Derby City Council
Audit Plan 2018-19

Audit Committee: 20th March 2018

Derby City Council

Derby City Council – Audit Plan 2018-19

Contents   Page

Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

Contacts

Adrian Manifold CMIIA, QIAL, CIA
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643281
adrian.manifold@centralmidlandsaudit.co.uk

Mandy Marples CPFA, CCIP
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643282
mandy.marples@centralmidlandsaudit.co.uk

Jacinta Fru BA(Hons); FCCA
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel: 01332 643283
Jacinta.fru@centralmidlandsaudit.co.uk

central midlands audit partnership

Providing Excellent Audit Services in the Public Sector

Derby City Council – Audit Plan 2018-19

Introduction

Reasons for an Audit Plan

The Public Sector Internal Audit Standards (PSIAS) state that annually the Chief Audit Executive is responsible for developing a risk-based plan, to enhance and protect the Council's value by providing a risk based and objective assurance, advice and insight.

A fundamental role of Internal Audit is to provide members and senior management with independent assurance on the organisation's overall control environment, comprising the systems of governance, risk management, and internal control and to highlight control weaknesses together with recommendations for improvement. The annual Audit Plan sets out proposals on how this will be achieved in the year ahead.

The Audit Plan must incorporate sufficient work to enable the Chief Audit Executive to give an opinion on the adequacy of the organisation's overall control environment. Internal Audit must therefore have sufficient resources to deliver the Audit Plan.

The audit work planned for 2018-19 will inform the Chief Audit Executive's opinion on the internal control environment that exists within the organisation. The Chief Audit Executive reports their overall opinion to the organisation's Board (i.e. the body carrying out the role of the organisation's Audit Committee) on an annual basis.

Approach to Audit Planning

In putting the plan together, we have considered the organisation's risk management arrangements to inform our risk assessment. We met with relevant senior managers to further understand the risk areas where internal audit assurance would be appropriate. The audit plan sets out the number of days required for Internal Audit to adequately review the areas involved and the planned audit assignments reflect areas assessed as medium and high risk.

The overriding objective of this approach is to ensure that the Chief Audit Executive is able to present an annual opinion on the organisation's overall control environment by directing adequate resources based on the relative risks of operations, resources and services involved

The audit plan balances the following requirements:

- The need to ensure the plan is completed in line with the agreed performance targets.

Derby City Council – Audit Plan 2018-19

- The need to ensure the core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control.
- The need to appropriately review both strategic risk and operational risk areas.
- The need to have a sufficient contingency element to deal with unplanned issues and investigations that arise during the year.
- To enable positive, timely input to assist corporate and service developments.
- To complement, where possible, the work of the organisation's external auditors.

Progress in completing the audit plan and proposed changes to the plan as well as any agreed performance targets will be submitted to the Audit Committee as part of regular Internal Audit Progress reports.

Content of the Audit Plan

Assurance - Direct Audit Work

This reflects work required to provide management with assurance across service areas and functions within the Council, following extensive consultation.

Key Financial Systems Audit - Much of internal audit's assurance work comes from the review of the risks and controls associated with the Council's financial systems. The consequences of these system processes going wrong could lead to service failure, fraud and wasted resources

Systems / Risk Based Audits - The auditor's prime role is to review the internal control system and report upon the adequacy of controls within risk areas/systems considered to be important for the Council's operations.

ICT Audits- IT systems are key for proper functioning of the Council and their management and security is paramount. Audit reviews provides assurance that IT Infrastructure network is protected from internet attacks, unauthorised or inappropriate access; IT Applications deployment and use ensure the applications and hosting servers are protected, designed and configured such that attackers cannot exploit vulnerabilities to gain unauthorised access; and IT assets are properly managed.

Governance & Ethics Reviews - The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled. Internal Audit undertakes reviews of key aspects of the

Derby City Council – Audit Plan 2018-19

Council's governance framework by looking at corporate systems such as Risk Management, Health & Safety, Data Quality, Anti–Fraud etc

Procurement/Contract Audit - Procurement involves the process of acquisition from third parties, and spans the whole life cycle from the initial concept (determining the need), through buying and delivery, to the end of a service contract.

Assurance - non Direct Audit Work

Internal Audit are regularly called upon to provide assurance on an adhoc basis on project development and to promote anti -fraud and anti -bribery best practice across the Council. Time has been allocated in the plan as follows, to cover for these activities:

Consultancy- On an ad-hoc basis, Internal Audit provides risk and control advice on issues throughout the Council. Also, not all audit work can be planned one year in advance. Accordingly, a contingency of days has been built into the Plan to address issues that occur during the year which Audit need to be aware of and assess the risk implications for the Council.

Anti Fraud and Corruption -Internal audit has an important role to play in promoting anti-fraud and anti-bribery best practice

Probity /Health-checks - Testing and monitoring systems through probity work and advising on change where it is needed adds to the effectiveness of systems in place to detect and prevent corrupt practices within the Council.

Follow-up Audits - Internal Audit is committed to ensuring that control improvements are achieved and all agreed actions are acted upon. Time has been allocated in the Plan, for tracking management responses, to ensure that agreed actions to audit recommendations are implemented or the status of all management's actions in respect of agreed audit recommendations are report upon to Committee.

Derby City Council – Audit Plan 2018-19

Audit Standard Controls

In undertaking audit reviews, the following key control categories will be considered in testing the effectiveness and robustness of the control environment across the Council.

Control categories with examples

Category	Examples	Control type	Examples
Segregation of duties Division of duties between the appointment and payment of staff		**Preventive** Segregation of duties, access controls, authorisation	
Organisational Budgets, performance targets and KPIs			
Authorisation Authority levels, spending limits, passwords and user ID		**Detective** Exception reports, reconciliations, control totals, error reports	
Personnel Recruitment and selection, staff appraisal procedures			
Supervision Day-to-day oversight of staff and physical activities		**Directive** Accounting manuals, documented procedures, training and supervision	
Physical Door entry systems, restricted access to files			
Accounting Control account and bank reconciliation		**Corrective** Error, incident and complaint handling. Virus isolation	
Management Team meetings and briefings, CRSA			

Non Assurance Audit Work

This incorporates management tasks, for managing delivery of quality audits, work servicing the relevant Audit Committee, Audit Risk Assessment & Planning as well as tasks that specific to delivery of Partnership requirements. This also reflects time for uncontrollable events – equipment failures; unforeseen meetings etc.

Brought Forward Jobs

A number of incomplete audits from the 2017/18 Audit Plan will need to be concluded in 2018-19 plan year. It is generally accepted practice that circa 10% of audits from the previous year will be brought forward into the new audit year and that equally 10% of the audit plan for the new year will be carried forward. Thus figures will remain fairly consistent from year to year and as such, related days are not included in the Plan.

Derby City Council – Audit Plan 2018-19

Detailed Audit Plan Proposal – see appendix A – brief scope

Derby City Council – Audit Plan 2018-19	Risk Rating	Plan Days
CORPORATE RESOURCES-ASSURANCE		
Grant Certification Work	**Mandatory**	30
Schools SFVS	**Mandatory**	70
Key Financial Systems -Treasury Management; Main Accounting; Payroll; Fixed Assets	**High**	70
Revenues & Benefits - Housing Benefits & Ctax support; Ctax; NDR; Creditors; Debtors	**High**	50
Procurement- Procurement Section monitoring; compliance with CPR; Capital contracts monitoring; Revenues Contract monitoring	**High**	60
Cash Management - Collections; Payments; Reconciliations	**High**	25
Risk Management - Embedding	**High**	15
Data Quality & Performance	**High**	15
Data Protection / GDPR	**High**	20
Election Services	**Medium**	15
Health & Safety - Contractors Policy	**Medium**	5
Document Management/Network printing	**Medium**	15
Asset Management - Asset Portfolio management	**Medium**	15
Corporate Resources-Assurance Total Days		**405**
IT AUDIT - ASSURANCE		
IT Governance- public facing webservers; IT assets disposals	**High**	20
IT Network Infrastructure Audits-Open text; backups; change manage	**High**	30
IT Applications-Civica; Iken; Confirm; Terminal 4	**High**	40
ISO certification	**High**	5
Local Information Software Support	**High**	10
IT Project Development		10
IT Audit - Assurance Total Days		**115**
COMMUNITIES & PLACE - Assurance		
Planning and Development Control- Planning Applications processing	**High**	10
Highways Maintenance - New Delivery Framework	**High**	20
Waste Disposal & Processing	**High**	20
Licensing- Taxi	**Medium**	20
Prevent Strategy -Modern Slavery	**Medium**	10
CCTV -CH Control room; Care Homes; Bus Station;Multi car parks	**Medium**	10
Regeneration Grants/Loans - Vetting prior to award of funds(EPM LTD)	**Medium**	15
Commercial Property -Leasehold management	**Medium**	15
Homelessness Reduction Act - Empty Homes Strategy	**Medium**	15
Communities & Place-Assurance Total Days		**135**
PEOPLE-Assurance		
Adults Commissioning - Contract performance framework	**High**	20
Shared Lives-Service Delivery & contractual arrangements monitoring	**Medium**	10
Local Area Co-Ordination - Impacts & outcomes	**Medium**	10
Schools Standards& Performance Monitoring	**Medium**	10
Social Care Field work- prevention & early intervention	**Medium**	10
Corporate Parenting -Personal Education Plan monitoring	**Medium**	10

CMAP
central midlands audit partnership

Derby City Council – Audit Plan 2018-19

Children Sexual Exploitation Prevention Strategy - monitoring of implementation	Medium	15
Childrens Commissioning - Contract performance framework	Medium	15
Public Health - Commissioning	Medium	15
Public Health consultancy- Health care services	Medium	15
People-Assurance Total Days		**130**
CONSULTANCY - Assurance		
Delivering differently -Transformation projects monitoring	25	
Project-Development -non IT	15	
Assurance Mapping - other assurance providers	15	
Follow ups	35	
Emerging Issues& advice	45	
Consultancy-Assurance Total Days		**135**
ANTI FRAUD & CORRUPTION-Assurance		
Investigation Contingencies	90	
Data Matching & NFI	55	
IT Forensics	20	
Corporate Fraud Support	20	
Anti Fraud/Corruption-Assurance Total Days		**185**
PROBITY/HEALTHCHECKS - Assurance		
Derby Live - Café Stock Controls	5	
Events - cash handling and stock controls	5	
Parks & Golf Courses -cash handling & stock controls	5	
Markeaton Park - cash handling & Stocks controls	5	
High value contracts-monitoring delivery	10	
Various others- see Plan Details	90	
Probity -Assurance Total Days Total Days		**120**
Derby City Council Total Assurance Days		**1225**
INTERNAL AUDIT MANAGEMENT Non Assurance		
Audit Planning	40	
Audit Committee - Training & Reports	30	
Assurance Framework Meeting	15	
External Review of Internal Audit / Transformation Project	25	
Internal Audit Management - Non Assurance Total Days		**110**
PARTNERSHIP MATTERS - Non Assurance		
IT Downtime	40	
Requirements of the Host	60	100
CMAP Partnership Reallocation		30
Partnership Matters - non Assurance Total Days		**130**
Total Non Assurance Days		**240**
		1465

Derby City Council – Audit Plan 2018-19

Appendix A – Brief scope of planned Audits

KEY FINANCIAL SYSTEMS

- Main Accounting - controls over systems interfaces with General Ledger Oracle - Housing, Payroll, Revenues system, Icon income
- Treasury Management - investment, borrowing, reporting
- Payroll - Attendance Management(First Care), Apprentice levy
- Fixed Assets - plants & equipment

REVENUES & BENEFITS

- Housing Benefits & Council Tax Support
- Council tax-debt monitoring
- Non Domestic Rates - Appeals
- Creditors
- Debtors-social care debts

PROCUREMENT

- Procurement Section monitoring
- Compliance with Contract Procedure Rules
- Capital contracts Monitoring
- Revenues Contracts Monitoring

CASH MANAGEMENT

- Car Parking Collections by 3rd Party
- Pay by Phone collections
- Petty Cash management
- Markets- collections by 3rd Party
- Council House kiosks

General Data Protection Regulations - Action Plan - Progress on implementation

Election Services - service management & spend monitoring

Document Management- controls over handling and storage of documents (deeds; verification docs)

Asset Management - management and recording of changes to asset portfolio

International Organisation for Standardisation certification - work for audit to achieve ISO 270001

Local information software support - cyber security risk assessments etc

IT Project Development - Audit input to development projects

Derby City Council – Audit Plan 2018-19

Planning and Development Control - Planning application processing, panel

Highways Maintenance - Controls over allocation of works to contractors within the new delivery framework

Waste Disposal - Review of management of project for Sinfin Landfill site

Taxi Licensing - review of robustness of new assessment framework

Prevent Strategy - Progress against Modern Slavery action plan

Closed-circuit television (CCTV) - controls over monitoring operations of CCTV at various Council sites- General Data Protections Regulation

Homelessness Reduction Act - empty house strategy - progress of work with private owners to bring empty houses back to use

Shared Lives - service delivery by contracted carers who are on payroll - monitoring arrangements & costs

Local Area Coordination - assessing impact of work and recording outcomes for individuals; work to increase social value

Schools Standards & Performance - impact of single improvement framework

Social Care Field Work - Prevention and Early intervention, compliance with procedures & documenting outcomes

Corporate Parenting Pep- monitoring of targets and associated funding relating to Looked After Children

Public Health Commissioning - per business Plan

Public Health Consultancy - Health care -per business Plan

Delivering Differently - review of robustness of controls over project delivery

Data Matching - matching of datasets from different systems for prevention and detection of fraud

IT Forensics - digital forensics analysis for

- recovery of deleted data
- review of user activity
- analysis of emails
- analysis of policy violations
- analysis for theft of data

Derby City Council – Audit Plan 2018-19

VARIOUS PROBITY WORK

- Subject Access Requests and freedom of information (SARs/FOI) response times
- Heritage Assets - physical verification
- Leases Finance v Operating
- Discretionary Housing payments
- Savings Plan achievement monitoring
- Corporate Pledges -achievement monitoring framework
- Debt Provision - validity
- Audit & Accounts Committee - self Assess evaluation/verification
- Cash Counts non leisure centre
- Schools - Governance support
- Payment Card Industry and Public Services Network (PCI/PSN) compliance checks
- Lone working arrangements
- Routine maintenance of physical assets
- Systems access controls management