



---

# Internal Audit Plan 2013-14

---

[www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk)

---

Internal Audit

First Floor, Westfields

Cheshire East Council

Sandbach CW11 1HZ

---



## Internal Audit Plan 2013/14

### 1 Introduction

- 1.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly.
- 1.2 The provision of assurance is, therefore, the primary role for internal audit. This role requires the Head of Internal Audit (HIA) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.3 A risk based Internal Audit plan is produced each year to ensure that:
  - the scale and breadth of activity is sufficient to allow the HIA to provide an independent and objective opinion to the Council on the control environment
  - audit activity focuses on areas where assurance is most needed

- 1.4 This document sets out Cheshire East Council's Internal Audit Plan for 2013/14.

### 2 Responsibilities and Objectives of Internal Audit

- 2.1 Internal Audit is an independent, objective assurance and consulting service designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 2.2 Internal Audit aims to:
 

*"deliver the risk-based audit plan in a professional, independent manner, to provide the organisation with an opinion on the level of assurance it can place on the internal control environment, and to make recommendation to improve it."* (Internal Audit Strategy)
- 2.3 The Council's response to audit activity should lead to the strengthening of the control environment.



## Internal Audit Plan 2013/14

### 3 Summary and Process

3.1 The Plan needs to be flexible to be able to reflect the changing risks and priorities of the organisation and recent experience has reinforced this. It is, therefore, presented at a summary level.

3.2 The Plan has been prepared by taking the following into account:

- Adequacy and outcomes of the Authority's risk management, performance management and other assurance processes.
- Internal Audit's own risk assessment.
- Cheshire East Three Year Plan 2013/2016.
- Preliminary consultation with key stakeholders (e.g. Corporate Management Team, External Audit, Internal Audit staff, Cheshire West and Chester Internal Audit).
- The resources available (see table below):

Audit Year	2013/14	2012/13
<b>Maximum Days</b>	<b>2400</b>	<b>2660</b>
Annual Leave	297	324
Bank Holidays	67	90
Estimated Sickness Leave	47	52
<b>Total Unavailable Working Days</b>	<b>411</b>	<b>466</b>
<b>Available Working Days</b>	<b>1989</b>	<b>2194</b>
Training	55	60
Management & Administration	269	294
Service Development	100	100
<b>Non Chargeable Sub Total</b>	<b>424</b>	<b>454</b>
<b>Chargeable Days</b>	<b>1565</b>	<b>1740</b>

3.3 The Plan will be further defined in the coming weeks, through the following:

- Outcomes from the Strategic Risk Management Process
- Outcomes from the Service Delivery Planning process i.e. key risks identified
- Outcomes from the Annual Governance Statement process



## Internal Audit Plan 2013/14

- Further consultation with key stakeholders (e.g. Heads of Service)

3.4 The detailed Audit Plan, when completed, will be shared with the Member/Officer group responsible for Audit.

### 4 Key Themes and Outputs

4.1 There are a number of key themes emerging within the 2013/14 Internal Audit Plan, including:

- Change programmes – impact on control environment
- Programme and Project Management
- Public Health
- Governance & Assurance Framework – new delivery models

4.2 The output from the plan fall into two main areas:

- **Assurance Audits** - On completion of the audit an opinion report is issued to management on the risks and controls of the area under review, building up to the

annual audit opinion on the control environment that is reported to the Audit and Governance Committee.

- **Consulting Services** - advisory in nature and are generally performed at the specific request of the organisation. The nature and scope of the consulting engagement should aim to improve governance, risk management and control and should contribute to the overall opinion.

4.3 The main areas of the plan that will deliver an opinion report on the risks and controls of the area under review and will inform the HIA annual Internal Audit Opinion include:

- Key Financial Systems including Shared Services
- Corporate Cross Cutting Systems
- Service Specific Systems
- Working with External Organisations
- Pro Active Anti Fraud – proactive testing of systems and processes



## Internal Audit Plan 2013/14

4.4 The main areas of the plan that will not deliver an opinion report but will help inform the HIA's Annual Internal Audit Opinion include:

- **Corporate Governance**
  - Support and contribution to production of the Annual Governance Statement (AGS)
  - Support and contribution to Update Reports to the Corporate Management Team from the Corporate Governance Group
  - Support to the production of Assurance Statements in support of the AGS from Heads of Service
- **Statutory Returns**
  - The Service may be required, as stipulation of funding or similar, to carry out an audit/give assurance on the programme/project or aspects, thereof, and report back to the statutory/funding body.
- **Anti Fraud & Corruption**
  - National Fraud Initiative – results are recorded on the Audit Commission secure website, update

reports presented to the Corporate Risk Management Group.

- **Follow Up**
  - Targeted follow up of audit recommendations based on audit opinion/recommendation rating resulting in a direction of travel report.
- **Consulting Services**
  - The exact nature and scope of any internal audit work, agreed in advance with the manager.

4.5 Other work that will not necessarily inform the annual HIA opinion includes:

- **Corporate Work**
  - Supporting the Audit and Governance Committee including production of reports
  - External Audit liaison
  - Support and contribution to Corporate Groups
  - Regional Collaboration
- **Anti Fraud and Corruption**
  - At the request of management, Internal Audit may assist with the investigation of suspected



## Internal Audit Plan 2013/14

fraud and corruption/reports made under the Council's Whistleblowing Policy

- Awareness raising
- Support and Production to Corporate Policies and Procedures

4.6 In addition, there are a number of developments and improvements to the service that the Internal Audit team has identified and the associated tasks and activities will be built into the planning process. In particular:

- From 1 April 2013 onwards, new Public Sector Internal Audit Standards will come into force. Once detailed guidance is published, all aspects of service delivery will be reassessed to ensure that there is proper migration to the new requirements and audit documentation will then be updated to reflect these revised obligations.

4.7 A Contingency figure has been included because it is recognised that the plan needs to be flexible to be able to reflect the changing risks and priorities of the Council. Significant matters that impact upon completion of the plan or require significant changes to it will be brought to the

attention of the Corporate Management Team and the Audit and Governance Committee.

### 5 Progress Reporting

5.1 During the year, Internal Audit will produce interim progress reports for the Audit and Governance Committee, detailing key issues arising from audits and progress made against the Audit Plan. Any significant matters affecting the delivery of the plan or requiring changes to the plan will also be reported to the Committee.

5.2 At the end of the year, an Annual Report is presented to the Audit and Governance Committee to provide assurance or otherwise on the effectiveness of the internal control framework of the Council. This will be based on the findings of the work carried out during the year.



## Internal Audit Plan 2013/14

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers/Risks</b>	<b>2013/14 Planned Audit Days</b>	<b>2013/14 Planned %</b>	<b>2012/13 Planned Audit Days</b>	<b>2012/13 Planned %</b>
<b>Chargeable Days</b>		<b>1565</b>		<b>1740</b>	
<b>Less: Corporate Work</b>		<b>110</b>		<b>100</b>	
<i>Includes:</i> Audit & Governance Committee - <i>Production of Committee reports, attendance at Committee, support and contribution to Member/Officer Groups</i> Corporate Groups - <i>Support and contribution to Finance Policy Development Group, Corporate Risk Management Group</i> External Audit - <i>Liaison with Grant Thornton</i> Regional collaboration - <i>Working together with CWaC, Halton, Warrington</i> Internal Audit	Statutory requirements/ Service improvement and development				
<b>Available Audit Days</b>		<b>1455</b>	<b>100%</b>	<b>1640</b>	<b>100%</b>
<b>Corporate Governance</b>		<b>60</b>	<b>4%</b>	<b>60</b>	<b>4%</b>
<i>Includes:</i> Annual Governance Statement - <i>Support and contribution to production of AGS, including member training and engagement</i> Corporate Governance Group and Sub Group - <i>Support and contribution to Governance groups and their work programmes</i>	Statutory requirements				
<b>Key Financial Systems</b>		<b>120</b>	<b>8%</b>	<b>100</b>	<b>6%</b>
<i>Includes:</i> Housing Benefits, Council Tax, NNDR, Cash Receipting, General Ledger, Treasury Management - <i>Focus on high risk areas and follow up of previous</i>	Risk of financial mis- statement in the				



## Internal Audit Plan 2013/14

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers/Risks</b>	<b>2013/14 Planned Audit Days</b>	<b>2013/14 Planned %</b>	<b>2012/13 Planned Audit Days</b>	<b>2012/13 Planned %</b>
<i>recommendations</i> NNDR - <i>Review of new arrangements</i> Council Tax Benefits - <i>Review of new localisation arrangements</i>	Authority's Financial Statements/ New arrangements				
<b>Shared Services (including Key Financial Systems)</b>		<b>115</b>	<b>8%</b>	<b>200</b>	<b>12%</b>
<i>Includes:</i> Payroll/Accounts Payable/Accounts Receivable - <i>Focus on high risk areas and follow up of previous recommendations</i> Separate Legal Entity ( <i>dependant on final SLE decision</i> ) - <i>Governance, agreements, roles and responsibilities, transitional arrangements etc.</i>	Risk of financial mis-statement in the Authority's Financial Statements/ Potential new SLE arrangements				
<b>Corporate Cross- Service</b>		<b>180</b>	<b>12%</b>	<b>200</b>	<b>12%</b>
<i>Includes:</i> Change Programmes – <i>Impact on control environment</i> Governance and Assurance Framework - <i>Review of Council's arrangements, including new delivery models</i> Programme and Project Management - <i>Review of corporate programme and project management arrangements and review of specific projects</i> Risk Management - <i>Review of arrangements</i> Contract Management - <i>Reviews of specific contracts</i> Insurance - <i>Review of arrangements surrounding the transfer of risk</i>	Key Corporate and Cross Service risks/ Organisational re-design				





## Internal Audit Plan 2013/14

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers/Risks</b>	<b>2013/14 Planned Audit Days</b>	<b>2013/14 Planned %</b>	<b>2012/13 Planned Audit Days</b>	<b>2012/13 Planned %</b>
Procurement follow up - <i>Review of implementation of 12/13 recommendations</i> Delegated Decisions and Non Compliances - <i>Review of process</i> Declarations of Interest and Third Party Disclosures - <i>Review of process</i>					
<b>Children, Families and Adults</b>		<b>240</b>	<b>17%</b>	<b>300</b>	<b>18%</b>
<i>Includes:</i> Care Management - <i>Review of end to end process from initial contact to the provision of the service</i> External Provider Contracts - <i>Adult Residential Care inspection and monitoring arrangements</i> Adult Financials - <i>New system</i> Direct Payments - <i>Allocation of Personal Budgets</i> Client Finance - <i>Review of new arrangements for appointeeships/deputyships.</i> Children's Placements - <i>External Provider Contracts</i> Schools Financial Value Standard (SFVS) - <i>Schools visits reviewing robustness of self assessments</i> Establishment visits - <i>Various, based on risk and coverage to date</i>	Key Departmental and Service Risks				
<b>Public Health</b>		<b>40</b>	<b>3%</b>	<b>-</b>	<b>-</b>
<i>Includes:</i> <i>Review of public health commissioned services or commissioning arrangements</i>	New functions				
<b>Places and Organisational Capacity</b>		<b>120</b>	<b>8%</b>	<b>140</b>	<b>9%</b>
<i>Includes:</i>					



## Internal Audit Plan 2013/14

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers/Risks</b>	<b>2013/14 Planned Audit Days</b>	<b>2013/14 Planned %</b>	<b>2012/13 Planned Audit Days</b>	<b>2012/13 Planned %</b>
Programme and Project Management - <i>Review of Directorate programme and project management arrangements</i> Planning - <i>Review of process, including income collection arrangements</i> Highways Contracts - <i>Review of arrangements and specific contracts</i> Waste Contracts - <i>Review of arrangements and specific contracts</i> Corporate Landlord - <i>Review of Property Management function and Corporate Landlord approach</i> Carbon Reduction - <i>Compliance with Carbon Reduction Commitment (CRC)</i> Energy Efficiency Scheme	Key Departmental and Service Risks				
<b>Working with External Organisations</b>		<b>50</b>	<b>4%</b>	<b>50</b>	<b>3%</b>
<i>Includes:</i> Superfast Broadband - <i>Review of arrangements and statutory return</i> Growing Places Fund - <i>Review of arrangements and statutory return</i> Local Transport Body - <i>Review of arrangements</i>	CEC as Accountable Body/Host Authority				
<b>Anti Fraud and Corruption</b>		<b>180</b>	<b>12%</b>	<b>200</b>	<b>12%</b>
<i>Includes:</i> General Policy & Procedure - <i>Review and development of existing and new policy and procedures</i> Whistleblowing - <i>Awareness raising</i> National Fraud Initiative - <i>Participation in annual NFI exercise</i> Proactive anti-fraud - <i>Review of Expenses, Data matching etc.</i>	Statutory requirement (NFI)/ Fraud trends				



## Internal Audit Plan 2013/14

Audit Theme/Area <i>Identified Key Areas</i>	Drivers/Risks	2013/14 Planned Audit Days	2013/14 Planned %	2012/13 Planned Audit Days	2012/13 Planned %
Reactive investigation - <i>Undertaken after appropriate risk assessment</i>					
<b>Other Areas</b>		<b>330</b>	<b>23%</b>	<b>390</b>	<b>24%</b>
Consultancy and advice - <i>Nature and scope will be agreed with client/service</i>	Add value and improve Council's governance, risk management and control processes	100	7%	150	9%
Contingency - <i>Reactive work arising in year</i>	Flexibility to Council's changing needs	190	13%	200	12%
Follow up - <i>In line with Follow Up Policy</i>	Targeted follow up of audit recommendations	40	3%	40	3%
<b>External Work</b>		<b>20</b>	<b>1%</b>	-	-
PATROL - <i>Annual Internal Audit and assurance work</i>	CEC is host authority				
<b>Total Audit Days</b>		<b>1455</b>	<b>100%</b>	<b>1640</b>	<b>100%</b>