

## **Standards & Audit Committee**

# **Internal Audit Strategy 2017/18 to 2019/20 and Annual Plan 2017/18**

Date: 28<sup>th</sup> February 2017

## Contents

<b>1 Developing the Internal Audit Strategy .....</b>	<b>3</b>
1.1 Role of Internal Audit .....	3
1.2 Factors influencing Internal Audit coverage.....	3
<b>2 Assurance Resources .....</b>	<b>5</b>
2.1 Your Internal Audit Team .....	5
2.2 Working with other assurance providers.....	5
2.3 Considerations for the Standards & Audit Committee .....	5
<b>Appendix A: Issues affecting Thurrock Council .....</b>	<b>6</b>
<b>Appendix B: Internal Audit Strategy 2017/18 – 2019/20.....</b>	<b>7</b>
<b>Appendix C: Internal Audit Plan 2017/18 .....</b>	<b>16</b>

# 1 Developing the Internal Audit Strategy

This document sets out the approach we have taken to develop your internal audit strategy for 2017/18 – 2019/20 and the annual plan for 2017/18.

## 1.1 Role of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

*Definition of Internal Audit: Chartered Institute of Internal Auditors.*

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), we plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the Council has in place, focusing in particular on how these arrangements help the organisation to achieve its objectives. This involves undertaking a risk-based plan of work, agreed with management and approved by the Standards & Audit Committee. Our plan is developed to enable us to provide an opinion at year end, which may also be used by the Council to support its Annual Governance Statement.

## 1.2 Factors influencing Internal Audit coverage

The organisation's objectives are the starting point in the development of the audit strategy.

Appendix A reflects the range of potential issues that may affect the Council, some of which are included on the risk register. These were used to focus our discussions with management regarding assurance priorities and to determine where internal audit input would be most beneficial.

In preparing the strategy and the annual internal audit plan, we met with and attended the DMT's for the following:

- Environment & Place;
- Strategy, Communications & Customer Services;
- Adults, Housing & Health; and
- HR, OD and Organisational Development.

In addition, meetings were also held with the following senior management:

- Director of Children's Services;
- Director of Finance & IT;
- Director of Commercial Services;
- Head of Children's Social Care;
- Head of Adult Services;
- Head of Housing;
- Head of ICT;

- Operational Lead for Revenues & Benefits; and
- Corporate Procurement, Strategy & Delivery Manager.

The plan was then presented and discussed at Directors Board.

The key areas / factors are summarised below.

### Key areas discussed and their impact on the 2017/2018 internal audit plan

- 1 We have agreed to carry out follow up visits to independently provide assurance that high level recommendations are implemented in line with target dates for reports issued in 2017/18.
- 2 The continued emphasis on achieving savings including shared service or joint working arrangements with other local authorities, income generation and more effective and efficient working practices are reflected in a number of areas within the plan.
- 3 New and changing legislation, particularly around Children's Services, Adults, Health & Commissioning and Housing have been discussed and resulted in an increased programme of reviews in these service areas.

The strategy is set out at Appendix B, with the detailed internal audit plan for 2017/18 set out at Appendix C.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy includes:

- Planned assurance on areas of activity such as the core financial systems;
- A contingency allocation, which will only be utilised should the need arise and which will be subject to prior approval by the Director of Finance & IT and reported to the Standards & Audit Committee;
- Time to follow up previous recommendations and actions to provide the Standards & Audit Committee with assurance on the actions taken by management to address previous internal audit recommendations. High level recommendations will require further testing as they reach their implementation date. For medium and low level recommendations, we will place reliance on management responses but will follow-up as part of the next review of the service; and
- Audit management, which is used for quality control, preparation of the 3 year Strategy & Annual Plan, Annual Governance Statement, client meetings, External Audit liaison, preparation of the Chief Internal Auditor's Annual Report and attendance at Standards & Audit Committee.

## 2 Assurance Resources

### 2.1 Your Internal Audit Team

Your internal audit team is led by Gary Clifford as Chief Internal Auditor.

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing standards.

### 2.2 Working with other assurance providers

We intend to meet with the External Auditor to avoid duplication of coverage between Internal and External Audit. This will also ensure that External Audit can continue to place their planned level of reliance on our coverage of financial controls.

The Standards & Audit Committee is reminded that internal audit is only one source of assurance. Through our plan we do not seek to cover all risks and processes. However, where we can, we will also seek to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance can be provided.

### 2.3 Considerations for the Standards & Audit Committee

- Does the Internal Audit Strategy 2017/18 to 2019/20 (Appendix B) cover the organisation's key risks as they are recognised by the Standards & Audit Committee?
- Does the internal audit plan for 2017/18 (Appendix C) reflect the areas that the Standards & Audit Committee believes should be covered as priority?
- Is the Standards & Audit Committee satisfied that sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan?

## Appendix A: Issues affecting Thurrock Council

The chart below reflects some of the external and internal issues, both known and emerging that face the Council. We have identified using italics, those that are fully or partially covered within this years' annual plan.

External Factors	Known	Emerging
BREXIT		✓
Devolution Agenda		✓
Economic downturn and austerity	✓	
Welfare reform	✓	
Public Health	✓	
Regeneration	✓	
House building and financing schemes	✓	
Immigration & Asylum		✓
Cyber Security		✓
General Data Protection Regulation	✓	

Internal Factors	Known	Emerging
Safeguarding	✓	
Fraud	✓	
Procurement	✓	
Medium Term Financial Planning	✓	
Data Quality	✓	
Contract Management	✓	
Partnership/Joint working arrangements	✓	
Business Continuity & Disaster Recovery	✓	
Income generation		✓
Personal Budgets/Direct Payments	✓	
Local Pay T&C's for staff		✓
Community leadership/engagement		✓
Financial Management & Controls	✓	
Financial Reporting	✓	
Transformation Programme		✓

## Appendix B: Internal Audit Strategy 2017/18 – 2019/20

Auditable Area	Risks	2017/18	2018/19	2019/20
<b>Risk based reviews</b>				
<b>Corporate/Thematic Reviews</b>				
Contract Procedures	Contract procedure rules and the procurement process may be ineffective leading to inefficiency and a lack of value for money.	✓	✓	✓
Project Management	The project management process might not meet its objectives and be rolled out across the Council.			✓
Budgetary Control	Budgets may not be controlled and monitored leading to service overspends.		✓	
Medium Term Financial Strategy	The Council may not achieve their reported savings resulting in budget overspends.		✓	
Duplicate Payment Testing	If duplicate payments are not identified, the Council may be paying twice for services it only received and budgeted for once.	✓		
Public Services (Social Value) Act	The Council fail to take into account the wider social, economic and environmental benefits to the local area when procuring services so may not obtain best value.		✓	
Performance Development Reviews (PDR'S)	If the PDR process is not followed, staff may be awarded an increment when their performance is below that expected and/or further training or assistance is required.	✓		
No Recourse to Public Funds (NRPF)	Failure to correctly assess, manage and monitor funds paid to families with NRPF could result in payments being made to persons who do not qualify.		✓	
BREXIT	Still not clear but may impact on NNDR (if businesses chose to trade outside the UK), increases in costs on contracts paid to foreign contractors due to falling value of the pound sterling, impact on MTFs, Treasury Management etc.		✓	✓
<b>Children's Services</b>				
Fostering	Inappropriate persons may be allowed to act as foster parents.			✓
Adoption (incl. Special Guardianship and Adoption Allowances)	Children may not be appropriately placed with adoptive parents who have been through a robust adoption process.		✓	
Asset Management – Children's Services	The revised asset management arrangements may not lead to on-going improvements in the quality of educational facilities.		✓	
Cyclical School Visit Programme	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.	✓	✓	✓
Children's Centres	The resources of Children's Centres may not be targeted at the most vulnerable families resulting in a poor use of resources.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
Cyclical visits to Nursery Schools	Failure to manage the budget and control debt could result in overspends and impact on service provision.			✓
Personal Budgets	Failure to monitor care packages effectively could result in care being paid for that is not required, or, care not being provided to meet the needs of the client.		✓	
Children's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.		✓	
Health & Safety in Schools	If the inspection process is not robust, the Council may not be compliant in identifying and taking corrective action to address concerns around the presence of asbestos in some public buildings.	✓		
Educational Visits	Staff taking young adults on educational visits may not be properly trained or checked and there may not be appropriate risk assessments carried out for each trip to minimise incidents.			✓
Looked After Children's Fund	Funds could be misappropriated if there are not strong controls around the management and monitoring of Looked After Children's Funds.	✓		
School Placed Planning	Without an effective co-ordinated strategy, the increasing population from families moving into the area from London could result in a shortfall in school places and a failure by the Council to meet its statutory requirements.		✓	
Catering Provision in Schools	If the service does not offer value for money, its trading operations may be adversely affected with more schools becoming academies.		✓	
Supervised Contact	Costs associated with supervised contact provided by the Oaktree Resource Centre may not be providing value for money if they are not monitored and managed.	✓		
Troubled Families Programme	Funding claims may be rejected if there is insufficient evidence to support the services provided.	✓	✓	✓
Adolescent Social Work Team	Following restructuring of the service and the introduction of the Social Impact Bond, the outcomes for teenagers may not be monitored resulting in increased costs and more teenagers coming into care.	✓		
Early Offer of Help	If the recommendations resulting from the review undertaken by iMPower are not meaningful and achievable, the Council will not benefit from the expected savings resulting in increased budgetary pressures.		✓	
Procurement in Schools	Poor procurement practices may result in the school's not getting good quality services in a cost effective manner resulting in additional costs.			✓
Section 17 Payments to Children in Need	Failure to correctly assess, monitor and manage Section 17 payments could result in them being provided to children who are not entitled to them.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Home to School Transport	Failure to adhere to the policies and procedures could result in non-statutory services being provided and see costs escalating above the statutory minimum.	✓		
Unaccompanied Asylum Seekers	Payments may be made to asylum seekers who have had their applications rejected and are no longer entitled to get assistance from the Council.	✓		
Children's Care Packages for Children with Special Educational Needs and Disabilities	Poor planning, management and monitoring of care packages could result in vulnerable clients not getting the support they need, or, getting more support than they need.	✓		
Education, Health & Care Plans	The Council may not have plans that support children with special educational needs so might not be compliant with the new legislation by the target date of 2018.	✓		
3 <sup>rd</sup> Sector Arrangements	Arrangements between the Council and the 3 <sup>rd</sup> (voluntary/ charity) sector may not result in VFM being achieved.		✓	
<b>Adults, Housing &amp; Health</b>				
Devolved Decision Making	A lack of transparency and clarity around the process for agreeing care packages could result in poor decision making and inappropriate use of resources.		✓	
Better Care Funding – CR2	If there are not appropriate financial arrangements around authorisation and payments, funds may not be spent appropriately.	✓		
Adult's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.		✓	
Provider Services – Collection of Residential Care Home Income	Poor controls around collection of income from clients' contributions to their care could result in financial loss to the Council.	✓		
Care Act	The Council may not take action to ensure changes to legislation have been implemented in a timely and appropriate manner.		✓	
Adult Care Packages (Mental Health)	Poor planning, management and monitoring of care packages by the South Essex Partnership Trust (SEPT) could result in vulnerable clients getting more/less support than they need.	✓	✓	
Extra Care	Poor controls around the payment of expenditure and collection of income for vulnerable adults may result in misappropriation of funds and financial loss to the clients.			✓
Primary Care Contracts – Sexual Health	If performance is not monitored and checked, clients may not get the level of service they are entitled to under the primary care contracts for sexual health.	✓		
Financial Top-ups	If appropriate and robust checking processes are not in place, funds may be allocated to persons not entitled to them.		✓	

Auditable Area	Risks	2017/18	2018/19	2019/20
Housing Allocations	Policies and procedures may not be followed which could lead to complaints about equality and the fairness around the assessment process and allocation of Council properties.			✓
Gas Safety Inspections	Council properties may not be inspected in accordance with legislation and/or policy.			✓
Electrical Safety Inspections	Council properties may not be inspected in accordance with legislation and/or policy.			✓
Disabled Facilities Grants	Grants may not be used in accordance with grant requirements.		✓	
Homelessness	New arrangements and changes to legislation mean that the Council might not be able to discharge its duties in respect of homelessness.		✓	
Leaseholder Charges	Charges made to leaseholders for services provided may not be reasonable or in line with guidance.		✓	
Responsive and Planned Maintenance	Contracts around repairs and maintenance and planned maintenance may not be managed resulting in residents not having quality housing available to them and costs escalating.	✓		
Transforming Homes	Contracts around Transforming Homes may not be managed resulting in residents not having quality housing available to them and costs escalating.	✓		
Asset Based Community Development	Residents may not maximise the opportunities to develop their communities and improve their quality of life.		✓	
Procurement & Provision of temporary accommodation	The arrangements to procure and provide temporary accommodation may not be robust and value for money might not be achieved.	✓		
Right to Buy	If correct procedures are not followed, incorrect discounts may be applied resulting in loss of income to the Council.		✓	
<b>Core assurance. Including areas where external audit may place reliance on our work</b>				
Adult Social Care Expenditure	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
Adult Social Care Income		✓	✓	✓
Housing Rents		✓	✓	✓
<b>Finance &amp; IT</b>				
Insurance	There could be an increase in claims due to ineffective monitoring and use of resources.	✓		
Risk Management	Failure to identify risk as part of the business planning cycle could lead to failure of the plans and reputational damage to the Council.	✓		
VAT	The Council may not be complying with relevant VAT legislation resulting in potential fines or penalties.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Corporate Purchase Cards	The use of Purchase Cards could result in staff ordering and paying for goods that are not appropriate resulting in a financial loss to the Council.		✓	
Core Protection and Appointee Team	Poor management and lack of controls could result in the assets of adults deemed to be financially incompetent under the Mental Capacity Act being misappropriated.		✓	
Welfare Reform – CR3	Changes to the amount and way in which benefits are paid could result in residents experiencing financial hardship which may impact on other services e.g. debt collection, homelessness etc.		✓	
Business Rates Retention	The administration of business rates may not be robust and accurate information may not be available resulting in a loss of income to the Council.		✓	
Cyber Security – CR22	The Council may not have an appropriate management control framework around its corporate information assets increasing the threat of service disruption through cyber security attacks.	✓		
Work to be agreed as part of Audit Needs Assessment process.	Suggested areas include SekChek's automated analysis quickly determines how a client's security controls compare against similar deployments using current, real world data, Physical and Environmental audit (Data centre) and Disaster Recovery – CR11.	✓	✓	✓
<b>Core assurance. Including areas where external audit may place reliance on our work</b>				
Oracle – General Ledger	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
Accounts Payable		✓	✓	✓
Accounts Receivable		✓	✓	✓
Council Tax		✓	✓	✓
National Non Domestic Rates		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management		✓		✓
Asset Register			✓	
<b>Procurement</b>				
Procurement – spend under £75K	Controls over smaller procurement spend may not be as robust as on larger contracts resulting in poor value for money.	✓		
Extensions to contracts of consultants	Value for money may not be achieved if contracts and the use of consultants are continually extended. The Council may also not be compliant with relevant HMRC and employment legislation or its own Constitution.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Stationery Contract	Identified that between April 16 and & Dec 16, approx. £14k spent with a stationery supplier who is not on the Council's list of stationery suppliers. Keep a watching brief to determine if spend continues to increase.	✓		
Extensions to contracts	If there are not robust processes in place to evidence and support decisions to extend contracts, the Council may not be compliant with relevant national and local procurement regulations.	✓		
Public Contract Regulations 2015	An audit of the Council's Procurement Regulations to ensure they include the necessary changes to meet the regulations.		✓	
<b>Environment &amp; Place</b>				
Community Safety	Non-compliance with section 17 of the Crime and Disorder Act relating to the Council's duty to consider crime and disorder implications may leave them open to legal challenge.		✓	
Gloriana Thurrock Ltd	Poor corporate governance, decision making and monitoring arrangements may result in Gloriana Thurrock Ltd, the Council's wholly owned housing company, not meeting their targets for new housing.	✓	✓	✓
Asset Management – Disposals & Acquisitions Follow up	Disposals and acquisitions may not be effectively managed resulting in loss of opportunities, funding and reputation.	✓		
Environmental Health (Pollution Control)	Poor environmental health processes could fail to identify and/or prevent pollution resulting in potential financial and reputational loss to the Council.		✓	
Health & Safety	Inadequate health and safety policies and procedures could result in an increase in incidents and accidents.			✓
Purfleet Regeneration Project	Failure to manage the project effectively could result in the Council failing to deliver on time and within budget which could have financial and reputational consequences.		✓	
Business Continuity – CR8	The Council may not be able to provide key/critical front line services in the event of an emergency or serious disruption.		✓	
Emergency Planning	The Council may not be able to react appropriately in the event of a disaster.	✓		
Bridge Maintenance	Ineffective Bridge Maintenance may result in expensive unplanned costs being incurred.			✓
Highways Reactive Maintenance – Requests & Responses	The Council may fail to maintain a dialogue with the residents reporting faults resulting in damage to the Council's reputation and a deteriorating local highways network.	✓		
Footway Crossings	There may not be robust arrangements around the application process, commissioning of contractors and inspection processes resulting in poor quality work, additional cost or work being undertaken without formal approval.	✓		

Auditable Area	Risks	2017/18	2018/19	2019/20
Building Control	The Building Control Service may not maintain a competitive place in the market and might not provide value for money.		✓	
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of income to the Council.	✓		
Garages	Arrangements' around the management of garages may not be robust leading to loss of income to the Council.			✓
Car Parking Service	Review of the processes for charging, collecting fines and writing off fines for on and off street parking.		✓	
Trading Standards	Non-compliance with statutory requirements in respect of Trading Standards might result in dissatisfaction amongst local residents.			✓
Street Services	The street cleaning service may not be improving leading to dissatisfaction among residents and damage to the Council's reputation.		✓	
Library Visits	The operational and financial management arrangements in Libraries may be inadequate which could result in poor budgetary control and misappropriation of funds.		✓	
Thurrock Registrar's Office	The Council may not comply with legislation resulting in increased external scrutiny by the Cabinet Office.			✓
Commercial Waste	New sales activity started May 16. Some invoices outstanding. Now actively seeking and winning new business. If processes are not robust, the Council may not be billing customers and getting in the income.	✓		
Street Market Activity	Arrangements' around street market activity may not be robust leading to unlicensed traders attending street markets and a loss of income to the Council.		✓	
Waste Disposal & Recycling Contracts – CR23	The process for awarding waste and recycling contracts may not be robust and in line with relevant procurement legislation and rules resulting in non-compliance and not achieving value for money.	✓		
<b>Legal</b>				
Traded Services with LBB and Brentwood Council's	The Council may not follow correct procedures resulting in loss of income.	✓		
Register of Interests, Gifts & Hospitality	Non-compliance with the Constitution and Code of Conduct may open the Council up to accusations of impropriety.	✓	✓	✓
Member's Allowances	Allowances may not be claimed or paid in accordance with the decision of the independent panel.		✓	
<b>Strategy, Communication and Customer Services</b>				
Performance Management (Data Quality)	Performance Management may not be embedded in the organisation resulting in poor performance, poor quality information and poor decision making.	✓	✓	✓

Auditable Area	Risks	2017/18	2018/19	2019/20
<b>Core assurance. Including areas where external audit may place reliance on our work</b>				
Cash & Banking	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓
<b>HR, OD &amp; Transformation</b>				
Sickness Management	Target levels set for sickness may not be achieved resulting in additional costs for agency workers.	✓		
Recruitment Process incl. Starters	If the process is not robust, fit for purpose and complied with, inappropriate persons may be employed.		✓	
HR Data Management	The hierarchy may not be promptly updated to reflect changes staffing, roles and responsibilities and/or authorisation levels resulting in inefficient use of resources.	✓		
Leavers Process	With the move to a Virtual Desktop Infrastructure (VDI), if staff leave and are not removed from the system, they may be able to continue to access Council systems, email etc. after they have left.			✓
Business User Allowance (BUA) and Business Travel	If processes are not robust, staff may be receiving BUA who are not entitled to it.	✓		
Overtime and Additional Hours	If processes are not robust, staff may receive payments which they are not entitled to.	✓		
Off Payroll Engagement (IR35)	The Council may not be identifying personal service companies (PSC's) so will not be making the appropriate tax and NI deductions from the invoice net of any material costs.	✓		
General Data Protection Regulations (GDPR)	A rolling programme of audits to cover the following: Preparation for the adoption of GDPR including arrangements around data storage (electronic and physical); confidentiality, integrity and availability of data; information governance; compliance with DPA and FOI; detection of data breaches and how they are dealt with and reported (internally and externally), organisational awareness and training; and data classification and management.	✓		
Geographic Information System (GIS)	If the Council does not have an up to date Local Land & Property Gazetteer and Local Street Gazetteer it may not be meeting its statutory responsibilities.			
<b>Core assurance. Including areas where external audit may place reliance on our work</b>				
Payroll	External audit want to be able to place reliance on testing undertaken by internal audit.	✓	✓	✓

Auditable Area	Risks	2017/18	2018/19	2019/20
<b>Other Internal Audit Activity</b>				
Follow up	To meet internal auditing standards, and provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Contingency	To allow additional reviews to be undertaken in agreement with the Standards & Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Standards &amp; Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the annual opinion.</li> <li>• Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group and Essex Audit &amp; Counter Fraud Group meetings.</li> <li>• Preparation of the Annual Governance Statement.</li> </ul>	✓	✓	✓

## Appendix C: Internal Audit Plan 2017/2018

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Internal Audit plan 2017/2018</b>			
<b>Corporate/Thematic Reviews</b>			
Contract Procedures	Procurement of contracts is in compliance with legislation and the Council's Constitution. The awarding of contracts is backed up by appropriate documentation and evidence.	Compliance	On-going
Duplicate Payment Testing	To ensure there processes in place to identify, prevent and recover duplicate payments in the accounts payable and payroll processes.	Assurance	On-going
Performance Development Reviews (PDR'S)	Review of the Council's PDR process to determine compliance with policies and procedures when carrying out the reviews, issuing a final score and managing performance.	Compliance	Jun 17
<b>Children's Services</b>			
Cyclical School Visit Programme	Cyclical school visits programme to review financial management arrangements.	System	On-going
Health & Safety in Schools	Management request to provide assurance that the Council are inspecting educational premises and complying with relevant legislation following concerns raised nationally around asbestos.	Assurance	Mar 18
Looked After Children's Funds	To review the financial arrangements around the funds that the Children's Services pay out to looked after children to ensure there are robust controls and the money is safeguarded.	Assurance	Oct 17
Supervised Contact	To review the Council's arrangements around supervised contact to ensure effective financial control over the arrangements with Oaktree Resource Centre.	Assurance	Feb 18
Troubled Families Programme	Checking of a sample of claims to determine if evidence is sufficient to confirm that the claims being submitted are appropriate and correct.	Advisory	On-going when claims are due.
Adolescent Social Work Team	Following restructure, management requested a review to ensure the service is operating effectively and there is evidence that the Social Impact Bond is resulting in improved outcomes and a reduction in cost and teenagers coming into care.	Assurance	Feb 18
Section 17 Payments to Children in Need	Management request to provide assurance that there is robust financial management around payments made to children in need as defined by Section 17 of the Children's Act 1989.	Assurance	May 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Home to School Transport	High cost area so management requested a review to look at the arrangements around provision and compliance with statutory responsibilities.	Assurance	Sept 17
Unaccompanied Asylum Seekers	Management request to determine that the Council are not paying for asylum seekers where they have applied and failed to gain asylum status.	Assurance	Sept 17
Children's Care Packages for Children with Special Educational Needs and Disabilities	Poor planning, management and monitoring of care packages could result in vulnerable clients receiving direct payments or personal budgets, not getting the support they need, or, getting more support than they need.	Assurance	Oct 17
Education, Health & Care Plans (EHCP).	Management request to provide assurance that the Council has plans in place that meet the new legislation and are on target to have them all in place by 2018 (this will be removed if the joint OFSTED/CQC SEND inspection takes place prior to Nov 17).	Assurance	Nov 17
<b>Adults, Housing &amp; Health</b>			
Better Care Funding	Review to ensure there are robust arrangements around the financial management and reporting arrangements.	Assurance	Oct 17
Provider Services – Collection of Income	Management concern that the process of collecting income owed for homecare, residential care and continuing healthcare are not robust and overly complicated.	Assurance	Apr 17
Adult Care Packages (Mental Health)	Planning, management and monitoring of care packages may not be robust resulting in vulnerable clients not getting the support they need, or, getting more support than they need.	Assurance	Dec 17
Primary Care Contracts - Sexual Health	If there is not a robust governance process in place around management and reporting arrangements, clients may not get the level of sexual health care they need or are entitled to.	Assurance	Jul 17
Responsive and Planned Maintenance	Significant area of spend which needs to be managed and monitored to ensure contractors are providing the required service and the Council is getting value for money.	Assurance	May 17
Transforming Homes	Significant area of spend which needs to be managed and monitored to ensure contractors are providing the required service and the Council is getting value for money.	Assurance	Jan 18
Procurement & Provision of temporary accommodation	Increasing area of spend so there is a need to review that the Council are getting the best value possible and looking at alternative provision.	Assurance	Sept 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Finance &amp; IT</b>			
Insurance	There should be robust processes around the identification, claims handling and monitoring processes for the administration of the Council's insurance arrangements and the service should provide value for money.	Assurance	May 17
Risk Management	A maturity review to consider the approach to risk appetite and identifying controls and assurances on key risks.	Advisory	Jun 17
VAT	Non-compliance with relevant legislation could result in the Council breaching HMRC rules and result in fines and penalties.	Assurance	May 17
Cyber Security	To assess the adequacy and effectiveness of the management control framework established and applied to the corporate information assets in order to mitigate the risk from common internet based threats (Cyber security attacks), within the context of HM Government 5 key steps to Cyber Security.	Compliance	April 17
IT Audit work TBA following audit needs assessment.	An ANA is to be carried out in 2017/18 to identify a work programme for IT audit work moving forward.	TBA	TBA once ANA completed
<b>Procurement</b>			
Procurement Spend under £75K Follow up	Review to determine that the recommendations made in the previous report have been implemented.	Follow up	Mar 18
Extensions to contracts of consultants	Senior management concerns raised around the practice of extending arrangements with consultants which could result in the Council being non-compliant with relevant legislation.	Assurance	May 17
Stationery Contract	Small piece of work to ensure that services are not ordering stationery through ad hoc suppliers but through the approved Council contract.	Compliance	May 17
Extensions to contracts	Management request to review that when extensions to contracts are awarded, there is sufficient evidence to support the decision and the wider implications have been taken into account.	Compliance	July 17
<b>Environment &amp; Place</b>			
Gloriana Thurrock Ltd	At the request of the Gloriana Board, a review to determine the robustness of the corporate governance, decision making and monitoring processes around the Council's newly formed, wholly owned housing company.	Assurance	Nov 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Asset Management – Disposals & Acquisitions Follow up	In line with the Internal Audit Protocol, a follow up review of the Red report issued in 2016/17.	Follow up	July 17
Emergency Planning	To ensure the Council meets its responsibilities under the Civil Contingencies Act 2004 in its role as a core responder in the event of an emergency.	Assurance	June 17
Highways Reactive Maintenance – Requests & Responses	New contractor from April 2017. Portfolio Holder concerned around the ease, accuracy and timeliness of reporting progress back to the requestor. Request by Head of Service to provide assurance that contractor is meeting expectations.	Assurance	Jan 18
Footway Crossings	The Policy is currently under review and likely to change. Therefore, a review of the new arrangements was requested.	Assurance	Feb 18
Shop Premises	Review undertaken in 2016/17 highlighted a number of issues. The new Head of Service requested that this area be revisited.	Follow up	Oct 17
Commercial Waste	New sales activity started May 16. Some invoices outstanding. Now actively seeking and winning new business. Assurance around processes to ensure that the Council are billing customers and getting in the income.	Assurance	Dec 17
Waste Disposal & Recycling Contracts	Corporate Risk 23. Higher value, longer term contracts provide an opportunity to reduce service costs but if not properly procured, managed and monitored, costs can escalate significantly and any added value be lost.	Assurance	Feb 18
<b>Legal</b>			
Traded Services with LBD and Brentwood Councils	Review to determine that the financing and recharging of the service is in line with the contractual arrangements.	Assurance	Mar 18
Register of Gifts, Interests & Hospitality	Annual review to confirm that Officers and members register interests, gifts and hospitality as required by Council procedures and codes of conduct.	Compliance	Aug 17
<b>Strategy, Communication &amp; Customer Services</b>			
Performance Management (Data Quality)	Sample testing of key performance indicators taken from the balanced scorecard, both national and local to verify accuracy of data.	Advisory	Aug 17
<b>HR, OD &amp; Transformation</b>			
Sickness Management	To ensure that the arrangements around sickness management, both long and short	Assurance	Dec 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
	term, are robust and managers monitor and manage sickness in line with the policy and the Council are meeting their KPI targets.		
HR Data Management	Management request to ensure the hierarchy is promptly updated to reflect changes in roles, responsibilities and/or authorisation limits.	Assurance	Jan 18
Business User Allowance and Business Travel Follow up	Following a review of Business User Allowance, management request that undertake sampling and challenge around interpretation of the rules for applying the allowance to individuals.	Compliance	Apr 17
Overtime & Additional Hours	Follow up of the recommendations made in the 16/17 report in line with the Audit Protocol.	Follow up	Oct 17
Off Payroll Engagement (IR35)	From April 2017, changes are being introduced for off-payroll engagements of workers who work through an intermediary such as their own limited company, in the public sector. There is a requirement for the Council to identify these individuals and determine whether the intermediary rules apply and tax and NI has to be deducted at source.	Assurance	Aug 17
General Data Protection Regulation (GDPR)	In October 16, it was confirmed that the UK would be adopting GDPR with effect from 25 <sup>th</sup> May 2018. It was agreed that a review of the Council's preparedness against the Information Commissioners guidance should be undertaken to identify potential gaps or pitfalls to the Council being compliant by the due date.	Assurance	July 17
Geographic Information System	Review of the Council's processes and procedures to ensure that the Council meets its statutory requirement to maintain an up to date Local Land & Property Gazetteer and Local Street Gazetteer (LLPG and LSG)	Assurance	Nov 17

Auditable Area	Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Core financial reviews to provide assurance to External Audit</b>			
Oracle – General Ledger	<ul style="list-style-type: none"> <li>• Reconciliation</li> <li>• Journals</li> <li>• Access arrangements</li> </ul>	System	Nov 17
Cash and Banking	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Banking arrangements</li> <li>• Cash Reconciliation</li> <li>• Authorisation process</li> <li>• Monthly bank reconciliations</li> <li>• Exceptions</li> </ul>	System	Sept 17
Accounts Payable	<ul style="list-style-type: none"> <li>• Ordering &amp; authorisation</li> <li>• Invoice matching</li> <li>• Separation of duties</li> <li>• Payment processing</li> <li>• BACS transfers</li> <li>• Reconciliation</li> </ul>	System	Jan 18
Accounts Receivable	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Write-offs</li> <li>• Recovery</li> <li>• Analysis</li> </ul>	System	Jan 18
Council Tax	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Billing</li> <li>• Collection &amp; Recovery</li> </ul>	System	April 2017 but reported as part of 16/17 annual report.
National Non Domestic Rates	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Billing</li> <li>• Collection &amp; Recovery</li> </ul>	System	April 2017 but reported as part of 16/17 annual report.
Housing Benefits	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Processing of forms</li> <li>• Entitlement checks</li> <li>• Reconciliation</li> <li>• Year-end balancing</li> </ul>	System	April 2017 but reported as part of 16/17 annual report.
Treasury Management	<ul style="list-style-type: none"> <li>• Payment runs</li> <li>• Reconciliation</li> </ul>	System	Jan 18
HR/Payroll	<ul style="list-style-type: none"> <li>• Starters/Leavers</li> <li>• Authorisation</li> <li>• System access</li> <li>• Amendments</li> <li>• Exception reporting</li> <li>• Reconciliation</li> <li>• Suspense accounts</li> </ul>	System	Oct 17
Adult Social Care Expenditure	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Ordering and Authorisation process</li> <li>• Monthly reconciliations</li> <li>• Exceptions</li> </ul>	System	Aug 17

Auditable Area	Internal Audit Coverage	Audit Approach	Proposed Timing
Adult Social Care Income	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Authorisation process</li> <li>• Write Offs</li> <li>• Recovery</li> <li>• Monthly reconciliations</li> </ul>	System	Aug 17
Housing Rents	<ul style="list-style-type: none"> <li>• Tenant checks</li> <li>• System access controls</li> <li>• Reconciliation</li> <li>• Calculations of payments</li> </ul>	System	Aug/Sept 17

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Other Internal Audit Activity</b>			
Contingency	To allow additional reviews to be undertaken in agreement with the Standards & Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year. Ad hoc project work for services in an advisory capacity.	N/A	As required
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	Ongoing
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Standards &amp; Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the Head of Internal Audit's Annual Report.</li> <li>• Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group, Essex Audit and County Chief Auditors Network meetings.</li> <li>• Preparation of the Annual Governance Statement</li> </ul>	N/A	Ongoing