

AUDIT COMMITTEE

30 JUNE 2010

INTERNAL AUDIT WORK PROGRAMME

Report from: Internal Audit

Author: Richard Humphrey, Audit Services Manager

Summary

To advise Members of the 2010/11 work programme and to monitor the outcome of the 2009/10 programme.

1. Budget and Policy Framework

1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background – 2010/11 Programme

2.1 Internal audit's work programme details the assignments to be carried out during the period of the plan. Historically, internal audit teams have produced a strategic audit plan that attempts to identify the total audit environment and then, on a cyclical basis, determined over what period of time every part of the audit environment is subjected to an audit review. For example, a risk assessment would determine which systems would be audited on an annual or cyclical basis. However, Medway Council's internal audit has an in-year assessment of risk that effectively makes a strategic (say, five-year) plan redundant. In short, unless the subject of an audit review is considered to be a key risk, there is little point in planning to provide audit coverage in three or four years' time.

2.2 The internal audit work programme for 2010/11 is derived from a number of sources, which are:-

- the Council's risk identification process, identified through the risk register, business and service plans,
- internal audit's view of risk,
- work requested by Members, Chief Executive, Chief Finance Officer, directors and other officers,
- predetermined audits that form part of an agreed arrangement with the external auditor.

- 2.3 The proposed programme is set out at Annex A. Progress of audits will be reported to this committee during the year. Any changes to the plan will also be reported to this committee.
- 2.4 Audit work on the key financial systems, work carried out on behalf of the external auditor, corporate governance, risk management and prevention of fraud and corruption are considered key activities and are given priority when resources are allocated. The plan is that all of the key assurance audits will be completed to meet the needs of the governance statement and external audit.
- 2.5 The following key financial systems are not being audited in 2010/11. The below table shows the system, last year audited and the opinion.
- | | | |
|----------------------------|-------|--------------|
| • Sales Ledger (non Raise) | 08-09 | Satisfactory |
| • Bank Reconciliations | 08-09 | Good |
| • Cash Receipting | 08-09 | Satisfactory |
| • Cash Control Framework | 08-09 | Good |
| • General Ledger | 08-09 | Satisfactory |
- 2.6 As the last audit demonstrated a sound financial control environment and there have not been any significant system changes, the systems listed in paragraph 2.5 are not considered high risk. These systems will be considered for audit activity as part of the 2011/12 planning process.

3. Background – 2009/10 Programme

- 3.1 The outturn of the 2009/10 work programme is set out at Annex B. This annex shows the completed audits and the date reported to the Audit Committee. Four of the planned audits are at draft report stage and the outcome of these audits will be reported to the next meeting of this committee.

4 Risk Management, Financial and Legal implications

- 4.1 There are no risk management, financial or legal implications arising directly from this report.

5 Recommendations

- 5.1 Members are asked to approve the 2010/11 programme and to note the outcome of the 2009/10 internal audit work programme.

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Background papers

None

Internal Audit Programme 2010/11

Annex A

Activity ↓ Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Key Financial Systems				
<p>Capital Budgetary Control Capital expenditure can only be incurred on schemes included in the council's capital programme. Members approve the schemes on the basis of appraisals of their expected cost and funding; but once approved, responsibility for their administration is delegated to directorates.</p> <p>Cabinet is responsible for monitoring the capital budget and they must ensure that actual expenditure for each scheme in the programme remains within the approved projected budget and specified target over their lifetime.</p> <p>The capital programme for 2010/2011 and beyond incorporates current approved schemes as they are forecast to rollover into 2010/2011 and a proposed schedule of schemes for future years. The latest capital monitoring forecast shows that almost £77 million of the current approved programme approaching £155 million will be delivered in future years and some capital resources to fund the programme will roll forward from 2009/2010 and new allocations will become available.</p> <p>The audit will examine procedures and arrangements for collecting and reporting information on the cost and progress of capital schemes.</p>	✓			
<p>Care Director Income In 2009, the Raise adult social care system was upgraded to Care Director. There have been problems in the system's ability to invoice clients and an emergency system has been used until the income module can be fixed.</p> <p>This audit will examine the arrangements for assessing, collecting and recording income due from clients for residential, nursing and domiciliary care, via the Care Director system after the technical issues have been resolved.</p>		✓		

Internal Audit Programme 2010/11

Annex A

Activity ↓	Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Key Financial Systems					
<p>Care Director Payments In 2009, the Raise adult social care system was upgraded to Care Director. Following this there were problems in the system's ability to pay providers and an emergency system had to be put in place until the payments module could be fixed.</p> <p>This audit will examine the arrangements for paying amounts due to external providers of residential and nursing care, via the Care Director system, after the technical issues have been resolved.</p>		✓			
<p>Creditors All creditor payments, including those previously paid via the cash management system (ie Council Tax and NNDR refunds) are processed via the Integra Purchase Ledger system and paid by BACS or cheque.</p> <p>The audit will focus on key controls to ensure the completeness, promptness, accuracy and validity of creditor payment transactions, including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.</p> <p>The audit will not encompass devolved arrangements surrounding the ordering and receipt of goods, or validation of payment vouchers authorised by individual directorates. These are reviewed as part of the compliance with financial procedures audits at satellite sites.</p>				✓	
<p>Council Tax There are approximately 109,000 domestic properties in Medway's area, which generate annual income of approximately £136 million. The audit will focus on controls to ensure the completeness, promptness, accuracy and validity of council tax transactions, including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.</p>				✓	

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Activity ↓	Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Key Financial Systems					
<p>Housing Benefits 104.6 million of benefits payments were processed in the 2009/2010 financial year. The audit will focus on controls to ensure the completeness, promptness, accuracy and validity of benefit entitlements assessed, paid and overpaid including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.</p>					✓
<p>Housing Rents Medway Council has approximately 3000 homes in the Gillingham, Rainham and Twydall areas. Housing is funded through the Housing Revenue Account (HRA). The money in the HRA comes from the rent collected from tenants and some government funding. The rental income budget for 2009/10 is approximately £12 million. The audit will review system access controls, debit creation, rent collection and arrears management.</p>					✓
<p>Payroll Medway Council employs over £10,000 people (including schools), the majority of whose salaries and wages are processed through the "Resource Link" system, managed under the Human Resources structure within the Business Support Department. Total payments exceed £10m each month.</p> <p>The audit will focus on key controls that ensure the completeness, promptness, accuracy and validity of payments made.</p>					✓
<p>NNDR There are approximately 6,100 commercial properties in Medway's area, these generating annual an income of approximately £77 million. The audit will focus on controls to ensure the completeness, promptness, accuracy and validity of NNDR transactions, including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.</p>					✓

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Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Activity ↓				
<p>Key Financial Systems</p> <p>Treasury Management Practices The audit will review the operation of the Treasury Management function to ensure that:</p> <ul style="list-style-type: none"> • All lending and borrowing transactions comply with the Council's financial rules and are authorised appropriately; • All transactions are documented appropriately and are reflected in the financial records accurately and promptly; • Access to treasury management records and systems is restricted to authorised persons. 				✓
<p>Treasury Management Strategy The experience of the Icelandic situation in 2008 has led CIPFA to amend the CIPFA Treasury Management in the Public Services Code of Practice (the Code). It is also now a requirement of the revised Code that the Council should formally adopt the Code and the revised Treasury Management Policy Statement as part of standing orders and financial regulations.</p> <p>Medway Council's 2010/11 Treasury Management Strategy was prepared in accordance with the revised Code.</p> <p>This audit will review the content of and compliance with the Treasury Management Strategy.</p>				✓

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Annex A

Activity ↓	Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Other Financial Systems					
<p>Compliance with Financial Procedures The Authority's Section 151 officer is responsible for the proper administration of the Council's financial affairs in accord with proper practice. Each year, Internal Audit will conduct a range of audits across a number of satellite sites and departments in order to ensure each complies with Medway Council's financial rules. In 2010/11, the following will be audited:</p> <ul style="list-style-type: none"> • Corn Exchange – follow-up of 2009/10 audit • Economic Development / Social Regeneration • Medway Park • Parklands Resource Centre – follow-up of 2009/10 audit • Silverbank Pupil Referral Unit 		✓			
<p>Credit Card Income Medway Council is currently upgrading its system for accepting Credit Card payments. This audit will examine the procedures in place to minimise the risk that payments received over telephone and internet by credit card are fraudulent.</p>		✓			
<p>Credit Card Refunds This audit will review all systems fed by Radius payment information to ensure that credit card refunds are made to the originating card in an appropriate manner.</p>		✓			
<p>Direct Debit Income The Authority receives an increasing amount of its income through Direct Debit, particularly Council Tax. It has plans to increase this income, for instance with Housing Rents.</p> <p>The audit will evaluate compliance with the Direct Debit guarantee, which places Medway Council under a duty to ensure proper processes are in place to notify customers of charges due and handle customer information properly. Income could be lost if direct debits are handled inappropriately.</p>					✓

Internal Audit Programme 2010/11

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Other Financial Systems				
<p>Highways Maintenance Contract Follow-up Medway's highways maintenance function comprises a range of discrete activities, which are primarily organised, co-ordinated and administered by officers in the Regeneration, Community and Culture directorate's Highways group. In 2007, a 5-year contract for highways maintenance works was awarded, with a possible extension of a further 5 years based on the contractor's performance. The contract is worth up to £50 million.</p> <p>This audit will follow-up on the issues identified in the 2009/10 audit.</p>			✓	
<p>Homelessness rental income A new system has been implemented early in 2010 to ensure rental income is collected for all homeless clients.</p> <p>This audit will examine arrangements for charging and collecting top-up contributions and payments from clients not on housing benefit and ensuring receipt of the latter from those clients that are.</p>				✓
<p>Housing Benefits Grant Claim The external auditors have a statutory duty to examine the Council's annual claim for reimbursement of housing benefits payments and, to assist in this process, Internal Audit has been asked to carry out this exercise. We will, therefore, follow Audit Commission guidance to review the information contained in the claim and express a conclusion as to whether the claim is fairly stated and in accordance with the relevant terms and conditions.</p>				✓
<p>Imprest Accounts follow-up The council's financial rules permit the use of imprest accounts at some establishments in the interests of expediency and where there is a case for efficient administration of certain business activities. This audit will follow-up on the 2009/10 audit and review the operation of these accounts to ensure they are used for legitimate Council expenditure and follow arrangements specified by the Chief Finance Officer.</p>	✓			

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Other Financial Systems				
<p>Markets Income - follow-up Medway Council operates three markets, twice a week in Gillingham and Strood and a monthly farmers' market in Rochester. A planning application has been submitted for a new "German Market" at Rochester Castle in the four weeks before Christmas.</p> <p>The audit will follow-up on the 2009/10 audit and extend testing to cover the Christmas market (subject to planning approval).</p>			✓	
<p>Online Procurement for Educational Needs Medway Council has agreed to implement OPEN, the DfE funded 'Online Procurement for Educational Needs' marketplace for schools. This offers schools easy access to local, regional and national value for money contracts in one place.</p> <p>OPEN is designed to interface with schools' existing Financial Management Systems (FMS). This means that any requisitions staff make are immediately uploaded into the school's FMS, removing the need to double type entries. It will also mean that in the medium term future, electronic invoices and credit notes sent from suppliers will be imported automatically, saving more staff time.</p> <p>It is expected that the first schools to use OPEN in Medway will implement the system early in the 2010/11 financial year. This audit will review the operation of the new e-procurement system in four of these schools.</p>		✓		
<p>Payroll – pension deductions Medway Council is the second largest contributor to the LGPS in Kent. Kent County Council's external auditors require assurance that payments to the LGPS are accurate. This audit will seek to test the controls in place to ensure staff pension deductions are accurate and correct amounts are paid to Kent County Council's pension section in order.</p>				✓

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Activity ↓	Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Other Financial Systems					
<p>Procurement processes Review Procurement Manager's processes for monitoring compliance with procurement rules. The audit will focus on the following areas:</p> <ul style="list-style-type: none"> • Ensuring contracts due for re-letting are identified in sufficient time to allow the required competitive dialogue to take place • Identification of procurement activity within services that fails to comply with contract rules • Preventing bypassing of existing framework agreements • Potential future savings from aggregating spend. 		✓			
<p>PSA2 Final Outturn PI verification checks The audit will review the accuracy of calculated performance against the single indicator not finalised by the time the interim grant claim was submitted (target 5 – reducing the percentage of 16-18 year olds NEET), the robustness of the arrangements to produce the outturn declared and controls over the quality of data from which it was derived.</p>			✓		
<p>Schools Assurance Programme The CFO obtains assurance on the effectiveness of financial controls through schools undertaking financial control self-assessment (FCSA), with subsequent internal audit review.</p> <p>Internal Audit will visit schools to obtain any additional information necessary to evaluate the effectiveness of financial controls where the content of the school's self-assessment is unclear or incomplete or to address specific concerns raised by Governors or Finance.</p>			✓		

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Other Financial Systems				
VAT This audit will review the procedures for identifying, processing and accounting for VAT to minimise risks that: <ul style="list-style-type: none"> • Officers responsible for processing qualifying expenditure and income are provided with appropriate information and guidance on the identification and treatment of VAT. • VAT is identified correctly on relevant income received, calculated accurately and promptly recorded in the accounting records. • VAT is reclaimed for all qualifying expenditure and promptly and accurately recorded in the accounting records. • VAT returns are accurately completed and submitted within the prescribed timescales. 				✓

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Activity ↓ Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Risk Assessed Work				
<p>Allocation of resources – SEN Pupils identified as having special education needs (SEN) qualify for additional classroom resource to help them to achieve their potential. Schools take the lead in identifying pupils with SEN.</p> <p>SEN provision is a demand-led service. It is vital in the current economic climate that resources are allocated fairly on a needs basis. The audit will build on the recent management review of the service in order by reviewing procedures across a sample of schools to ensure consistency in the award of SEN statements.</p>		✓		
<p>Blue Badges The Blue Badge scheme allows people with severe mobility problems who have difficulty using public transport to park for free. This means badge holders can park close to where they need to go. In addition, badge holders are exempt from the congestion charge in London.</p> <p>The Audit Commission have targeted fraudulent use of blue badges in their National Fraud Initiative data matches. Misuse can deny people with genuine need the parking they require close to their destination and reduce the Authority's parking income.</p> <p>This audit will review the Authority's processes for ensuring Blue Badges are only issued to qualifying persons, are used appropriately and are returned when no longer required.</p>				✓
<p>Business Continuity Plan Review the Authority's Business Continuity arrangements to ensure that it can continue to deliver its critical services in the event of a major incident (e.g. pandemic, flood, terrorist attack). The audit will review the identification of corporate priorities, scenario planning and testing arrangements. The review will cover issues relating to staff, IT, building and other resources needed to deliver key services.</p>	✓			

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Activity ↓ Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Risk Assessed Work				
<p>Concessionary Fares The Concessionary Bus Travel Act 2007 amended the previous statutory responsibility placed on local authorities to provide travel concessions to people aged 60 and above and those with certain disabilities, most notably to enable free travel anywhere in England between certain hours. Responsibility for reimbursing operators for the cost of journeys made also changed, from those incurred against passes issued by an authority to all journeys made by pass holders (regardless of the issuing authority) beginning in an authority's area. In addition to this scheme, Medway also offers half-price bus fares to students in full time education, on payment of a nominal fee.</p> <p>This audit will review the risk that reimbursement of operators' costs may not reflect accurately the cost of journeys using older persons' passes commenced in Medway or journeys using Medway students' half-price passes. It will supplement the audit carried out in 2009/10, which covered verification of eligibility, issue of new passes and treatment of income received.</p>			✓	
<p>Council Plan Monitoring Audits to confirm the accuracy of reporting of a small basket of indicators. Each audit will cover 5 indicators. The audit will review controls in place to mitigate the following risks:</p> <ul style="list-style-type: none"> • Performance measures may not be properly defined; • There may not be a sound methodology for calculating the indicators; • Data quality may be poor; • Performance may be reported inaccurately. 	✓			

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Risk Assessed Work				
<p>Covalent The Authority has procured the Covalent software to help underpin a robust performance management framework and help embed this across all directorates and services. The initial focus of the project was to use Covalent for Council Plan Monitoring, National Indicators and to explore its wider use in a small number of trial services.</p> <p>The objective of this audit is to provide an opinion on the effectiveness of controls to minimise the risks that:</p> <ul style="list-style-type: none"> • There is inadequate buy-in from services; • Poor data quality may not be identified and corrected; • Covalent does not improve decision makers' understanding of the Authority's performance. 	✓			
<p>ICT Security Medway Council, like most organisations, has a flexible and dynamic environment, with staff accessing ICT resources locally and remotely, and the need for a secure computing environment has become more pronounced. Threats can be internal, external, accidental or malicious. Effective security is essential for public confidence in the conduct of the Authority's business.</p> <p>The Authority is in the process of updating its security policy, ensuring compliance with International Standards.</p> <p>The audit will review current ICT security arrangements and compliance with the latest government security regulations.</p>				✓

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Risk Assessed Work				
Libraries stock control This audit will review stock control following the implementation of a new computerised stock management system. The audit will evaluate the effectiveness of controls to ensure that all issues and returns of books are properly recorded and the location of all books is known at all times.				✓
Medway Community Safety Partnership The audit will examine review the operation of the partnership in meeting its aims and objectives, paying particular attention to: <ul style="list-style-type: none"> • Governance • Risk management • Prevention of fraud and corruption 			✓	
Personal Budgets The Department of Health states that “In the future, all individuals eligible for publicly-funded adult social care will have a personal budget (except for emergency provision); a clear, upfront allocation of funding to enable them to make informed choices about how best to meet their needs, including their broader health and well-being. A person will be able to take all or part of their personal budget as a direct payment.” Local Authority Circular (DH) (2008) 1. The Authority aims to ensure that at least 30% of eligible service users / carers have a personal budget by April 2011. Clients who receive their personal budgets as direct payments take on the responsibility for managing their care and may take on additional responsibilities, such as those of an employer. The Authority does, however, retain an overall duty of care. This audit will review the systems that Medway Council has put in place to ensure personal budgets are being used to meet clients’ needs and manage other risks to individuals who are managing personal budgets.		✓		

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Activity ↓ Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Risk Assessed Work				
Project / Programme Management - Progress Monitoring Examination of project management within the Authority. This audit will examine monitoring and reporting arrangements of a sample of ongoing projects to ensure that each is following project management methodology.	✓			
Security of Confidential Records at Children and Adults Sites The 2009/10 audit of the review of restrictions in place to prevent unauthorised access to social care case records resulted in an “uncontrolled” opinion. Staff from the Children and Adults directorate are based at a large number of sites across Medway. The Authority needs assurance that the procedures for handling confidential data at each site is appropriate and that lessons learnt from the 2009/10 audit have been applied. This audit will visit a sample of Children and Adults sites to review the controls in place to mitigate the following risks: <ul style="list-style-type: none"> • Unauthorised access to electronic records • Loss, or unauthorised access to manual records. • Failure to comply with regulations governing the retention/disposal of records. 		✓		

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Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
<p>Activity ↓</p> <p>Risk Assessed Work</p>				
<p>Tenancy Fraud</p> <p>The Audit Commission Report “Protecting The Public Purse” highlighted housing tenancy fraud as one area where the risk of fraud has not been adequately addressed at the local level. The report estimates that social housing across England has been reduced by nearly 50,000 properties and that the level of tenancy fraud in parts of London could be as high as 5%.</p> <p>The reduced private / social rent differential in Medway (compared to London) reduces the incentive for tenancy fraud, but the Audit Commission believe that 1% of properties outside London could be unlawfully occupied.</p> <p>The audit will review gateway controls in allocations and housing procedures to detect /prevent fraudulent tenancies and seek to match housing and Housing Benefits data to identify discrepancies in tenant records.</p> <p>If the data match is successful, we will investigate the potential for collaboration with MHS Homes.</p>				✓
<p>Transport Procurement Unit</p> <p>The Transport Procurement Unit (TPU) provide home to school transport for all pupils qualifying for assistance under the Education Act (1996). More recently they have taken on responsibility for managing the transport requirements of social care clients.</p> <p>This audit arises following an incident where an overpayment occurred for a social care client’s taxi service. It will review the processes for provision of and making payments for transport provided.</p>		✓	✓	

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Activity ↓	Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Governance Audits					
<p>Corporate Governance The audit is intended to assess the effectiveness of the Council's arrangements covered by the six core principles of the CIPFA / SOLACE Framework, plus the 'general requirements' specified in the same publication.</p>		✓			
<p>Risk Management Risk management forms an intrinsic component of corporate governance. In view of this, Internal Audit carries out an annual review of the Council's progress in embedding a consistent method for the identification, evaluation and recording of risk.</p>		✓			
<p>Corruption Prevention System The audit will review the arrangements designed to promote and ensure probity and propriety in the conduct of authorities' business and will include review of the current policies on expected standards of ethical and moral behaviour, communication of these to members and officers, and examination of registers of offers of gifts and hospitality and declaration of interests.</p>		✓			

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Activity ↓	Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Reserve Audits					
<p>Compliance with Financial Procedures The Authority's Section 151 officer is responsible for the proper administration of the Council's financial affairs in accord with proper practice. Each year, Internal Audit will conduct a range of audits across a number of satellite sites and departments in order to ensure each complies with Medway Council's financial rules. In 2010/11, the following will be audited:</p> <ul style="list-style-type: none"> • Adult Education 		✓	✓	✓	
<p>Debt Recovery – value for money The Authority collects income from a number of sources (e.g. Council Tax, NNDR, Housing Rents, Debtors, Parking).</p> <p>This audit will compare income, resource allocations and debt recovery rates and procedures in these systems, benchmarking with other Authorities where appropriate. The aim will be to share best practice and to identify areas where value for money can be improved.</p>	✓				

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Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Activity ↓ Reserve Audits				
Effectiveness of Medway’s Cultural Strategy 2009-2014 Culture is one of the critical components in defining Medway as a place, giving colour, vibrancy and meaning to the significant physical regeneration that is taking place; in establishing pride in Medway, recognising the rich cultural offer that already exists, together with our exciting proposals for the future; in bringing prosperity to the local economy both through our vibrant creative sector and by serving as a magnet for tourism and drawing students to learn and then stay here; and in putting Medway on the map, ensuring Medway’s reputation and cultural offer is recognised both regionally and internationally. Medway’s Cultural Partnership is one of two active sub partnerships supporting the Medway Regeneration Partnership. It is currently consulting on its draft cultural strategy that highlights four strategic priorities: <ul style="list-style-type: none"> • Stewardship • Engagement • Contributing to Economic Prosperity • Health and Wellbeing This audit will review the strategies, action taken and how success is measured.			✓	
Foster Payments A review of the system for making payments to Foster Carers to ensure payments are accurate timely, and made to the correct bank account. The audit will also ensure payments appear accurately and promptly in the financial record.		✓		
Information Management The 2009/10 Audit of Information Management within Local and Regional Planning showed that, although there were sound procedures within the service, there were potential weaknesses in the collation and sharing of information across the whole Authority. This audit will review the Authority’s arrangements to manage information to ensure it is used as widely as possible and collection / retention systems are not duplicated.	✓			

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Reserve Audits				
<p>Medway Children’s Trust Medway’s Children’s Trust is a local partnership that brings together the organisations responsible for services for children, young people and families in a shared commitment to improving children’s lives. It is the local authority – through the Council’s Director and Lead Member for children’s services – which leads the Children’s Trust Board, but they work closely with other local agencies with a legal duty to be part of the Trust: the strategic health authority; NHS Medway (the Primary Care Trust); Kent Police; the police authority; the local probation board; the youth offending team; Medway Youth Trust (Connexions); and the Learning and Skills Council. In addition Medway’s Children’s Trust includes other important partners – some of which will have statutory duties to cooperate under new legislation – like schools, colleges, third sector organisations, Jobcentre Plus, and representatives of parents and of young people.</p> <p>The Children’s Trust Board will oversee the delivery of all of the actions and promises in the Children and Young People’s Plan, and the development of future priorities and plans from 2011 onwards.</p> <p>The key areas for improving children’s outcomes over the next two years have been grouped into six thematic areas, each of which will has a Partnership Group responsible for drawing up an action plan so that progress can be effectively monitored.</p> <p>The audit will examine review the operation of the partnership in meeting its aims and objectives, paying particular attention to:</p> <ul style="list-style-type: none"> • Governance • Risk management • Prevention of fraud and corruption 		✓		

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Directorate/Department →	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Activity ↓ Reserve Audits				
Medway Plan for Local Businesses The Corporate risk register recognises the impact the economic downturn could have on the people of Medway and the Authority's ability to achieve its objectives. One of the actions taken to mitigate this risk is the Launch of the Medway Plan for local businesses. This audit will review the Medway Plan for Local Business, identify action taken and evaluate the effectiveness of that action in helping local businesses to survive the recession and in providing opportunities for local firms to bid for contracts.			✓	
Transformation of Adult Social Care – The Approach to Prevention, Intervention and Development of Cost Effective Services Instead of waiting for a crisis before intervening, adult social care should move to providing preventative support to promote wellbeing and maintain independence for as long as possible. Commissioning strategies should be integrated with the NHS and with other local authority services (e.g. leisure, adult education, transport, housing). Strategies must achieve the right balance between intensive care and support for those with high-level complex needs and a shift to investment in prevention, early intervention and 're-ablement' (supporting people to regain abilities and skills lost through illness, accident or disability). The audit will review the approach taken to ensure: <ul style="list-style-type: none"> • The council and its partners have systems in place, such as case finding, to identify people who might benefit from preventative services; • There is good access to evidence-based interventions (e.g. preventative falls service, community equipment and telecare); • There is comprehensive access to valued services such as gardening and handypersons; • Intermediate care and re-ablement services are part of the standard operational process and are targeted at those most likely to benefit; • Processes are in place to monitor the quality of new services; • The extent to which people feel their lives have improved is measured. 		✓		

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Directorate/Department → Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Reserve Audits				
<p>Transformation of Adult Social Care – Universal Information and Advice Strategy All citizens should be able to easily find locally relevant information and advice about their care and support needs in order to enable control and inform choice. Information should be available in a range of formats and through channels to make it accessible to all groups. Provision of information, advice and guidance should move from being largely developed from separate initiatives to a single coherent service strategy. The audit will review the strategy to ensure it identifies:</p> <ul style="list-style-type: none"> • Key actions have been identified to ensure information and advice can be reached by all citizens; • Accountability for actions has been clarified; • Measures of success in delivering universal access to information and advice have been defined; • Systems necessary for measuring performance (including collection of any baseline data) are in place. 		✓		
<p>Webreq Webreq is the council’s electronic ordering system and provides an “end to end” purchase to payment system. It was rolled out to the whole council on 1st April 2006, from which point it was expected that all goods or services (with a few exceptions) acquired from external suppliers would be processed using the system and the old method of completing non-purchase order slips to authorise payment of invoices would be phased out. Use of system encourages procurement through the Authority’s contractors, improves accuracy and timeliness of budget monitoring, and speeds payment of creditors.</p> <p>This audit will use the audit interrogation tool “IDEA” to review the use of Webreq by cost-centre in order to establish the use services are making of the facility e.g. percentage use in each service and percentage of orders raised after invoices received. We will follow-up with managers and staff to determine reasons for low-take-up and establish how take-up can be enhanced further.</p> <p>We will also review authorisation limits to ensure that they have been set appropriately for requisitioners and authorisers.</p>	✓			

Internal Audit Programme 2009/10

Activity ↓	Directorate/Department			
	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
<p><u>BACS payments</u> This audit will review the BACS payment processes for payroll and creditors systems to ensure that only approved payments are made. It will include the handling of BACS rejects.</p>				AC 03/10
<p><u>Bar Stock Control – value for money</u> Medway Council operates a number of bars across its leisure and culture sites. Separate audits at three of these sites showed differences in approach to stock control. A value for money audit of bar stock control is likely to identify savings that could be made from improved procurement practices and increased stock turnover.</p>			AC 06/10	
<p><u>Carbon Reduction Commitment</u> The audit will examine Medway Council's preparations for the Carbon Reduction Commitment including:</p> <ul style="list-style-type: none"> • Measuring the current carbon footprint • Identification of future savings 	AC 03/10			
<p><u>Concessionary Fares</u> Pro-active fraud prevention work. Concessionary fares are a statutory function leading to rising reimbursement costs to operators over time, resulting in a budget pressure. The audit will examine controls in place to ensure cancellation and collection of bus passes that are no longer required and will follow up on the results of the NFI data matching exercise.</p>			AC 06/10	AC 06/10
<p><u>Contact Point</u> This audit will examine Medway Council's preparations for "Contact Point". This is a new national system that records basic data relating to every child and the contact details of practitioners involved (e.g., parent/guardian school, GP, care worker, lead practitioner, if any). DCSF expect LA IA teams to provide annual assurance on the control operating locally. The audit will cover, accuracy, correct usage (i.e. business use only), competent users (ECRB checked and trained), monitoring activity and procedures for identification and remedy of weaknesses.</p>		AC 06/10		
<p><u>Co-ordination of bidding for External Funding</u> Medway Council's corporate funding unit has a key role in co-ordinating the Authority's bids for external funding. The audit will review the processes in place to ensure:</p> <ul style="list-style-type: none"> • All bids for external funding are channelled through the unit, • Procedures for synthesising bids to maximise benefits for Medway and minimise potential duplication or contradictions in project proposals; • Measurement and reporting of outcomes (to ensure funding conditions have been met). <p>Note: The final outcome will be reported to the September meeting of this committee.</p>	DR			
<p><u>Corn Exchange</u> This is one of a range of audits planned to ensure devolved sites operate in compliance with Medway</p>			AC 06/10	

Internal Audit Programme 2009/10

Directorate/Department				
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Council's financial procedures.				
<u>Corporate Governance</u> The audit is intended to assess the effectiveness of the Council's arrangements covered by the six core principles of the CIPFA / SOLACE Framework, plus the 'general requirements' specified in the same publication.	AC 06/10			
<u>Corruption Prevention System</u> The audit will be based on the KLoE for arrangements designed to promote and ensure probity and propriety in the conduct of the Council's business and will include review of the current policies on expected standards of ethical and moral behaviour, communication of these to members and officers, and examination of registers of offers of gifts and hospitality and declaration of interests.	AC 06/10			
<u>Council Plan Monitoring</u> End of quarter audits to confirm the accuracy of reporting of a small basket of indicators. Each audit will cover 5 indicators. The audit will review controls in place to mitigate the risks that: <ul style="list-style-type: none"> • Performance measures may not be properly defined; • There may not be a sound methodology for calculating the indicators; • Data quality may be poor; • Performance may be reported inaccurately. 	AC 06/10			
<u>Council Tax</u> The audit will focus on controls in place to ensure the completeness, promptness, accuracy and validity of council tax transactions, including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.				AC 06/10
<u>EU Grant Claims</u> Statutory audits of EU grant claims. <ul style="list-style-type: none"> • Interreg IV A 2 claim to end June 2009 • Interreg IV A 2 claim to end December 2009 • Interreg 4 claim 				AC 09/09 AC 03/10 AC 03/10
<u>Foster Care Capacity Planning</u> Recent publicity indicates that a high percentage of foster carers are over 50, with a significant risk to the ability to deliver the service when they retire. The audit will interrogate foster carer data to quantify this risk for Medway Council and evaluate the effectiveness of mitigating measures.		AC 09/09		
<u>Free School Meals</u> Pro-active fraud prevention work. Management have expressed concerns that the service has to rely on parents notifying non-eligibility, which they may fail to do. The audit will cover: <ul style="list-style-type: none"> • Initial entitlement • Continuing entitlement 		AC 09/09		

Internal Audit Programme 2009/10

Directorate/Department				
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
<ul style="list-style-type: none"> Accuracy of payments 				
<p><u>Financial Control Self-Assessment in Schools</u> Review of the FCSA submissions from primary (tranche 3) and secondary schools in order to give the Chief Finance Officer assurance over the integrity of the FMSiS assessment.</p>		AC 06/10		
<p><u>Grounds Maintenance Contract Monitoring follow-up</u> Examination of arrangements for monitoring contract compliance and performance, including the recording and processing of defaults.</p> <p>Note: The final outcome will be reported to the September meeting of this committee.</p>			DR	
<p><u>Health and Safety</u> The audit will determine the effectiveness of the monitoring arrangements to ensure compliance with Health and Safety legislation across the Authority's sites.</p>	AC 12/09			
<p><u>Highways Maintenance Contract</u> The audit will examine and test arrangements for specifying, procuring and monitoring the highways maintenance work.</p>			AC 09/09	
<p><u>Homes and Communities Agency – Grant Claims</u> The intention was that HCA would agree the scope of the grant claim audit with the Audit Commission. However, HCA were unable to reach an agreement with the Audit Commission. Therefore, internal audit have been asked to carry out this work, which involves specific tests on each of the separate eighteen grant claims.</p>				AC 03/10
<p><u>Housing Benefits</u> The audit will focus on controls to ensure the completeness, promptness, accuracy and validity of benefit entitlements assessed, paid and overpaid including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.</p>				AC 06/10
<p><u>Housing Contract Management follow-up</u> The audit will examine goods, services and works, procured by "HRA" Housing Services from individual suppliers, to assess value for money and compliance with statutory requirements.</p>				AC 06/10
<p><u>Housing Rents</u> The audit will review system access controls, debit creation, rent collection and arrears management.</p>				AC 06/10
<p><u>ICT Governance</u> Review of the strategic approach taken to ensure ICT enable the delivery of Medway Council's strategic objectives. The audit will examine tools used by ICT management to ensure current operational needs are met, whilst anticipating future resource requirements and mitigating the risk exposure from information systems.</p>				AC 03/10
<p><u>Imprest Accounts</u> The council's financial rules permit the use of imprest accounts at some establishments in the interests of</p>	AC 09/09			

Internal Audit Programme 2009/10

Directorate/Department				
Activity ↓	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
expediency and efficient administration. This audit will review the operation of these accounts to ensure they are used for legitimate expenditure and follow arrangements specified by the Chief Finance Officer.				
<u>Libraries Income Control</u> This is one of a range of audits planned to ensure devolved sites operate in compliance with Medway Council's financial procedures. This audit will review income procedures and processes.				AC 12/09
<u>Local and Regional Planning (Information Management)</u> The audit will determine key management information relied on for decision-making. Systems for recording this information will be identified and the information tested to ensure it is accurate, complete and up to date.			AC 12/09	
<u>Markets Income</u> This is one of a range of audits planned to ensure devolved sites operate in compliance with Medway Council's financial procedures. This audit will review control over income for the three markets.			AC 12/09	
<u>Medway Community College – financial controls</u> This audit will review financial control within Medway Community College, following a previous 'unsatisfactory' audit opinion.		AC 09/09		
<u>Mobile Phones – value for money</u> A value for money audit will examine the provision and use of mobile phones across the Authority. It will review monitoring arrangements to ensure that mobile phones have been provided only where necessary, are on the most effective tariffs and Medway Council has not paid for private use.	DR			
<u>NNDR (business rates)</u> The audit will focus on controls to ensure the completeness, promptness, accuracy and validity of NNDR transactions, including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection.				AC 06/10
<u>Parking Income</u> Examination of arrangements for processing, monitoring and controlling the collection of income from car park machines and the issue of excess charges and penalty notices.				AC 12/09
<u>Parklands Resource Centre</u> This is one of a range of audits planned to ensure devolved sites operate in compliance with Medway Council's financial procedures.		AC 09/09		
<u>PSA2 Final Outturn PI verification checks</u> The audit will review the accuracy of calculated performance indicators, the robustness of the arrangements to produce them and controls over the quality of data from which they are derived.	AC 12/09			
<u>Project / Programme Management – Evaluation and Approval of Projects</u> Examination of project management within the Authority.	DR			

Internal Audit Programme 2009/10

Activity ↓	Directorate/Department			
	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
This audit will review the proposal, business case and initial project plan for a sample of approved and rejected projects to ensure that each has followed sound project management methodology.				
<u>Rainham Mark Grammar School – financial controls</u> This audit will review financial control within Rainham Mark Grammar School, following a previous 'unsatisfactory' audit opinion.		AC 06/10		
<u>Risk Management</u> The audit will assess the effectiveness of the Council's risk management process.	AC 06/10			
<u>Robert Bean Lodge</u> This is one of a range of audits planned to ensure devolved sites operate in compliance with Medway Council's financial procedures.		AC 09/09		
<u>Safer Recruitment in Schools</u> This audit will review the Authority's monitoring arrangements to ensure schools are complying with the safer recruitment policy. A sample of schools will be visited to evaluate the extent to which the Council's monitoring records reflect actual practice in Medway's schools.		AC 03/10		AC 03/10
<u>School In-house Payroll Provision</u> The majority of schools within Medway outsource payroll to either Medway Council or another specialist provider. A small number provide payroll in-house. This audit will review the payroll process in these schools to ensure: <ul style="list-style-type: none"> • Only legitimate payments are made; • Payments are accurate and timely; • Deductions (statutory and voluntary) are accurate and paid to the appropriate agencies; • Payments and deductions are reflected accurately and promptly in the school's financial records; • Access to confidential payroll data (computerised and documentary) is restricted to appropriate persons. 		AC 03/10		
<u>Security of Social Care Case Records</u> The audit will review restrictions in place to prevent unauthorised access to social care case records. It will review controls in place to mitigate the following risks: <ul style="list-style-type: none"> • Unnecessary and/or unauthorised access to Social Care IT systems. • Unauthorised access to other records kept on computers. • Loss, or unauthorised access to manual records. • Failure to comply with regulations governing the retention/disposal of records 		AC 06/10		
<u>Social Care Case Recording</u> The audit will examine all records maintained for social care systems. It will review controls in place to mitigate the following risks: <ul style="list-style-type: none"> • Confusion about the records that should be kept. 		AC 06/10		

Internal Audit Programme 2009/10

Activity ↓	Directorate/Department			
	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
<ul style="list-style-type: none"> • Confusion about who should maintain the records. • Inaccessibility of records to those who need them. • Inappropriate or delayed action at the first intimation or receipt of a case (i.e. referral, transfer, other notification) because records are inadequate. • Poor liaison between internal teams and/or external agencies because records are inadequate. • Inappropriate action in progression of case because reviews and updates of strategy have not been clearly recorded. • Risk to clients because of poor compliance with the recording system. 				
<p><u>Stirling Centre</u> This is one of a range of audits planned to ensure devolved sites operate in compliance with Medway Council's financial procedures.</p>			AC 03/10	
<p><u>Supporting People Grant Claim</u> This work fulfils a requirement to review the Supporting People grant claim.</p>		AC 09/09		
<p><u>Theatres (Asset Management) – follow-up</u> A “health check” examination of the asset management systems operating at the Brook and Central theatres.</p>			AC 06/10	
<p><u>Workforce Planning – Readiness for CAA</u> Determination of the effectiveness of preparations to demonstrate the Council's performance in respect of KLOE 3.3 “Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?” How will Medway Council demonstrate it:</p> <ul style="list-style-type: none"> • Has a productive and skilled workforce; • Knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this; • Engages and supports staff in organisational change; and has policies which support diversity; and • Good people management. 	AC 12/09			

Key

AC = month & year reported to Audit Committee

DR = Draft report issued