

# **Internal Audit Annual Assurance Plan 2016-17**

**Arrangements for delivering an  
effective internal audit service**

**April 2016**

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## Background to the Service

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The Internal Audit Service is an independent and objective internal team that provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. We particularly focus on governance, risk management, performance, efficiency and operational and financial control. We also provide internal audit services to North Wales Police (NWP) but this Strategy refers primarily to the service provided to Denbighshire County Council.

The service works to the Public Sector Internal Audit Standards (PSIAS) that include a Code of Ethics that the team must abide by. The objectives of the PSIAS are to:

- define the nature of internal auditing within the UK public sector;
- set basic principles for carrying out internal auditing in the UK public sector;
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

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### PSIAS definition of internal auditing...

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.

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### Our main objectives are to...

...provide independent assurance and advice to management and elected members on risk management, governance and internal control;

...develop and promote our role to make a significant contribution to the Council's priority to modernise and deliver efficiencies and improve services for our customers; and

...add value in all areas of our work, providing excellent service to our customers.

Our team is very proactive and innovative, constantly aiming to improve and we have restructured over the last year to make the service more streamlined and efficient as part of the Council's efficiencies programme. Over recent years, we have developed a very successful customer-focused approach to audit planning, project scoping and service delivery, involving elected members, senior management and operational staff that has made us a valued service within the Council, contributing to service improvement as well as providing assurance.

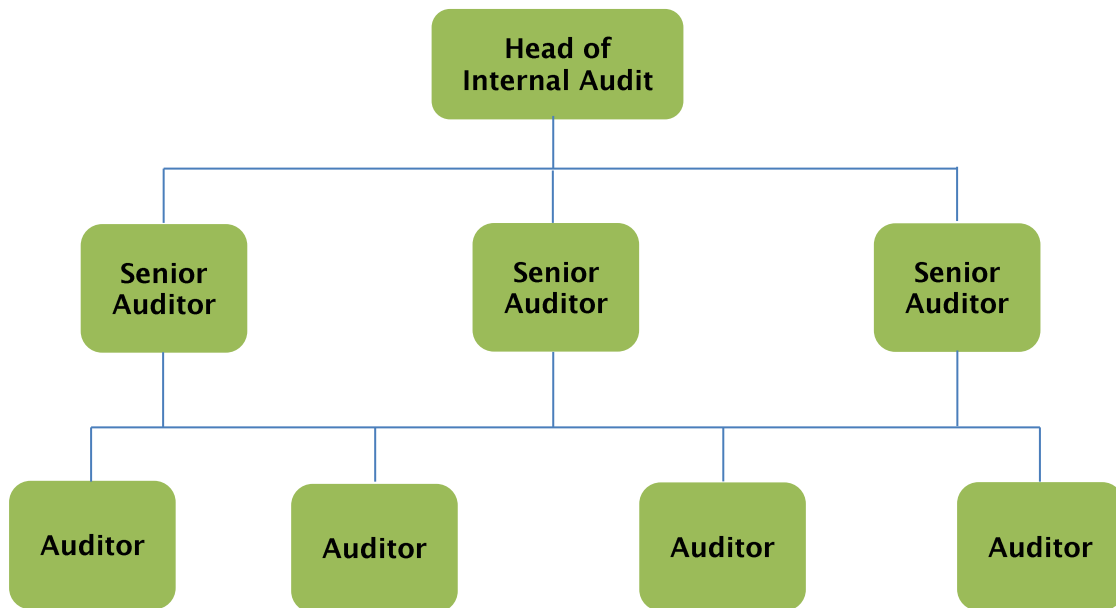
Our work provides a risk-based approach that allows the Head of Internal Audit (HIA) to form and evidence his opinion on the control environment to support the Council's annual review of its governance arrangements. Our Internal Audit Annual Assurance Plan therefore links closely to the Council's Governance Assurance Framework, taking account of other assurances that the Council may receive, internal or external, to prevent duplication and co-ordinate regulatory work. It also takes account of discussions with senior management to identify projects that will add value to them.

The HIA may also provide assurance to other organisations that work in partnership with the Council if the internal audit service has carried out work in that area of service, particularly if the other organisation is the lead partner.

## Service Structure

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The service restructure means that we have reduced the tiers within the service from five down to two, as it was considered top-heavy and hierarchical. The new structure has significantly reduced costs but has improved the team's efficient and communication channels.



## Internal Audit Annual Plan 2016/17

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
<b>Corporate Priorities Assurance</b>						
Developing the local economy	20		■	■	■	Review of performance and delivery of objectives and Economic and Community Ambition Programme
Improving performance in education & the quality of our school buildings	15		■	■	■	Review of performance and delivery of objectives and Modernising Education Programme
Improving our roads	15		■	■	■	Review of performance and delivery of improvements to highways
Vulnerable people are protected and are able to live as independently as possible	10		■	■	■	Continuing review of corporate safeguarding
Ensuring access to good quality housing	10		■	■	■	Review Housing Strategy Action Plan delivery
Modernising the Council to deliver efficiencies and improve services for our customers	20		■	■	■	Review delivery of Modernisation Programme - including review of Office Accommodation Project
<b>Corporate Risks Assurance</b>						
Corporate risk management	9	■	■	■	■	Review various high risks from the Corporate Risk Register not covered during other Internal Audit Projects
<b>Corporate Programmes and Projects Assurance</b>						
Digital Choice - Getting the Council Ready	10	■	■	■	■	Review management and delivery of project
Review of corporate use of Verto	10		■	■	■	Review efficiency and consistency of use of corporate system for performance, risk and project management
Well-being of Future Generations Act Programme	20		■	■	■	Review of the Council's overall implementation plus contingency for work required within specific workstreams

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
Modernising Social Services and Enhancing Well-being	10		■	■	■	Review implementation of new act in social services
Ruthin Area Review - New Area School for Ysgol Carreg Emlyn	5	■	■	■	■	Review management and delivery of project
Ruthin Area Review - Ruthin Town School Modernisation	5	■	■	■	■	Review management and delivery of project
Ruthin Review - New Area School for Llanfair DC & Pentrecelyn	5	■	■	■	■	Review management and delivery of project
Contingency for new in-year projects	10					Contingency for further reviews of management and delivery of projects
<b>Corporate Governance Assurance</b>						
Preparation for Corporate Assessment 2016	15		■	■	■	Contingency for any self-assessment work in preparation for the assessment
<b>Alternative Service Provider Assurance</b>						
Revenues services	44	■	■	■	■	Review of monitoring arrangements for Revenues and Benefits service and specific reviews of service areas as per the contract
GwE	15		■	■	■	Annual review of value for money of partnership arrangements
Citizen's Advice Bureau	10	■	■	■	■	Review of governance and monitoring arrangements of the service
<b>Financial Assurance</b>						
Financial services	70	■	■	■	■	Review of key financial services
Housing rents	20	■	■	■	■	Review of key financial areas
<b>Welsh Government Assurance</b>						
Welsh Government education grant certification	15	■		■		Contingency for annual grants audits

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
Welsh Government 6th Form Funding/PLASC	30			■		Annual assurance on PLASC returns for Welsh Government
<b>Corporate Anti-fraud and Corruption Assurance</b>						
Assessment of DCC's compliance with CIPFA's Code of Practice on Managing the Risk of Fraud & Corruption	15	■	■	■	■	Overview of the Council's corporate arrangements, policies, procedures etc.
Catering services	10	■	■	■	■	Continuation of review of financial reconciliation of income from school meals
National Fraud Initiative	40	■	■	■	■	Annual work on data-matching between services and with other public sector organisations
Procurement	20	■	■	■	■	Review of policies, procedures, tendering, testing contract and supply areas to identify price-fixing etc.
Insurances	10	■	■	■	■	Review of insurances processes and procedures and testing a sample of claims
Housing tenancies	20	■	■	■	■	Review of housing tenancies, including data matching to other Council systems to identify potential sub-letting
Contingency	10					General queries, management, administration, National Anti-Fraud Network notifications etc.
<b>Corporate and Service Area Projects</b>						
Policy framework	15		■	■	■	Review of the Council's overall policy framework and how it develops, implements and monitors policies
Identification of new businesses and interventions	7		■	■	■	Request for review of corporate approach and information sharing to identify new businesses in the county
Emergency planning	10		■	■	■	Review of arrangements in place to deal with emergency situations and disaster recovery
Confidentiality and protection of information	5		■	■	■	Continuation of visits to offices to assess security, confidentiality etc.
Records management	15		■	■	■	Corporate review of management and retention of files



Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
IT performance and capacity management	15		■	■	■	
IT infrastructure	15		■	■	■	
IT procurement of resources	15		■	■	■	
Rhyl One Stop Shop	20	■		■	■	Review of efficiency of processes for handling, recording, allocating income etc.
School Fund management	10	■		■	■	Continued review and improvement of management of School Funds
Recoupment and out of county placement	20			■	■	Full review of service
Additional learning needs and inclusion	20			■	■	Full review of service
Special education	25			■	■	Review of corporate arrangements and visits to specific sites
Family Support services	15	■		■	■	Review of Families First grant
Third Party Payments	10	■		■	■	Review of substantial payments to third parties and contract monitoring across the whole service
Supporting People	10			■	■	Request for review of processes for efficiency
Outcome-focused commissioning	15			■	■	Request for review of new 'outcome focused commissioning' approach to service delivery
Housing allocations and voids	15			■	■	Request for review of efficiency of dealing with void properties and re-letting
Housing maintenance	25			■	■	Review of management, efficiency and effectiveness of council house repairs service
Schools facilities management	15			■	■	Review of management arrangements for schools maintenance

Area of Work	Plan Days	-----Assurance-----				Comments
		S151	AGS	IA Annual	CET/SLT	
Coastal facilities	10			■	■	Review of key risks relating to harbour
Events	7			■	■	Request for review of risks surrounding events
Community Well-being & Youth Services	7			■	■	Request for contingency days for new service arrangements
Procurement	20	■	■	■	■	Implementation of new procurement strategy and contract procedure rule compliance
Flood risk management	5			■	■	Review of management of key flooding risks
Public transport	15			■	■	Review management and monitoring of public transport contracts
Waste management	8			■	■	Review of grants and contracts management
Registrars	15			■	■	Full service review
Early departures	15	■		■	■	Follow up areas as suggested in WAO national study
Building control	15			■	■	Request for review of service due to changes in systems and capacity
<b>Other Annual Areas</b>						
Follow up reviews	70	■	■	■	■	Contingency for following up actions from previous audit reports
Brought forward projects	50	■	■	■	■	Contingency for completing 2015/16 projects in progress at year-end
<b>DCC Assurance Total</b>	<b>1052</b>					
<b>Externally Funded Work</b>						
North Wales Police contract	200					Final year of three-year contract
School Fund audits	35					Contingency for requests from schools

Area of Work	Plan Days	-----Assurance-----				
		S151	AGS	IA Annual	CET/SLT	Comments
<b>Externally Funded Total</b>	<b>235</b>					
<b>Corporate Support</b>						
Corporate Governance Framework and Annual Governance Statement	15					
Consultancy and corporate areas	50					Contingency for committee meetings, working groups etc.
<b>Corporate Support Total</b>	<b>65</b>					
<b>Internal Audit Support</b>						
IA team meetings, 1:1s, staff appraisals etc.	50					
IA management	60					
IA training and development	50					
<b>Overheads Total</b>	<b>160</b>					
<b>Total Days</b>	<b>1512</b>					

## Service Standards

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To measure how well we deliver our essential audit work and a customer-focused service, we use following performance measures:

Customer Service Standard	Target
We will contact you at least 2 weeks in advance to arrange a suitable date for our visit.	100%
We will discuss, agree & send you the Internal Audit Project Scoping Document before we commence work.	100%
At the conclusion of our work, we will hold a closing meeting with all relevant people to discuss the outcome of our work, and then send you a draft report within 10 working days of that meeting.	90%
Once we have agreed the draft report and any actions plan with you, we will send you the final audit report within 5 working days.	90%