



Internal Audit Strategy 2013-14

**Ivan Butler MBA, CMIIA
Head of Internal Audit Services**

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Background to the Service

- The Internal Audit Service is an independent 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 Countryside Council for Wales (CCW) and North Wales Police (NWP). This Strategy refers primarily to the service provided to Denbighshire County Council.
- Our team is very proactive and innovative, constantly aiming to improve. We have a customer-focused approach to audit planning, project scoping and service delivery, involving elected members, senior management and operational staff.
- Our Internal Audit Assurance Plan 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.
- Our work provides a risk-based approach that allows the Head of Internal Audit to form and evidence his opinion on the control environment to support the Council's Annual Governance Statement.

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.

Service Delivery

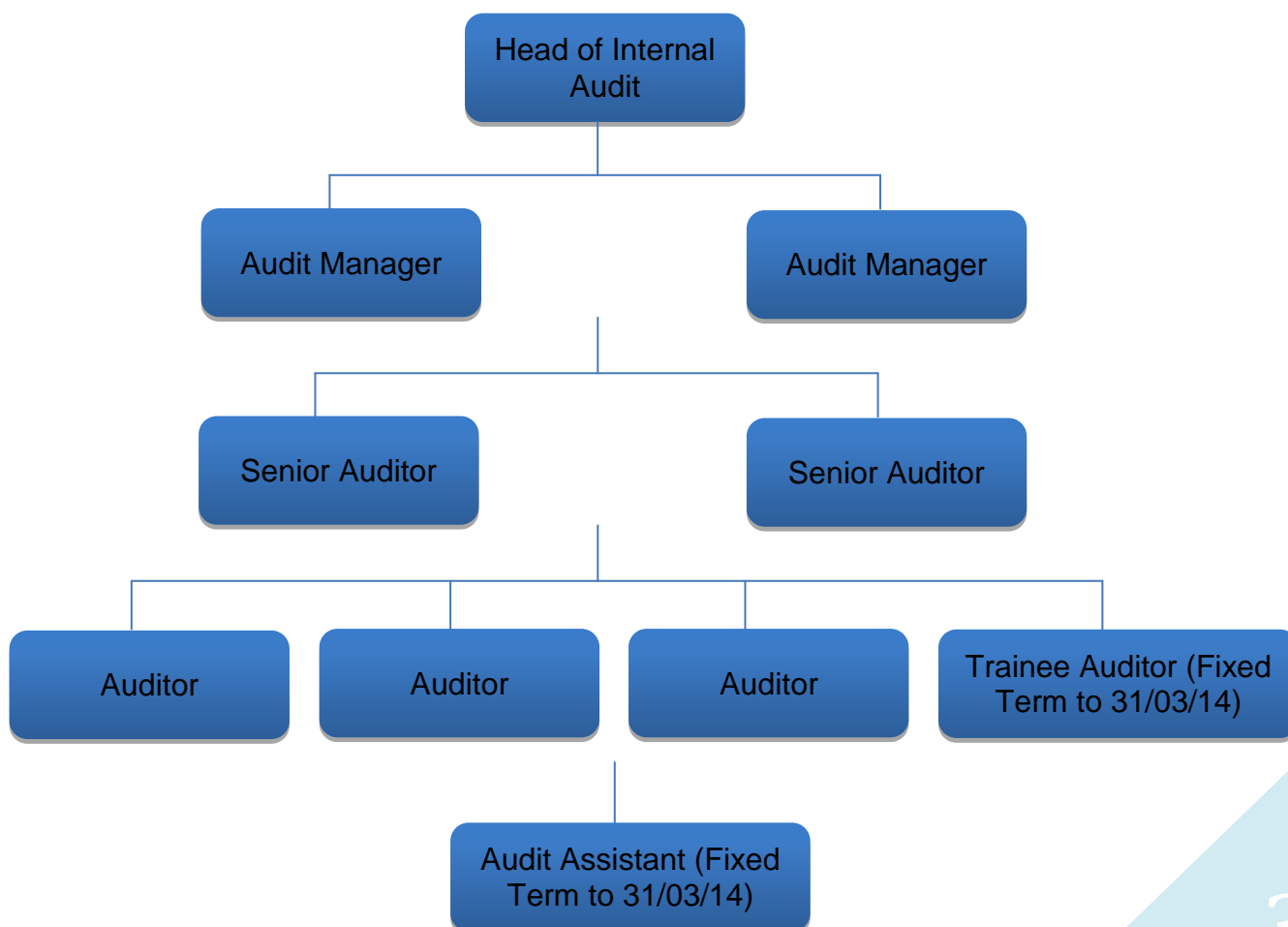
- The following provides an overview of how we plan to spend our time during 2013/14. It shows how we will use our time to gather the necessary evidence to form our overall audit opinion and provide the necessary levels of assurance for the Annual Governance Statement. The Internal Audit Assurance Plan on pages 6-14 provides more detail.

Assurance Strategy 2013/14

ESSENTIAL ASSURANCE (24%)		
Financial Assurance	99 days	<ul style="list-style-type: none"> Financial systems Education grants
Grants & Other Certification	60 days	<ul style="list-style-type: none"> Carbon reduction
Corporate Governance Assurance	349 days	<ul style="list-style-type: none"> Review for Corporate Governance Framework
High Corporate Risks	12 days	<ul style="list-style-type: none"> High risks in Corporate Risk Register
RISK-BASED ASSURANCE (28%)		
Corporate Projects	120 days	<ul style="list-style-type: none"> Cross-cutting projects
Service Operational Assurance	470 days	<ul style="list-style-type: none"> Service reviews agreed with services
EXTERNAL CONTRACTS (14%)		
Countryside Council for Wales	30 days	<ul style="list-style-type: none"> Contract ends 31 July 2013
North Wales Police	225 days	<ul style="list-style-type: none"> Contract ends 31 March 2014
School Funds	40 days	<ul style="list-style-type: none"> On request
CONTINGENCIES (11%)		
Project Follow Up Work	25 days	<ul style="list-style-type: none"> Action plan follow up
Special Investigations & Fraud Prevention	50 days	<ul style="list-style-type: none"> Reactive & proactive fraud work Committee work
Consultancy & Corporate Work	140 days	<ul style="list-style-type: none"> Guidance & advice Research & horizon scanning
IA Collaboration	20 days	<ul style="list-style-type: none"> Internal Audit collaboration work
IA SUPPORT (23%)		
IA Management & Admin	400 days	<ul style="list-style-type: none"> Management & training of IA team
IA Training & Development	100 days	

Capacity & Audit Needs Assessment

- We will have 2,140 days available in 2013/14, excluding leave and bank holidays. Our draft Audit Needs Assessment shows that we would need over 2,500 days to cover all the necessary areas (red and amber risks), leaving a needs gap of nearly 400 days, equivalent to two auditors. The Assurance Plan is risk-based, so includes those areas from the Audit Needs Assessment that have the highest audit risk score to fit within the available 2,140 days.
- Our budget is mainly employee based (90%), and is subsidised by income earned through our external contracts. However, the CCW contract ends on 31 July 2013, as there is to be a merger between CCW, the Forestry Commission Wales and Environment Agency Wales to become Natural Resources Wales (NRW).
- The new NRW Head of Internal Audit has suggested that we may be asked to continue to provide an internal audit service for a temporary period during NRW's transition stage. This will significantly affect this Strategy and will need a realignment of our resources and development of a new Strategy document.
- Our NWP contract ends on 31 March 2014 and the future internal audit requirements following the election of the Police & Crime Commissioner are unknown, but we will be looking to work in partnership with NWP.
- The service structure below has all posts currently filled. Two posts are on fixed term contracts to coincide with the ending of our external contracts.



Performance

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

Assurance Measures	Target
Complete financial assurance reviews	100%
Complete grants & other certification assurance	100%
Complete corporate governance assurance reviews	100%
Complete high corporate risk reviews	100%
Customer Service Standards	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%
We will seek feedback on the review and our service and respond to you with 10 working days explaining any improvements made to our service or, if we have taken no action, explaining the reason.	100%

The Internal Audit Planning Process

- We use a risk-based approach to our audit planning and project work, taking account of the need to provide assurance in key governance areas. The Head of Internal Audit produces an Annual Report to the Corporate Governance Committee that includes an opinion on the Council's corporate governance and risk management arrangements and highlights any key risk areas that require attention. Our risk-based approach and wide-ranging coverage allows us to make a significant contribution to the Council's Corporate Governance Framework and development of its Annual Governance Statement.
- The following Assurance Plan 2013/14 results from an Audit Needs Assessment, adjusted to take account of the internal audit resources available during the year. The days shown against each review area are estimates at this stage and we will agree them when we discuss and finalise the scope of work with the relevant managers. In some instances, we will only be reviewing a specific risk rather than a whole service, which is why some areas of work only show minimal audit days.

Internal Audit Assurance Plan 2013/14

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Financial Assurance – 99 days (4%)			
Financial systems – Rhyl based	48	<ul style="list-style-type: none"> •Debtors •Revenues •Benefits •Housing rents 	<ul style="list-style-type: none"> •Annual assurance for S151 Officer •High financial impact •High customer impact •AGS evidence of financial controls
Financial systems – Ruthin based	51	<ul style="list-style-type: none"> •Payroll •Creditor payments •Treasury management •Bank reconciliation 	<ul style="list-style-type: none"> •Annual assurance for S151 Officer •High financial impact •High customer impact •AGS evidence of financial controls
Grant & Other Certification Assurance – 60 days (3%)			
Carbon Reduction Commitment (CRC)	5	<ul style="list-style-type: none"> •Follow up of 2012/13 review and action plan 	<ul style="list-style-type: none"> •Annual audit required for CRC compliance
Welsh Government (WG) Education Grant certification	20	<ul style="list-style-type: none"> •Various WG education grants as required 	<ul style="list-style-type: none"> •WG requirement for confirmation of grant condition compliance
WG 6 th Form Funding – Denbigh High School	15	<ul style="list-style-type: none"> •Review of governance, financial & operational management 	<ul style="list-style-type: none"> •WG requirement for confirmation of funding condition compliance
WG 6 th Form Funding – Ysgol Brynhyfryd, Ruthin	15	<ul style="list-style-type: none"> •Review of governance, financial & operational management 	<ul style="list-style-type: none"> •WG requirement for confirmation of funding condition compliance
WG Student Finance certification	5	<ul style="list-style-type: none"> •Overview of processes in accordance with WG guidance, particularly to prevent and detect fraud 	<ul style="list-style-type: none"> •WG requirement for confirmation of funding condition compliance

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Corporate Governance Assurance – 349 days (16%)			
Strategic arrangements for monitoring and assuring delivery of the Corporate Plan	5	<ul style="list-style-type: none"> •Performance management •Service planning 	<ul style="list-style-type: none"> •Annual Governance Statement evidence •Assurance of delivery of corporate priorities
Reviews in corporate priority areas	115	<ul style="list-style-type: none"> •Various projects within services to ensure delivery of corporate priorities 	<ul style="list-style-type: none"> •Annual Governance Statement evidence •Assurance of delivery of corporate priorities
Contingency for efficiency & modernising reviews e.g. process reviews	44	<ul style="list-style-type: none"> •Review of flexible working •Reviews in Planning & Public Protection •Other reviews on request 	<ul style="list-style-type: none"> •Added value to services •Financial efficiencies •Modernising the Council
Partnerships & collaboration	20	<ul style="list-style-type: none"> •Review sample of partnership/collaboration arrangements e.g. governance, risk management, effectiveness 	<ul style="list-style-type: none"> •AGS evidence
Project management	30	<ul style="list-style-type: none"> •Review of a sample of high-risk projects •Ensure projects well-managed & comply with corporate methodology 	<ul style="list-style-type: none"> •High financial impact •AGS evidence
Procurement	20	<ul style="list-style-type: none"> •Review compliance with legislation, procurement strategy and Council procedures 	<ul style="list-style-type: none"> •High financial impact •AGS evidence
Management of human resources	50	<ul style="list-style-type: none"> •Discipline & difficult situations •Cessation of employment •Agency/relief staff 	<ul style="list-style-type: none"> •AGS evidence
Constitutional arrangements	15	<ul style="list-style-type: none"> •Roles & responsibilities of elected members & senior officers •Scheme of delegation for decision making •Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) 	<ul style="list-style-type: none"> •AGS evidence

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Leadership	5	<ul style="list-style-type: none"> •Review outcome of 2013 staff survey 	<ul style="list-style-type: none"> •AGS evidence
Information governance	5	<ul style="list-style-type: none"> •Follow up of previous IA work & progress with information governance project 	<ul style="list-style-type: none"> •AGS evidence
Equality & diversity	20	<ul style="list-style-type: none"> •Staff survey on awareness •Compliance with legislation & Council policy & procedures 	<ul style="list-style-type: none"> •AGS evidence
Corporate Governance Framework	20	<ul style="list-style-type: none"> •Contingency for maintaining Corporate Governance Framework •Meetings of Governance Group •Development of Annual Governance Statement 	<ul style="list-style-type: none"> •AGS evidence
High Corporate Risk Assurance – 12 days (1%)			
The risk that the HR framework does not support the organisation's aims	3	<ul style="list-style-type: none"> •Review management of risk 	<ul style="list-style-type: none"> •High inherent risk in Corporate Risk Register
The risk that the Council cannot influence the collaboration agenda and that further collaboration is forced upon rather than entered into voluntarily	3	<ul style="list-style-type: none"> •Review management of risk 	<ul style="list-style-type: none"> •High inherent risk in Corporate Risk Register
The risk that ICT investment does not deliver the efficiencies and savings required for the Modernisation priority	3	<ul style="list-style-type: none"> •Review management of risk 	<ul style="list-style-type: none"> •High inherent risk in Corporate Risk Register

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
The risk that change/modernisation projects are not implemented as intended, hindering benefit realisation	3	<ul style="list-style-type: none"> •Review management of risk 	<ul style="list-style-type: none"> •High inherent risk in Corporate Risk Register
Risk-based Assurance – 590 days (28%)			
Corporate Projects			
Corporate health & safety	25	<ul style="list-style-type: none"> •Strategic management, training, recording, monitoring, reporting etc •Follow up of 2012/13 IA work on fire risk assessments 	<ul style="list-style-type: none"> •Changes in service structure •Assurance of compliance with legislation & management of risks •Assurance of IA action plan implementation
Sickness absence management	25	<ul style="list-style-type: none"> •Review arrangements for absence prevention 	<ul style="list-style-type: none"> •Council drive to reduce sickness absence •Efficiency agenda
Travel cost efficiencies	25	<ul style="list-style-type: none"> •Review potential for introducing pool cars 	<ul style="list-style-type: none"> •Efficiency agenda to reduce cost of travel
Safeguarding & reviewing	5	<ul style="list-style-type: none"> •Progress on Safeguarding Action Plan 	<ul style="list-style-type: none"> •Assurance on safeguarding of children & vulnerable people
Welfare advice	20	<ul style="list-style-type: none"> •Full review of corporate arrangements •Welfare Rights •Benefits service •Housing service •External service providers 	<ul style="list-style-type: none"> •No recent IA review •Welfare Reform impact •Need for joined up approach to provision of advice
Facilities management	20	<ul style="list-style-type: none"> •Corporate arrangements for maintaining Council buildings 	<ul style="list-style-type: none"> •Assurance that there is a joined up & cost-effective approach to facilities management over the whole Council portfolio of buildings

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Adult & Business Services			
Improvement & priority areas from self-assessment & CSSIW review	15	<ul style="list-style-type: none"> •Review action plan progress & effectiveness 	<ul style="list-style-type: none"> •Assurance on improvements from regulatory review
Residential care & extra care housing	25	<ul style="list-style-type: none"> •Residential care & extra care facility operation •Strategic approach to and benefits of extra care housing 	<ul style="list-style-type: none"> •No recent IA review •Linked to corporate priority relating to protection of vulnerable people
Children & Family Services			
Improvement & priority areas from self-assessment & CSSIW review	15	<ul style="list-style-type: none"> •Review action plan progress & effectiveness 	<ul style="list-style-type: none"> •Assurance on improvements from regulatory review
Cash payments to clients	15	<ul style="list-style-type: none"> •Review of processes for making cash payments to care leavers 	<ul style="list-style-type: none"> •Head of Service request for assurance
Communication, Marketing & Leisure Services			
Use of management information system in Rhyl Leisure Centre	10	<ul style="list-style-type: none"> •Review impact of increasing use of system in Rhyl Leisure Centre & in service administration areas 	<ul style="list-style-type: none"> •Head of Service request for assurance
Arms length organisations	5	<ul style="list-style-type: none"> •Scope to be agreed with Head of Service 	<ul style="list-style-type: none"> •Assurance of management of key risks
Libraries	5	<ul style="list-style-type: none"> •Review of relevance of CYMAL library standards 	<ul style="list-style-type: none"> •Head of Service request for assurance
Pavilion Theatre, Rhyl	10	<ul style="list-style-type: none"> •Follow up of 2012/13 IA review 	<ul style="list-style-type: none"> •Assurance of IA action plan implementation

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Customers & Education Support			
Admissions	10	<ul style="list-style-type: none"> •Review of school admission procedures & compliance 	<ul style="list-style-type: none"> •Head of Service request for assurance
Education Services			
School Improvement - themed projects on schools	100	<ul style="list-style-type: none"> •Governance •Security & health & safety •Procurement •School Fund management •Supply Teachers 	<ul style="list-style-type: none"> •New way of focusing on key risk areas in schools •Key outcomes from visiting small sample of schools to be communicated to all schools
Blessed Edward Jones School, Rhyl	15	<ul style="list-style-type: none"> •Review of governance, financial & operational management 	<ul style="list-style-type: none"> •Previous IA review found significant weaknesses •Assurance of improvement in management of school
Special Education	30	<ul style="list-style-type: none"> •Review of governance, financial & operational management 	<ul style="list-style-type: none"> •No recent IA review
Pay & conditions	10	<ul style="list-style-type: none"> •Review of employees' entitlement to Teachers Pay & Conditions 	<ul style="list-style-type: none"> •Head of Service request for assurance
Time off in lieu (TOIL)	10	<ul style="list-style-type: none"> •Review of employees' entitlement to TOIL 	<ul style="list-style-type: none"> •Head of Service request for assurance
Environment & Highways			
Refuse collection	30	<ul style="list-style-type: none"> •Review of domestic refuse collection, including complaints management 	<ul style="list-style-type: none"> •Significant service area •No previous IA review
Waste disposal & recycling	25	<ul style="list-style-type: none"> •Operational review •Review of performance 	<ul style="list-style-type: none"> •Significant service area •No previous IA review

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
School meals service	5	•Management of key risks & viability of service	•Key risk in service risk register
Public conveniences	10	•Cash collection processes & security	•Head of Service request for assurance
Network services	5	•Management of the highways asset performance	•Head of Service request for assurance
Car parking	10	•Cash collection processes & security	•Head of Service request for assurance
Housing & Community Development			
Housing responsive repairs & voids	15	•Revisit measurement of service performance to customer	•IA review identified poor performance in 2012/13 •Provide assurance on service improvement
S106 Agreements	10	•Effective use of S106 monies	•Head of Service request for assurance
Legal & Democratic Services			
Legal services	25	•Full service review •Capacity, organisation & processes	•No recent IA review •Significant support service
Coroners service	20	•Full service review	•No recent IA review •Changes to service delivery
Planning & Public Protection			
Licensing	25	•Taxi driver & vehicle licensing •Safeguarding arrangements	•Follow on from 2012/13 process review •Assurance on improved safeguarding

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Strategic Human Resources			
Strategic management of HR	5	•Follow up of IA review 2012/13	•Assurance of service improvement & implementation of IA action plan
Business Transformation & ICT			
Involvement in peer review of ICT	10	•Scope to be set by service manager	•Service manager request
External Work – 295 days (14%)			
Countryside Council for Wales	30	•As per agreed schedule of work	•External contract
North Wales Police	225	•As per agreed schedule of work	•External contract
School Fund audits	40	•Sign off audit certificates as requested	•Service request from schools
Contingencies – 235 days (11%)			
Consultancy & corporate areas	120	<ul style="list-style-type: none"> •Reporting to committees, CET & SLT •Project & working group membership •Guidance & advice to services •Research & horizon scanning 	
Follow up reviews	25	•Follow up agreed actions from IA reviews	•Ensure improvements implemented as agreed
IA collaboration	20	•North & Mid-Wales Audit Partnership Board & operational group meetings	

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
IA relationship management	20	<ul style="list-style-type: none"> •IA liaison with services 	<ul style="list-style-type: none"> •Gain knowledge of services, risks, issues etc. •Provide services with IA contact, advice, consultancy etc.
Special investigations & fraud prevention	50	<ul style="list-style-type: none"> •Proactive & reactive fraud work 	<ul style="list-style-type: none"> •Prevent, detect and investigate potential frauds •Provide assurance that fraud risk is well managed
IA Management & Support – 500days (23%)			
Management & administration	400		
IA staff training	100		
TOTAL DAYS	2140		