INTERNAL AUDIT PLAN 2010/11

LEAD OFFICER:	Julie Crellin, Head of Finance & MIS
REPORT AUTHOR:	Marilyn Robinson, Audit & Fraud Prevention Manager
Summary:	This report sets out the Audit Plan for 2010/11, based on the anticipated resources available under the proposed internal audit shared service arrangement.
Recommendation:	That Members approve the draft Internal Audit Plan and note the intention to update the Audit Plan once the Shared Service structure is implemented.
Resource Implications:	The proposed Audit Plan is within the audit budget of £123,232, provided ear-marked funding is used to buy in specialized computer audit. [Estimate of £5,000].
Key Decision Status:	None

1.0 INTRODUCTION

1.1 The Accounts and Audit Regulations 2003 (as updated by the 2006 Regulations) require that the Council maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control, conducted in accordance with the proper internal audit practices. This audit plan will form the basis of internal audit's annual report on the system of internal control.

1.2 The principal role of Internal Audit is to assist the statutory s.151 officer in carrying out his/her duties and to provide a service to Members and all levels of management in ensuring that arrangements are in place to carry out the Council's business securely and efficiently. The Audit Plan is also designed to meet the requirements of the external auditor, as set out in the Audit Commission's Internal Audit Protocol. Internal Audit will review the financial and business systems, in order to evaluate and report upon the adequacy of internal control, as a contribution to the proper, economic, efficient and effective use of resources. The Audit Strategy is outlined at Appendix A.

2.0   AUDIT RESOURCES

2.1   2010/11 is expected to see the establishment of a shared internal audit service with Cumbria County Council and Carlisle City Council. Each Council will still prepare a separate audit plan, approved by its own Audit Committee. This Audit Plan focuses on the provision of internal audit for Copeland Borough Council and is based on staffing resources which will include an Audit Manager (50%), 1 Principal Auditor, 1 Senior Auditor and 1 Auditor. However, given the draft implementation timetable, it may be that it takes some months to fill the current vacant post. The plan has been resourced on this assumption. The draft Plan indicates that 72% of the auditable risk areas, by risk score, will be covered and this is in keeping with acceptable practice. All the main financial systems are included in the Audit Plan and this complies with Audit Commission expectations. Other areas will be covered on a cyclical basis.

2.2   We and the County Council's Internal Audit function are keen to ensure that permanent recruitment to this vacancy is progressed early in 2010/11. Preparations are being made to standardise and agree the job profile and the post will be advertised by the Shared Service, once the legal agreement has been signed in June. Once staffing resources are in place, the 2010/11 Audit Plan will be reviewed and additional work will be undertaken – in line with the prioritization of audits already established as part of the risk management exercise and reported as Appendix D of this report.   It is also the intention to review the Audit Plan resources in the second half of the year, to ensure the audit budget is being fully utilized and audit coverage is maximized.

2.3   It is proposed to use earmarked funding, arising from audit staff vacancies in previous financial years, to buy in specialist computer audit work. These reserves have been designated for this purpose.

3.0   RISK BASED APPROACH TO AUDIT

3.1   The Audit Plan, attached as Appendix B, is revised on an annual basis following a risk assessment exercise and takes into account progress made in the previous year and any comments from Corporate Team and Management Group.

3.2   Whilst management is focused on managing the key strategic and operational risks to achieving objectives, Internal Audit seeks to give assurance on other risks arising over:-

- the reliability and integrity of operational and financial information;
- the safe-keeping of financial and non-financial assets;
- projects, systems development and change; and
- compliance with relevant legislation.

3.3 A risk assessment sheet is completed for each Service Unit's activities, taking into account the type of risk involved in that kind of activity, what we know about it from previous audits and if management have indicated any changes to systems in the coming year. [Example at Appendix C]. This risk score is then transferred to a summary worksheet, which sorts the scores in order of the highest risk. Audit days needed are estimated in the light of previous audit experience. Allowance is made for the main financial systems audits and other audit activities which must be carried out every year because the expenditure or income involved is of a material nature. The remaining days available are then allocated to audits with the highest risk scores. If there are insufficient audit days available, the lowest risk activities will be deferred. A copy of the risk assessment summary is shown at Appendix D. Any new information is built into the risk assessment exercise at the end of every year.

3.4 We undertake annual audits of the 12 main financial systems in order to give an assurance as to the controls and integrity of the data which feed into the annual budget and the Statement of Accounts:-

Loans & Investments	Payroll
Benefits	Capital Accounting
Sundry Debtors	Council Tax
Creditors	Cash Receipting
Main Accounting System	National Non Domestic Rates
Budgetary Process	Final Accounts Process

3.5 The expenditure on Concessionary Travel is a material amount. The Council administers Senior Citizen (Over 60's) railcards, travel vouchers (for the over 60's and the disabled) to use with taxis or trains [discretionary scheme] but only authorises bus travel passes (the NoWcard) to be issued to those eligible. The bus passes are issued by NoWcard and payment to the operator for the use of bus passes is handled, on the Council's behalf, by Lancashire County Council, who then seek reimbursement from the Council. Internal Audit will audit the issue of travel vouchers, railcards and the authorisation of bus passes and reimbursement of expenditure to Lancashire County Council (via our Creditors system) but reliance will have to be placed upon Lancashire County Council's auditors to audit the system of payment for the use of bus passes. Lancashire County Council's auditors have provided a copy of their most recent audit report.

3.6 Annual provision for the following is also included in the audit plan:-
- IT audit
- Capital Programme / Contract Management
- Systems for grant claims
- Housing Renewal Grants
- Compliance with the Code of Corporate Governance
- Implementation of new software systems
- Risk Management arrangements

3.7 The IT audit strategy is designed to achieve audit coverage of IT activity to comply with CIPFA computer audit guidelines, with particular emphasis on information security. The technical element of these IT audits will be carried out initially by buying in the services of a specialised computer auditor. Computer audit is also included as part of the systems audits, as well as the specific IT audit included in the Plan. Computer audit tests will be undertaken using IDEA audit software.

3.9 Proactive counter-fraud work is detailed in the Counter-Fraud Audit Plan at Appendix E. Systems work will include a review of controls relating to the prevention and detection of fraud and corruption. Investigations will be undertaken as the need arises, in line with the Anti-Fraud and Corruption Strategy (revised November 2009).

3.10 There have been no areas identified for specific value for money reviews. Service reviews are now carried out as part of the budget build process. The Process Improvement Team also undertake specific projects to improve service delivery. Audit assistance can be given if requested. Value for money work will be developed in the longer term, as part of the shared service arrangement.

3.11 2010/11 will be a challenging year for Copeland Borough Council, as it revises its Corporate Plan to reflect (expected) reduced government grant support. Reviewing the Audit Plan in the second half of the year will provide an opportunity to update the risk assessment, as appropriate to the management arrangements emerging at that time.

4.0 MONITORING AND REPORTING

4.1 Progress against the plan will be monitored and reported on a quarterly basis to the Audit Committee.

List of Appendices:
Appendix A – Audit Strategy
Appendix B - Internal Audit Plan
Appendix C - Example of Risk Assessment Sheet
Appendix D - Risk Assessment Summary
Appendix E -   Counter-Fraud Audit Plan

List of Background Documents: None

Officers Consulted: Corporate Team, Management Group

Circulated for information to: Audit Committee Chairman, External Auditor,
Head of Financial Strategy – Cumbria County Council

AUDIT STRATEGY – KEY OBJECTIVES

GENERAL
- Provide an effective internal audit service consistent with the CIPFA Code of Practice for Internal Audit in Local Government and the Accounts and Audit Regulations, including the requirement for an annual review of the Effectiveness of Internal Audit.   - Prepare an audit plan based on risk assessment.   - Promote best practice through advice and guidance.

AUDIT COMMITTEE
- Produce quarterly reports on audit work, highlighting the key findings and progress on key recommendations.   - Produce an annual report, providing an opinion on the Council's internal control and governance systems.   - Support the Audit Committee to provide an effective challenge across the Council and independent assurance on risk management arrangements and the internal control environment, through preparation of reports and learning and development activities.   - Agree an audit plan and report on progress against the plan, including the follow up of key audit recommendations.

CORPORATE LEVEL
- Ensure internal audit work takes into account the Council's corporate objectives and strategic risks   - Audit key financial systems annually and provide assurance on the level of internal controls   - Review information security arrangements   - Review risk management and business continuity arrangements   - Review procurement arrangements   - Review the systems for collection and reporting of National Indicators, in consultation with the Policy & Performance team.   - Review partnership arrangements for significant partnerships   - Carry out an annual review of compliance with the Code of Corporate Governance, identifying any actions for improvement   - Contribute to / review the process of the preparation of the Annual Governance Statement   - Lead on the anti-fraud and corruption strategy: raising awareness, providing advice and undertaking investigations where appropriate.   - Carry out ad hoc reviews requested by Members / Management, where resources permit.

SERVICE LEVEL
- Audit operational systems on a risk-based, cyclical basis to check compliance with regulations / best practice   - Review arrangements for contract management   - Review the implementation / development of new IT systems   - Provide audit guidance on an ad hoc basis.

Audit Area	Why is this important?	Brief Scope
CORPORATE		
Corporate Governance	Underpins the delivery of the Council's key objectives – includes risk management, financial management, performance management and standards for Members and employees.	Review compliance with Code of Corporate Governance, noting implementation of previous recommendations and identifying any further areas for action. Includes an update on previously established arrangements / revisions to Constitution.
Partnership arrangements	Given the pressures on capacity, partnership working is becoming increasingly important to delivering key corporate objectives.	Review of partnership register, protocols / governance arrangements for a sample of significant partnerships as identified by partnership evaluation framework, in line with Audit Commission best practice.
Risk Management arrangements	Link to good governance and Use of Resources assessment.	Review risk management framework. Appropriateness of risk registers given Corporate Improvement Plan and departmental service plans. Adequacy of monitoring / reporting arrangements.
ACCOUNTANCY		
Loans & Investments	Treasury management - a high risk area - movement of funds and the need to secure the best rate of interest. Has performed well but will face increased pressure with reduced government funding available and reduced reserves available for investment.	Review policies & procedures / staffing. Key controls re risk management, management of cash flow. Fraud prevention / detection controls. Reconciliation to financial ledger. Reporting to Members.
Main Accounting System	Underpins the production of the statutory accounts. Need to ensure integrity of the data.	Review security of system and key controls over feeder systems, journals, reconciliation of control accounts, clearance of suspense accounts.

Audit Area	Why is this important?	Brief Scope
Budget Process/ Budgetary Control	Fundamental to delivery of services with good financial control. Increasing difficulty in establishing a balanced budget. Essential to achieve the "at standard" level of Use of Resources assessment.	Review corporate process and ensure it is in line with constitutional arrangements and with the financial management guidelines provided by the S.151 officer. Confirm robust process, based upon realistic assumptions. Ensure approved budget reconciled to budget as per financial ledger. Confirm robust budget monitoring process in place throughout the year to deliver corporate objectives, control significant over/underspends.
Final Accounts Process	Adherance to a clear timetable, including detailed tasks and responsibilities is essential to meeting the statutory deadline for the production of the Statement of Accounts. Essential to achieve the "at standard" level of Use of Resources assessment.	High level review of timetable, how progress is monitored against timetable, adequacy of working papers, quality checks undertaken. Reporting to Audit Committee.
Capital Accounting / Fixed Asset Register	High risk area. Contributes to compilation of statutory Accounts. 2007/08 Accounts had material errors. New Asset Register software introduced March 2010.	Review key controls governing maintenance of Asset Register, including verification of opening balance entries to 31st March 2009 position. Sample check - classification of assets / asset life / depreciation / impairment/revaluation / accounting entries on financial ledger.
Creditors	High risk due to high volume and value of transactions. Need to control purchasing with pressure on budgets. Potential fraud area.	Review key controls re corporate purchasing/payment of creditor invoices/credit notes, fraud prevention/detection controls. Controls re monitoring aggregation/compliance with Contract Standing Orders. Reconciliation with financial ledger.

Audit Area	Why is this important?	Brief Scope
Sundry Debtors	High risk due to high volume and value of transactions. Pressure on budgets if debts have to be written off.	Review key controls re corporate debtors system, raising of invoices/credit notes, debt collection, recovery arrangements, write-offs, reconciliation with financial ledger, clearance of suspense accounts.
Capital Programme management	High risk due to high volume and value of transactions and to devolved nature of project management. Historically, failed to deliver planned programme on time. Contributes to Use of Resources assessment.	Review key controls re centralised monitoring / reporting on progress against capital programme and identifying corrective action needed to keep programme on time and within budget.
Grants Protocol / Procedures	High risk due to value of transactions and devolved nature of project management. Risk that external grant funding could be clawed back if terms and conditions of offer not complied with.	Review of controls in place to ensure compliance with external grant offers' terms and conditions.
REVENUES & BENEFITS		
Council Tax	High risk due to high volume and value of transactions and susceptibility to fraud re discounts. Material to the Statement of Accounts.	Review key controls re registration and maintenance of accounts, raising of bills, posting of payments, debt collection / recovery arrangements, transfers / write-offs, reconciliation with financial ledger, clearance of suspense accounts.
National Non Domestic Rates	High risk due to high volume and value of transactions and susceptibility to fraud re discounts. Material to the Statement of Accounts.	Review key controls re registration and maintenance of accounts, raising of bills, posting of payments, debt collection / recovery arrangements, transfers / write-offs, reconciliation with financial ledger, clearance of suspense accounts.

Audit Area	Why is this important?	Brief Scope
Benefits	High risk due to high volume and value of transactions and susceptibility to fraud. Material to the Statement of Accounts.	Review key controls re applications, maintenance of accounts, calculation of benefit, management of overpayments / recovery arrangements, write-offs, appeals, reconciliation with financial ledger, clearance of suspense accounts, counter-fraud arrangements.
Revenues & Benefits new document image processing (DIP) system	High risk. Underpins the administration of 3 key financial systems - Benefits, Council Tax, NNDR systems. To be introduced in 2010/11.	Review of implementation controls, including any data conversion from previous system, adequate testing of functionality, staff training, integration with the Benefits, Council Tax and NNDR systems.
CUSTOMER SERVICES		
Cash Receipting / Banking	High risk due to high volume and value of transactions and susceptibility of cash to fraud/theft.	Review procedures re corporate cash receipting system, interface with financial ledger, clearance of suspense accounts, reconciliation to bank statements.
Concessionary Travel	Material value of transactions arising from concessionary travel scheme. Risk of fraud.	Review process for approval of applications, sample-based verification of eligibility. Check accuracy of approvals recorded. Check payments made to Lancashire County Council are authorised.
HOUSING STRATEGY		
Home Renewal Grants / Loans	Material value of transactions arising from Home Renewal Policy. Risk of fraud. Policy under review as at March 2010.	Review Policy / procedures. Sample-based check of grants / loans awarded re eligibility, accuracy of calculations, authorised payments, accurate recording, monitoring and reporting.

Audit Area	Why is this important?	Brief Scope
HUMAN RESOURCES		
Payroll	High risk due to high volume and value of transactions and susceptibility to fraud. Increased risk with turnover of staff.	Key processing controls, including system security, authorisation of changes to base data, output controls, reconciliation to HR independent records, reconciliation to financial ledger, fraud prevention/detection controls.
Human Resource Management /Recruitment	Weakness identified in Use of Resources 2009 re workforce planning. Recruitment – risk of fraud.	Review workforce planning arrangements. Review controls in place re recruitment.
Sickness management	Performance Indicators show deterioration in 2009/10. Risk to capacity to deliver key objectives.	Review sickness management procedures.
General tax issues	Need to meet statutory obligations for deductions / reporting.	Review procedures for statutory deductions / reporting. Test on sample basis.
IT		
Network controls/ IT & Information Security	High risk to security of corporate / departmental data and essential to business continuity.	External review by specialist computer auditor to Security Standard and Government Connect requirements.
DEVELOPMENT STRATEGY		
Economic Development project management	High risk due to high volume and value of transactions and to devolved nature of project management. Potential risk with loss of key staff. Contributes to Use of Resources assessment.	Review key controls re project management and how these feed into centralised management of capital programme.

Audit Area	Why is this important?	Brief Scope
DEVELOPMENT OPERATIONS		
Asset Management	High Risk area. Identifed as a weakness in Use of Resources 2009 assessment. Revised Asset Management Plan due March 2010.	Review of Asset Management Plan in line with CIPFA best practice guidelines. Assess data consistency with Fixed Asset Register.
Procurement arrangements	Contributes to Use of Resources and good governance. Critical to making best use of limited resources. New Procurement Strategy approved February 2010. New Purchasing system, with improved procurement data, rolled out in 2009/10. [Computer auditor carried out application audit].	Follow up of Purchasing system audit recommendations made in February 2010. Review new Strategy against best practice. Sample test for compliance.
Development Control	Business critical system. New software introduced December 2009.	Review key controls re processing and recording planning applications. Review management information available for performance reporting.
LEISURE & ENVIRONMENTAL SERVICES		
Health & Safety arrangements	Statutory requirements to be met. New Health & Safety Officer appointed 2009/10. Procedures being reviewed.	Review Health & Safety arrangements in line with best practice guidance.
Leisure – client side	Material expenditure. Leisure Trust has been outsourced since 2006. Since then have relied on Internal Control Assurance Statement provided by their auditors. No audit undertaken re performance management.	Review of client-side contract management arrangements.

Audit Area	Why is this important?	Brief Scope
Parks & Open Spaces / Landscape management	Material area of expenditure. Some external contracts undertaken. Risk that these could be uneconomic. Not previously audited.	Review of contract management arrangements.
Car Parks income collection	Material income. Previously collection arrangements in-house and audited as part of the cash receipting audit. Collection and banking to be outsourced from April 2010. Risk of fraud/theft/ delays in cashflow.	Review contract arrangements and client-side monitoring arrangements. Test sample of collections to ensure complete and prompt banking. Ensure reconciliation of takings undertaken.

COPELAND BOROUGH COUNCIL - AUDIT SERVICES
SYSTEMS AUDIT RISK ANALYSIS
SHEET NR.   **12**

SYSTEM: **National Non Domestic Rates**

                                                                    0 = VERY LOW RISK
DATE   **17 February 2010**   **3 = VERY HIGH RISK**

	SCORE	WEIGHTING	TOTAL	NOTES
1 INHERENT RISK				
Is the system…				
-high value/material	3	3	9	
- identified on risk register	3	3	9	Implement Shared Service April 10
-susceptible to				
*fraud/corruption/theft/error	2	2	4	
-complex, including high value transaction volumes	3	1	3	
-relates to service plan priority/business critical	3	1	3	
TOTAL INHERENT RISK SCORE			**28**	
TOTAL MAXIMUM SCORE			**30**	
2 CONTROL RISK				
At the last audit…				
-internal control level	0	3	0	
-Grade 1/Grade2 recommendations implemented	0	1	0	
-established or new/changed system/staffing	3	1	3	Shared service staff inputting
-Any other inspection outcome	1	1	1	
TOTAL CONTROL RISK SCORE		6	4	
TOTAL MAXIMUM SCORE			18	
TOTAL RISK			**32.000**	

Add here a brief description of what this audit will include (mini scope/overview)

Review key controls re registration and maintenance of accounts, raising of bills, posting of payments, debt collection / recovery arrangements, transfers / write-offs, reconciliation with financial ledger, clearance of suspense accounts.

Enter scores 0-3 in column F
Maximum assessed risk is 48   8
Minimum assessed risk is 0

RISK ASSESSMENT SHEETS - INDEX   2010/11

Sheet Nr.	System	Weighted Score	Audit Days	Notes		
	Main Financial Systems [Audited annually]					
3	Housing Benefits/Council Tax Benefits	35.00	35	Material audit - annual		
1	Main Accounting	33.00	20	Material audit - annual		
10	Budget Process/Budgetary Control	33.00	10	Material audit - annual		
19	Concessionary Travel	33.00	15	Material audit - annual		
12	NNDR	32.00	15	Material audit - annual		
2	Council Tax	31.00	20	Material audit - annual		
14	Capital Accounting / Fixed Asset Register	31.00	20	Material audit - annual		
72	Improvement Grants / Home Repair Assistance /Disabled Facilities Grants	30.00	30	Material audit - annual		
9	Final Accounts Process	28.00	8	Material audit - annual		
7	Loans & Investments	26.00	10	Material audit - annual		
11	Sundry Debtors	26.00	18	Material audit - annual		
4	Creditors	25.00	18	Material audit - annual		
13	Cash Receipting	24.00	16	Material audit - annual		
5	Payroll	23.00	25	Material audit - annual		
83	Corporate Governance	23.00	12	Contributes to AGS - annual [includes 6 b/fwd]		
			272		**272**	
	Other Systems:					
37	Economic Devt. Projects	43.00	18	Audited 2009/10		
87	Partnerships	41.00	18	**NEVER AUDITED**		
39	IT Network Controls / IT Security	40.00	5	Audited 2009/10 **Plus 10 days "bought in"**		
69	Project / Contract Management	39.00	12	Audited 2009/10		
32	Asset Management	39.00	12	**NEVER AUDITED - AMP revision due March**		
35	Health & Safety	35.00	10	**NEVER AUDITED**		
33	Human Resource Management including Recruitment	35.00	15	**NEVER AUDITED**		
47	Leisure - Client-side	34.00	8	**NEVER AUDITED**		
90	Sickness	34.00	10	Audited 03/04 Follow up 04/05		
79	Procurement Arrangements	34.00	11	**Revised Strategy - February 2010**		
31	Parks & Open Spaces/Landscape Mgt/Contracts	31.00	12	**NEVER AUDITED**		
53	Grants Protocol / Procedures	31.00	10	Audited 2009/10		
24	Development Control	30.00	15	**New System 2009/10**		
78	General Tax Issues	28.00	10	**NOT AUDITED SINCE 2000**		
49	Car Parks Income	28.00	8	**Collection outsourced for 2010/11**		
45	Systems Development/Implementation Controls	27.00	30	**Revs & Bens DIP, CRM, website devts**		
26	Risk Management Arrangements	27.00	10	Systems not audited since 2007/08	**214**	**2010/11**
16	Building Control	26.00		Audited in 2009/10 [new software system]		
62	Insurance	26.00		**NOT AUDITED SINCE 2001**		
59	Travel & Subsistence	25.00		Audited 05/06		
36	VAT	24.00		Audited 02/03. HMRC reviewed in March 2010		
57	Beacon Establishment Audit	24.00		Cash, Banking,stock control [Cash/Bank 08/09]		

Sheet Nr.	System	Weighted Score	Audit Days	Notes
29	Enforcement	23.00		New software - audited 07/08
46	Pre-Contract Audit	23.00		Audited 2009/10
63	Acquisition of Hardware/Software	23.00		Audited 04/05
56	Licensing	22.00		Audited 06/07. Review of Policy due 2010/11
70	Record of Interests, Gifts and Hospitality	22.00		Audited 03/04
86	Leased Transport	22.00		Audited 2009/10
25	Homelessness	21.00		**NEVER AUDITED.**Included in Housing Inspection
17	Commerical / Bulky Waste Colllection Income	21.00		**NEVER AUDITED**
22	Private Finance Initiative	21.00		Audited 05/06
42	Electoral Registration	21.00		**NOT AUDITED SINCE 2000**
60	Land Charges	21.00		**NOT AUDITED SINCE 2000**
84	Postal Remittances	21.00		Audited as part of cash receipting annually
52	Production of Contract Documents	21.00		Audit & follow up 2003.
66	Street Scene	20.00		**NEVER AUDITED**
28	Cem & Crem	20.00		Audited 2006/07 - Bereavement Services
41	Election Administration	20.00		European audited 09/10. Parliamentary 10/11
64	Emergency Planning	20.00		**NOT AUDITED SINCE 2000**
68	Beacon Museum Collection	20.00		Audited 2008/09
50	Custody of Documents	19.00		Audited 03/04
65	Grants to Voluntary Organisations	19.00		**NOT AUDITED SINCE 2000**
80	Data Quality Arrangements	19.00		Audited as part of main system audits
82	Audit of PC's	19.00		Audited 03/04
58	Members Allowances & Expenses	19.00		Audited 05/06
38	Car Loans	17.00		**NOT AUDITED SINCE 2000**
20	Environmental Cleansing	17.00		**NEVER AUDITED**
43	Training	17.00		Audited 2008/09
85	Environmental Health income	17.00		**NEVER AUDITED**
18	Recycling sales income	16.00		**NEVER AUDITED**
15	Stock - Refuse/Recycling/Pest Control	16.00		Only Pest Control stock Audited 04/05
21	Petty Cash Control	16.00		Audited 2000 Low value
54	Telephones & Mobiles	16.00		Audited 04/05
44	Organisational & Admin Controls - IT	16.00		Audited 03/04 Follow up 04/05
73	Cultural Services	16.00		**NEVER AUDITED- other than grant claims**
67	GIS	14.00		**NEVER AUDITED**
88	Internet Access / Website development	14.00		Audited 03/04 Follow up 04/05
71	Civic Expenses/Mayors Charity Fund	14.00		**NOT AUDITED SINCE 2001**
74	Freedom of Information Act	13.00		Audited 2006/07
40	Pest Contol - Income	11.00		Audited 03/04 Follow up 04/05
51	Litigation Procedures	4.00		**NOT AUDITED SINCE 2001**
		1412.00	**486**	

COUNTER-FRAUD AUDIT PLAN

FRAUD RISK AREA	PLANNED AUDIT ACTIVITY
Benefits	Annual audit – includes evaluation of management arrangements for fraud prevention/detection/investigation. Review of system security / access controls. Sample check of eligibility for benefit and payments made. Review of write-offs.
Home Renewal Grants	Annual audit of compliance with policy & procedures. Includes evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of eligibility, contractor quotes, inspections & payments.
Cash Collection	Annual audit - includes evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of refunds, banking, correct posting to accounts. Review of overs/shorts. Review of bank reconciliation.
Car Parks income collection [outsourced from April 2010]	Review of client-side monitoring arrangements. Sample check of takings to amounts banked. Analytical review – takings compared to same period in 2009/10.
Credit income [where an invoice or bill is raised to demand payment] • Council Tax • National Non Domestic Rates (NNDR) • Planning/Building Control Fees • Fees/Charges	Annual audits of Council Tax and NNDR include evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of calculation of charges, eligibility for discount, transfers of cash posted, refunds, recovery arrangements, suppression of recovery, write-offs. Cyclical audits of Fees & Charges. 2010/11 – Planning Fees
Purchasing	Annual audit of Creditor payments includes evaluation of management arrangements for fraud prevention/ detection. Review of system security / access controls. Sample check of supporting documentation/authorisation, check that purchase is appropriate to the service area.

FRAUD RISK AREA	PLANNED AUDIT ACTIVITY
Issuing of Cheques	Annual audit of Creditor payments and Benefits payments include evaluation of management arrangements for fraud prevention/ detection. Review of system security / access controls. Sample check of supporting documentation/authorisation, reason for return of cheque to officer initiating the transaction, security of cheques (including security features of cheques, custody of returned/cancelled cheques), reconciliation of cheques issued.
Contracts – letting of contracts and management of contracts	Annual audit of sample of pre-contract arrangements for compliance with Contract Standing Orders. Annual audit of a sample of capital contracts to review management arrangements for contract management and the fraud prevention/detection controls. Sample of capital contract payments checked for supporting documentation / authorisation as part of the annual Creditors audit. Cyclical audits of revenue contract management: 2010/11: Leisure client-side management of provision of leisure services by North Country Leisure Trust.
Loans & Investments	Annual audit – includes evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of transfers of funds for supporting documentation / authorisation / compliance with the Treasury Management Strategy. Check reconciliation of treasury management records to bank statements and the financial ledger.
Recruitment / Payroll	Annual audit – includes evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of new starters for proof of ID/qualifications/eligibility to work in UK/ references re previous employment. Sample check of employee payments for supporting documentation / authorisation / check to HR independent records.

FRAUD RISK AREA	PLANNED AUDIT ACTIVITY
Concessionary Travel	Annual audit of compliance with policy & procedures. Includes evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of eligibility & issue of bus passes / railcards/ vouchers.
IT Network	"Bought in" specialist computer auditor to review compliance with the Security Standard / Government Connect requirements.
Grant Claims	Annual review of grant claims protocol /procedures. Ad hoc audit of grant claims, in line with grant claim deadlines.