.1.2 The annual planning timetable has previously operated from 30th June each year. This Annual Audit Plan is brought before the Committee to ensure that an up to date plan is in place for the appointment of an external contractor following the outsourcing of Internal Audit Services. The planning cycle will operate on a financial year basis from this point forward.

6.2 Audit Planning Process

6.2.1 The process used to update the Strategic Plan can be summarised as follows:-

- The Corporate and Service Risk Registers have been reviewed to identify significant organisation risk;
- Auditable topics have been identified from the Risk Registers, proposed by the Internal Audit Manager and agreed with the responsible Services;
- Discussions have been held with External Audit to agree the Internal Audit work on which they will place reliance and to ensure that Internal and External Audit work is complementary;
- Discussions have been held with Services to consider other significant strategic and operational matters where audit work may be required / beneficial to the organisation, including external inspections / reports, strategic business objectives and plans, etc.

6.3 Review and Changes to the Audit Plan

6.3.1 Because of practical problems in estimating audit time, and of the need to respond flexibly to new developments an audit plan cannot be rigid. Where it is necessary, plans are changed to:

- extend coverage of a subject;
- cover an important new subject ;
- delete a previously planned subject;
- alter the timing of particular audits.

6.3.2 It is good practice for the Annual Plan, therefore, to be subject to a formal quarterly review process, with the results of the review being submitted to this Committee for approval.

6.3.3 There are circumstances this year which make this particularly significant. Namely, the Council hopes to be in a position to engage a contractor to undertake all Internal Audit Services for 2010/11. A contractor has not yet been identified and it is expected that as part of the commencement plan, the contractor will wish to review the Annual Plan including allocation of resource, timing of audits and other potential amendments / improvements. The first quarterly review with a contractor in place will, therefore, be particularly significant.

7. AUTHORISED SIGNATURE

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8. REPORT AUTHOR DETAILS

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Consolidated Plan

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Req)	Risk Register Refs.	Risk Score	Timing	Days	Contact
Total Days Corporate Governance								330	
Total Days ECS								70	
Total Days EPI								85	
Total Days HE								195	
Total Days SCW								115	
Total Days								795	

Corporate Governance

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
CG - Customer Service & Performance	NDR Billing and Collection	Billing & Processing Controls IT Systems Admin Arrears Management	Assurance	FS	Required for External Audit		June 2010 onwards	15	Barry Jenkins
CG - Customer Service & Performance	Housing Rents	Payment processing Arrears pursual Performance	Assurance	FS	Required for External Audit		Any time	15	Barry Jenkins
CG - Customer Service & Performance	Council Tax	Collection Arrears Write off	Assurance	FS	Required for External Audit		Any time	15	Barry Jenkins
CG - Customer Service & Performance	Cash Receipting	Collection of Cash & cheques Collection of automated payments	Assurance	FS	Required for External Audit		July 2010 onwards	15	Barry Jenkins
CG - Customer Service & Performance	Housing Benefit/Council Tax Benefit	Determination of error rates Guidance on management actions for error reduction to minimise financial penalties	Advisory	FS	Required for External Audit		Any time	15	Barry Jenkins
CG - Customer Service & Performance	Statutory Performance Indicators	Accuracy of reported figures Robustness of processes for gathering and publishing information	Assurance	FS	CORP13		Summer 2010 onwards	20	Martin Murchie

Corporate Governance

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
CG - Customer Service & Performance	Project for implementation of managed service to replace current data centre	Tendering Development Testing Commissioning Financial arrangements	Advisory	RR	CGIT04	15	Ongoing from April 2010	20	Paul Fleming
CG - Customer Service & Performance	IT Asset Management	Corporate ICT Asset Plan Review of documented procedures Documentation processing Verification of Asset Register	Assurance	B/fwd 2009/10 Plan RR CORP04 Score 10	CORP04	10	May 2010 onwards	20	Paul Fleming
CG - Customer Service & Performance	IT General Controls	Strategy & Policy Financial controls Skills requirements & training Standards & performance	Assurance	B/fwd 2009/10 Plan Source "Other"	CORP06	N/A	Sept. 2010 onwards	25	Paul Fleming

Corporate Governance

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
CG - Finance	Management of 2010/11 budget	Use of planning tool (Collaborative Planning) to identify trends and focus on areas of concern Review of projected out-turn estimates Review of governance arrangements and accountabilities (including reporting of individual savings and budget strands via Directors to Elected Members) Identification of areas of good practice for wider adoption	Assurance	RR	CORP25	20	Autumn 2010	25	Barry Jenkins
CG - Finance	Capital Accounting (Prudential Code)	Project proposal process Cost monitoring arrangements	Assurance	FS	Required for External Audit		Any time	15	Barry Jenkins
CG - Finance	Pension Benefits	Processing controls Performance monitoring Computer system security	Assurance	FS	Required for External Audit		Any time	15	Barry Jenkins
CG - Finance	Pension Investments	Control of income Control of transfers to and from fund managers Control of expenditure	Assurance	FS	Required for External Audit		Any time	15	Barry Jenkins

Corporate Governance

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
CG - HR	Payroll	Authorisation of payment Accounting for pay & deductions Error handling	Assurance	FS	Required for External Audit		Any time	20	Ewan Sutherland
CG - CPU	Procurement - Centrally based contracts benefits	Compliance with Standing Orders and Financial Regulations Computerisation impact Monitoring Arrangements	Assurance	RR	CGCP01, 04, 05, 06	12	TBA	30	Craig Innes
CG - HR	Staffing reductions	Control of payments Compliance with policies Management of knowledge/skills loss	Assurance	Service	CORP16		TBA	20	Ewan Sutherland
CG - Customer Service & Performance	Community Engagement	Development and application of standards for community engagement Effectiveness of short term initiatives	Assurance	Service	CORP31		TBA	15	John Quinn
CG-Corporate	Review of Governance Arrangements	Consider structure and practices against good practice as per CIPFA standards on Public Service governance	Assurance	Service	CORP03	N/A	Post re- structure of Services	15	Martin Murchie
Total Days								330	

Education Culture and Sport

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Req)	Risk Register Refs.	Risk Score	Timing	Days	Contact
ECS - Schools	Education Service Financial Performance	Development of performance measures for financial management Adequacy of recording & reporting arrangements	Assurance	RR	ESDU10	12	4th quarter	15	David Leng
ECS - Schools	Protecting Children	Compliance/implementation of Child Protection Act/Policy Liaison with agencies	Assurance	RR	ESDU23	12	1st quarter	20	Patricia Cassidy
ECS - Schools	Learning Estate	Strategy development Alignment with maintenance routines Benchmarking	Assurance	RR	ESDU20	16	Sep-10	20	Rhona Jarvis
ECS - Schools	Performance Monitoring	Information gathering process Validation and accuracy of information Timeliness of presentation of data Data integrity	Assurance	RR	ESDU13	12	Nov-10	15	Rhona Jarvis
Total Days								70	

Enterprise Planning and Infrastructure

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
EPI - Asset Mgt	Investment Appraisal (Project Evaluation)	Investment Appraisal Procedures Compliance with procedures	Advisory	B/fwd 2009/10 Plan	CGCI10, 02, 03, 04	12 and 15	Jan. 2011 onwards	20	Hugh Murdoch
EPI - Asset Mgt	Capital Investment Programme and Property Rationalisation	Decision & authorisation processes for acquisitions and disposals Adequacy of guidelines Integrated disposals process	Assurance	RR	CGCI101, 102, 103, 104, EPIG12	12, 12, 15, 15 and 18	TBA	25	Hugh Murdoch
EPI - Asset Mgt	Fleet maintenance and replacement regimes	Accounting for costs Correlation with SLAs Tranman system	Assurance	RR	EPIF15,16 ,26,27	18	Any time	20	Hugh Murdoch
EPI - Asset Mgt	Service Level Agreements	Standard contracts Costing & pricing Monitoring arrangements	Advisory	RR	EPIG20	15	TBA	20	Hugh Murdoch
Total Days								85	

Housing and Environment

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
HE - Community Safety	Assess effectiveness of crisis and emergency planning practices	Coverage of emergency plans Plan development and maintenance IT security Unit administration	Assurance	RR	CORP22	15	Mid summer 2010 onwards	15	Pete Leonard (Dave Macintosh is EPU Manager)
HE - Environmental Services	Compliance with legislation (Environmental Health and Data Protection Act	Interpretation of legislation Compliance with requirements	Assurance	RR	EPIG01	12	TBA	15	Mark Reilly
HE - Environmental Services	Capital Budget (Infrastructure)	Investment strategy Cost control Prioritisation process	Assurance	RR	EPIG05	24	TBA	20	Mark Reilly
HE - Environmental Services	Grounds and Streets	Demonstrate Best Value Benchmarking Cost/Unit accounting	Assurance	RR	EPIG19	24	2011	20	Mark Reilly
HE - Environmental Services	Communication Systems	Information prioritisation Tools & techniques Post event/feedback evaluation	Advisory	RR	EPIG22	20	TBA	15	Mark Reilly

Housing and Environment

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
HE - Housing	Use of Housing Repairs data	Evaluation of data held in Total/Codeman/iWorld and manually. Identification of actions to consolidate use of data. Development of options for consolidation and/or automated transfer of data between systems.	Advisory	RR	HOAM09	16	Late summer 2010 onwards	20	John Quinn
HE - Housing	Compliance with statutory and regulatory obligations for Health & Safety	Adequacy of, and compliance with, procedures. Quality checking & performance monitoring	Assurance	RR	HOAM06	15	TBA	15	John Quinn
HE - Housing	Asset component replacement plan	Plan development Data source and use Prioritisations	Advisory	RR	HOAM05	16	Summer 2010 onwards	15	John Quinn
HE - Housing	Evictions Management	Identification and intervention procedures Liaison with other agencies	Assurance	RR	HOEM09, 10,11	15	TBA	15	John Quinn

Housing and Environment

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
HE - Housing	Housing Asset Management	Development of Asset Management Plan Delivery of SHQS in line with targets Management of contractor performance Adequacy of technical support and advice	Advisory	RR	HOAM02, 04	20 and 18	Any time	25	John Quinn
HE - Regeneration & Housing Investment	Regeneration strategies	Social return on investments from Fairer Scotland Fund Governance arrangements re partnerships for regeneration strategies Use of resources Target setting and progress monitoring	Advisory	RR	CORP33, HOCP02, HOCP03	15, 15 and 16	Any time	20	John Quinn
Total Days								195	

Social Care and Wellbeing

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
SCW - Adults	Protecting Adults - Social Care and Wellbeing Establishments	Assessment of compliance with regulations Adequacy of management arrangements Budget performance at Establishment level	Assurance	RR	SCW Risk Register yet be finalised		TBA	20	Tom Cowan
SCW - Children	Protecting Children - Social Care and Wellbeing Establishments	Assessment of compliance with regulations Adequacy of management arrangements Liaison with other agencies Emergency standby arrangements	Assurance	RR	SCW Risk Register yet be finalised		TBA	20	Susan Devlin
SCW - Older People	Protecting Older People - Social Care and Wellbeing Establishments	Assessment of compliance with regulations Adequacy of management arrangements Budget performance at Establishment level	Assurance	RR	SCW Risk Register yet be finalised		TBA	20	Liz Taylor
SCW - Occupational Therapy	Occupational Therapy systems	Integration with NHS Referral processing Stores systems	Assurance	Sys	SCW Risk Register yet be finalised		TBA	15	Liz Taylor

Social Care and Wellbeing

Service	Audit Title	Scope	Type	Source (FS=Fin Sys, RR=Risk Reg)	Risk Register Refs.	Risk Score	Timing	Days	Contact
SCW - Business	Carefirst	CareSafe (Child Protection Register) CareTime (home care work scheduling)	Assurance	Sys	SCW Risk Register yet be finalised		TBA	15	Susan Devlin
SCW - Operational	SW Complaints system	Effectiveness of processing and performance monitoring Analysis of concerns and learning points methodology	Assurance	Sys	SCW Risk Register yet be finalised		TBA	10	TBA
SCW - Operational	SW Case Records	Accessibility, Confidentiality and Security of records Compliance with Data Protection Act	Assurance	Sys	SCW Risk Register yet be finalised		TBA	15	TBA
Total Days								115	