

Internal Audit Strategy & Plan
2015/16





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Introduction

1. This report summarises the proposed work of Internal Audit for 2015/16. The aim is to give an overview of areas to be covered during the year and to provide an opportunity to comment on the proposed coverage.
2. The audit plan has been developed to allow sufficient flexibility to respond to change which will happen during the year. Whilst every effort is made to deliver the plan as shown there will always be the need to respond to emerging risks and changing circumstances. The plan is therefore a statement of intent – our liaison meetings with senior management will ensure that it is reviewed regularly.
3. Internal Audit is a statutory service required by the Accounts and Audit Regulations 2015. It is also a key source of independent assurance for management, designed to add value and improve how the Council operates. The results of our work feed into the Council's Annual Governance Statement.
4. The work is performed in conformance with the UK Public Sector Internal Audit Standards (PSIAS). These require that the scope of Internal Audit covers the whole range of the Council's activities, seeking to provide an annual internal audit opinion on the governance, risk and internal control environment of the County Council, which has been established to:
 - Achieve strategic objectives
 - Ensure effective and efficient operational systems and programmes
 - Safeguard assets and interests of all kinds
5. Ensure the reliability and integrity of financial and operational information.
- Ensure economic, efficient and effective use of resources
- Ensure compliance with established policies, procedures, laws, regulations and contracts.

Our Internal Audit Strategy

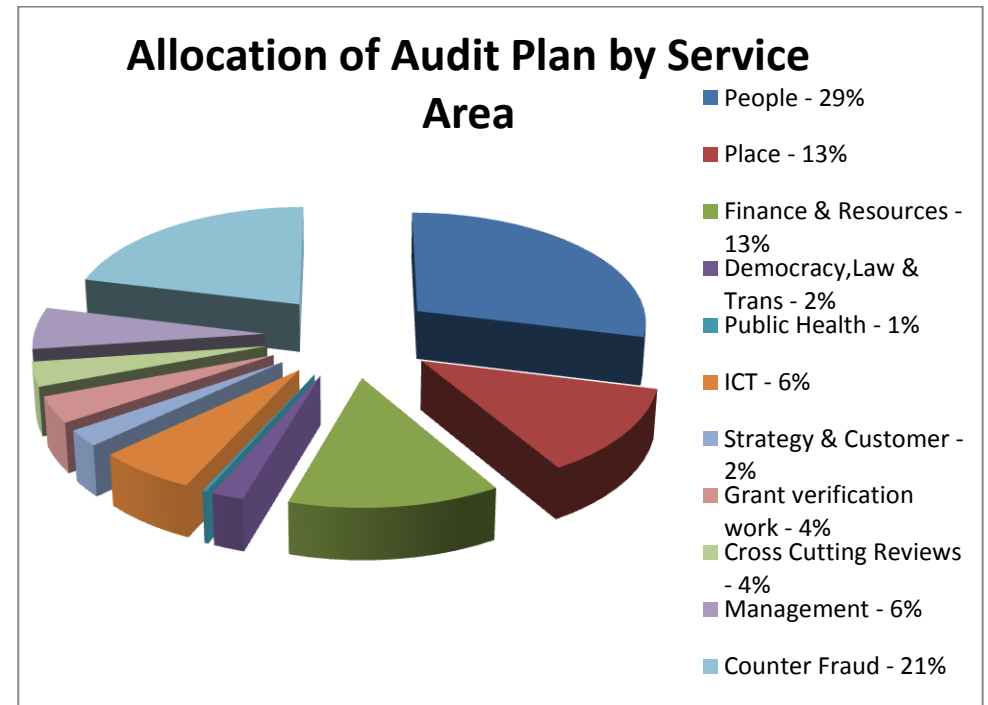
5. Our Internal Audit Strategy has been developed to take into account management's assessment of risk. This is obtained from the contents of the Corporate Risk Registers, listing of key critical services including IT systems, External Audit considerations, other internal assurance providers (i.e. Health & Safety and Information Governance Officers) and conversations with Senior Management to discuss potential changes/ areas of concern, including consideration of fraud risks within their area of control.
6. Also we use our own risk assessment against each activity assessing their materiality, sensitivity, significance and stability – ranking each area as high, medium or low risk. This allows each possible area to be prioritised based on risk, which then determines whether or not it will be included in the audit plan. A copy of the risk assessment methodology is included in Appendix A.
7. The plan has been constructed to ensure that it delivers against the PSIAS and the requirement to produce an annual Head of Internal Audit opinion.
8. The annual risk based plan is produced based on the following key principles:

- Assurance reviews with a high risk (i.e. >60%) ranking should be completed.
 - Identification of 'Top Ten Risk' Reviews.
 - Fundamental Financial systems – reviewed on a cyclical basis.
 - A risk based Schools' audit strategy, approved by the Section 151 Officer, will be completed.
 - An initial allocation of 200 days to conduct Special Investigations.
 - An initial contingency allocation – variable year on year.
 - Time to undertake pro-active counter fraud work.
 - Risk based programme of compliance reviews.
9. We co-ordinate our work on key financial systems with the Council's External Auditors, Ernst & Young (w.e.f from 2015/16). We will look to establish a joint working protocol which sets out where the External Auditor seeks to place reliance on our work. This ensures that the Council gets the most out of its combined audit resource – keeping audit fees low.

Draft Internal Audit Plan 2015/16

10. We propose to allocate resources across each Service Area as shown in figure 1 with further details in Appendix B
11. Top risks facing councils continue to include pressures on finances and resources; changes in demands and demography and the impact of welfare reforms.

Figure 1 – Analysis of Audit Plan



12. The top risk audits/reviews for the County Council have been assessed as being the following areas:

- | | |
|--|---|
| 1. Care Act | 7. SAP Replacement – Core + |
| 2. SSOPT – transformation programme | 8. Economic Regeneration |
| 3. SSOPT – contract monitoring & performance | 9. European Structural & Investment Funding Project |
| 4. Better Care Fund | 10. Care Director IT Application |
| 5. Infrastructure Plus – payment mechanism | 11. Child Safety & Exploitation |
| 6. HR Transformation Projects | 12. Strategic Property Partner |

13. The full report for these areas will be issued to Audit & Standards Committee Members once the report has been finalised.

Draft Counter Fraud Audit Plan 2015/16

14. We propose to allocate resources to our counter fraud work as per the details in Appendix B. This provides a robust response to Central Government's expectations for tackling fraud and corruption. This demonstrates the Councils continued commitment to ensuring good governance during a period of significant change to service delivery.

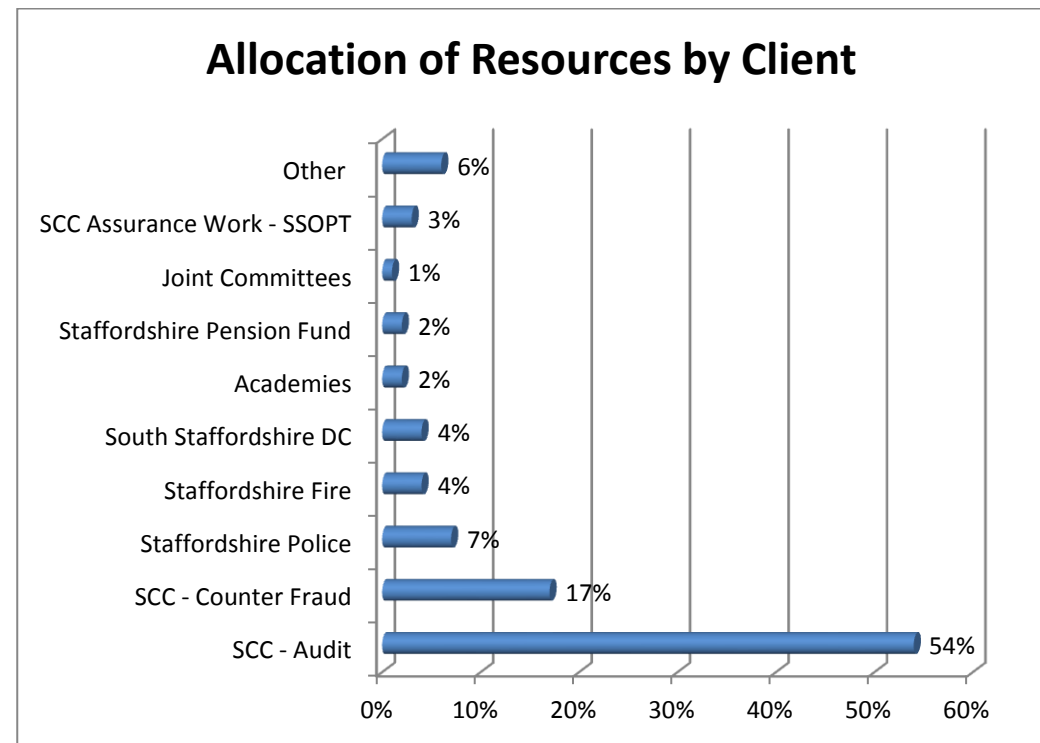
Resources

15. The total resource requirement for Staffordshire County Council in 2015/16 is 1990 days. This remains consistent with the level of resource delivered in 2014/15.
16. The Section also provides and receives income for the delivery of the internal audit service/management, for the following External Clients:
- Staffordshire Police
 - Staffordshire and Stoke on Trent Fire & Rescue
 - South Staffordshire District Council
 - Staffordshire Academies (via Entrust)
 - Staffordshire Joint Committees
 - Staffordshire Pensions Fund
17. The net income generated from this arrangement is £163,353
18. The delivery model for the Internal Audit Service is mixed – a combination of in-house staff and external staff via the Framework Contract. This allows the section to be flexible and respond to

peaks and troughs in demand and to buy in specialist resources as required.

19. There are sufficient resources available to deliver the audit plans as detailed in Appendices B and C. This helps to ensure that the Council meets the requirements of the Accounts and Audit Regulations for maintaining an adequate and effective internal audit function and governance, risk and internal control environment.

Figure 2 – Allocation of Resources by Client



Performance & Quality Assurance Framework

20. Internal Audit within Staffordshire County Council operates in conformance with standards of best practice applicable to internal audit – in particular the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. The Internal Audit team offer a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit processes, application of the Quality Assurance Framework (Appendix D) and the training and development programme for staff.
21. The Quality Assurance Framework includes all aspects of the Internal Audit Activity – including governance, professional practice and communication.
22. The Internal Audit Charter sets out the role, responsibilities and authority of the Internal Audit Service within the County Council. This was initially approved in June 2014 and any amendments to its contents are endorsed by the Audit & Standards Committee annually.
23. Internal Audit remains sufficiently independent of the activities that it audits to enable auditors to perform their duties in such a way that allows them to make impartial and effective professional judgements and recommendations.
24. The Section use a number of ways to monitor performance, respond to feedback and identify ways in which to improve the service provided. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.
25. The current performance measures are set out below in Figure 3 for information

Figure 3 – Current Performance Measures

Performance Indicator	Target
Reports issued to draft report stage: <ul style="list-style-type: none"> • Assurance Reports • Compliance Reports 	90% 90%
Average score for Quality Questionnaires from clients is equal to or exceeds the good standard: <ul style="list-style-type: none"> • Assurance Reports • Compliance Reports 	90% 90%

Appendix A – Planning Risk Assessment Methodology

1. **Materiality X 2**

- a) *Financial value (income/expenditure), materiality, size of budget*
Score between 1 (up to £100,000) 2 (up to £250,000) 3 (up to £1m) 4 (up to £5m) and 5 (above £5m)
- b) *No of transactions*
Score between 1 (a small number of transactions per year) and 5 (significant numbers of daily transactions)

2. **Impact/Sensitivity X2**

- a) *Links to Strategic Plan 2014-2017/Political sensitivity*
1=No links to Strategic Plan/ and/or no political sensitivity
2=No links to Strategic Plan / and/or minimal political sensitivity
3=Indirect links with Strategic Plan/ and/or low level of political sensitivity
4=Direct links with Strategic Plan/ and/or medium level of political sensitivity
5=Direct links with Strategic Plan/ and/or high level of political sensitivity
- b) *Non-financial impact e.g. reputation*
1= Managed /reported to Business Unit -Local Media (short term duration)
2= Managed /reported to Heads of Service. Local media (Medium/Long Term duration)
3= Managed /reported to Senior Leadership Team and Members Regional media (short term)
4= Managed /reported to Members and Cabinet Regional/National media (Medium/ Long Term duration)
5= Third Party intervention Public Interest Group, National/International media (Medium/Long Term duration)
- c) *Contained in the Corporate Risk Register*
1 = No
5 = Yes
- d) *Key Partnership* - This considers how important the partnership is to the achievement of the Councils Outcomes. Failure to deliver the objectives of the partnership poses a significant risk to the Organisation.
1 = No
5 = Yes

3. **Audit View - Previous Assurance Category**

- 1 = Substantial Assurance
2 = Adequate Assurance
3 = No Opinion has previously been given
4 = Consultancy – system under development
5 = Limited Assurance

4. **Time since previous audit**

- 1 =Audit carried out last year
2 =Audit carried out 2 years ago
3 =Audit carried out 3 years ago
4 =Audit carried out 4 years ago
5 =Audit carried out 5 years ago or more or where there has been no previous audit coverage

5. **Linkage to Risk Management - Controls Assurance**

- 1 = External Assessment reports available – positive assurance provided
2.= Internal Controls assurance statement available – positive assurance provided.
3.= Internal Controls assurance statement available – significant risks identified.
4.= External Assessment reports available – control weaknesses identified
5.= Nothing available

6. **Fraud**

- a) *Past experience or occurrence of fraud/irregularity*
Score between 1 (no knowledge/experience of fraudulent activity/irregularity) and 5 (repeated occurrence of fraud/irregularity or experience of fraud/irregularity with significant financial value)
- b) *Inherent risk of fraud within the system.*
Score between 1 (little known scope for intentional manipulation) and 5 (significant scope for intentional manipulation.)

7. **Stability of the System -**

- 1.= Stable system, nothing has changed.
2.= Stable system, changes proposed in year/ short term
3.= New System in operation
4.= System under development – limited to a specific service area
5.= System under development – complex area affecting the whole of the County Council.

Appendix B – Draft Internal Audit Plan 2015/16

Area	Indicative Scope
People – Helen Riley	
Care Act 2014	<ul style="list-style-type: none"> • To review the robustness of the Care Act programme including a review of the assessment process particularly for new customers to ensure that there is a single policy to cover all social care providers. • To review the set up to the care accounts to ensure the robustness of the assessment process and its vulnerability to fraud. • To review the deferred payment arrangements that will be set up during 2015/16.
Staffordshire & Stoke on Trent NHS Partnership Trust (SSOPT)- Transformation Programme	New arrangements for the services provided under the section75 agreement with SSOTP implemented from 1/4/15. As part of the arrangements a Transformation Programme is in place. It is important that the transformation is on the right trajectory as it is linked to the finances. Internal Audit has been requested to review the robustness of the delivery and governance of the Transformation Plan (100 day), although the detailed scope is still to be determined it is likely to include a review of the quantum for 2015/16.
Staffordshire & Stoke on Trent NHS Partnership Trust - Contract Monitoring and Performance Management	Internal Audit will provide assurance on the effectiveness and robustness of the contract monitoring and performance management of the section 75 agreement. Key areas to include are; <ul style="list-style-type: none"> • Contract Management • Quality Assurance Framework • Contract Metrics and Monitoring including transparency of financial payments to the pooled fund • Reporting and feedback arrangements including actions arising from poor performance.
Better Care Fund	The Better Care Fund is operational wef 1/4/15. There will be several audits planned within this area and will cover the following areas; <ul style="list-style-type: none"> • the governance arrangements • risk management • financial arrangements including pooled budgets • performance management including pay for performance.
Child Sexual Exploitation (CSE) Agenda	The Authority has produced a high level strategic action plan for CSE that all partners are contributing to and Families First have appointed a CSE coordinator. Internal Audit has been requested to review implementation of the action plan and whether it has been embedded within the Authority.
Building Resilient Families	<ul style="list-style-type: none"> • To undertake the verification of the claims submitted for the payment by results element of the troubled families grant to ensure that they meet the prescribed government criteria. • To provide advice/support on any additional phases of the scheme.
Staffordshire & Stoke on Trent NHS Partnership Trust - Governance Arrangements	To review the effectiveness of the governance arrangements for the new Section 75 arrangements with SSOPT.
Care Policies - Contributions Policy for Adult Social Care	The Policy is currently being updated to reflect Care Act 2014. Internal Audit to contribute to the proposed working group regarding changes.

Independent Futures (IF)	<p>Internal Audit has reviewed IF service for the last 2 years and whilst there has been some improvement the opinion has remained negative moving from red to a red/amber rating. An audit report on the follow up to the recommendations on the Safe Service review was presented on 23/3/15, to the Audit & Standards Committee, which requested a further progress report by the Head of IF in December 2015.</p> <p>The management structure in IF has been strengthened to progress the transformation of the service and address the issues identified in the finance recovery plan.</p> <p>There are several action plans in place and these are under review by Internal Audit to identify where best we can add value and provide assurance on the systems and processes.</p>
Looked After Children - Business/Placement Unit : Independent Foster Agencies - Contracts & Monitoring	<p>The audit will review the arrangements for commissioning services from Independent Foster Agencies to ensure best value and will include;</p> <ul style="list-style-type: none"> • Contract implementation, • Contract Management including governance and placement breakdowns/unplanned disruptions. • Quality Assurance Framework • Contract Metrics and Monitoring • Reporting and feedback arrangements.
Best Start: Early Years Offer - Family Hubs	<p>A new model has been operational from 1/4/15 and IA has been asked to provide assurance that the Authority is complying with its statutory duties for the Family Hubs.</p>
Domiciliary Care Contracts	<p>Domiciliary Care contracts are under review. The contract monitoring arrangements for existing contracts will be reviewed to ensure lessons learnt have been fed into the contract monitoring process to ensure that the Authority is only paying for care being delivered.</p>
Director of People role -Test of Assurance	<p>Audit to provide assurance that the governance arrangements in place for the combined roles of the Director of Children's Services and the Director of Adult Social Services is in compliance with Ofsted's statutory guidance.</p>
Adults Safeguarding Board	<p>To review the functions of the Adult Safeguarding Board to ensure that they are Care Act compliant.</p>
Evolve - Social Work Practice (SWP)	<p>The Evolve SWP was initially set up as a pilot project for 3 years and the contract has been extended several times with the latest contract due to run out in March 2016. The Authority is to make a decision as to whether this service will be retendered or be brought back in-house. Internal Audit has been requested to provide assurance that Evolve is operating in line with Families First policies and procedures, including; sufficient scrutiny through supervision and management oversight, statutory visits are being undertaken and that placement arrangements are appropriate.</p>
Appointeeship Arrangements	<p>Attendance at working group in year.</p>
Staffordshire Adult Safeguarding Team (SAST) - Front door	<p>To review the front door service to ensure compliance with statutory duties under the Care Act 2014 for causing section 42 enquiries to be made. Audit will cover arrangements at both the SAST and the contact centre.</p>
Capital Programme in Schools	<p>The County Council has a large capital programme in schools of approximately £29 million in 2015/16. Internal audit has been requested to provide assurance that value for money has been achieved. The audit will cover the following areas:-</p> <ul style="list-style-type: none"> • Programme management and delivery; • Procurement activity; • Financial processes and controls.
Children's Services Review - Looked	<p>As part of the review of Children's Services an external review of the Looked After Children element was commissioned. The</p>

After Children Review	review identified a number of recommendations and a three year action plan has been drawn up to implement said recommendations. Internal Audit has been requested to review progress on implementing the recommendations.
Safeguarding Adult Reviews	A review of the procedures in place for serious case reviews to ensure that they are Care Act compliant and that the Authority is not delegating its statutory responsibility for safeguarding.
First Response Service	To consider the adequacy of front door services for First Response Service in receiving and responding to child protection concerns from parents, professionals and the general public including: promotion and accessibility of the service, recruitment and training, process and procedures and performance management.
Working Together: Early Help to Safeguard Children	To undertake an assessment of the extent to which the revised Targeted Services meets the requirements outlined in 'Working Together: Early Help to Safeguard Children' publication.
Education Welfare - Attendance and Welfare	The law requires that children receive full time education suitable to their needs. The Local Education Authority has a duty to step in if they believe a child is not getting the education required by law. Management would like assurance that the Authority is meeting its statutory duty in this area.
Developers Contributions Education Infrastructure	To review systems and controls in place for the calculation, recording, monitoring, payment and the transparency of accounting for developers contributions (financial and non-financial) in relation to the County's Education infrastructure.
Schools	Periodic Audits of maintained schools (High/Middle/Primary/Special) based on a detailed risk based annual assessment.
Compliance Reviews	Coverage within Pupil referral Units, Families First District Offices, Residential Children's Units, Day Services and Residential Homes for Learning Disability.
Total No of Days	574
Place – Darryl Evers	
Infrastructure + Contract (Amey)	<p>Audit assurance is required in the following areas during 2015/16:-</p> <ul style="list-style-type: none"> • Verification of contract/works expenditure from August 2014 - September 2014 (old Enterprise contract) • Verification of contract/works expenditure from October 2014 to January 2015 as part of the transition to the new contract with Amey • Design of the performance management framework to be put in place including the "exclusivity" aspect of the Infrastructure + contract • The strategic partnership governance arrangements and financial processes i.e. the payment Mechanism; • Contract monitoring, management and reporting arrangements (the client side) including the application of the performance management regime and correct application of the payment mechanism. • To liaise with Amey to establish and evaluate what counter fraud and corruption controls they have in place to mitigate the risk of fraud and bribery.
Single Local Growth Fund (year 1) - Economic Regeneration Capital Schemes	<p>In 2015/16, Internal Audit will review the following 4 capital schemes (funded by the Growth Deal) giving assurance over the governance arrangements; procurement activities; monitoring and management of schemes as well as payment controls.</p> <p>Meaford (£4.22m is Growth Deal funding, total scheme is £6.22m)</p> <p>Bericote Four Ashes (£1m is Growth Deal funding, total scheme is £3.85m)</p> <p>Lichfield Park (£4m phase 1 is Growth Deal funding, total scheme is £6m)</p> <p>Stafford Western Access Route (SWAR) (£24.3m is Growth Deal funding, total scheme is £35m).</p>
European Funding - European Structural & Investment Fund (ESIF)	The SSLEP has been successful in bidding for £140m of European Funding to fund projects within Staffordshire and Stoke on Trent for the period 2015 to 2020. Internal Audit scrutiny will be required towards the end of 2015/16 to ensure that

	systems and processes in place to account for ESIF monies and expenditure are robust and that projects funded via this source are firstly selected through fair and transparent processes, and are being properly managed, monitored and achieving their outcomes.
Libraries in a Connected Staffordshire - Part 3	The Libraries project has now moved into the third phase, the actual realignment of the Library model. Management has requested Internal Audit advice and support as the project moves through part 3 and in particular to ensure that the transition from SCC managed and delivered libraries to those being managed and/or delivered by the Community are done so in a controlled way so to minimise the risks (financial and operational) to the County Council.
i54 South Staffordshire	The project is now nearing completion and management has requested that prior to project close, Internal audit provides assurance over the contract final accounts process. Internal Audit will also provide assurance that SCC has recovered from the Backcountry LEP the required level of Business Rates (NNDR) as part of the joint venture agreement.
A50 Corridor projects	The County Council is to deliver two A50 growth corridor investment projects on behalf of the Department for Transport. The two projects are to cost circa £100m and relate to the following areas: <ul style="list-style-type: none"> • Project A - Western Grade Separated Junction (£30m); and • Project B - Eastern Grade Separated Junction (£70m) Internal audit has been requested to provide assurance over the following areas: <ul style="list-style-type: none"> • Project management and delivery and project governance • Procurement activity; • Financial processes and controls relating to works orders and their subsequent payment; • Fraud risks.
Superfast Broadband for Staffordshire Project	To provide continuing assurance over the superfast broadband for Staffordshire project (circa £20m) as well as the governance and delivery of the project. Internal Audit will provide assurance over the following areas:- <ul style="list-style-type: none"> • the delivery of the works by the supplier and in particular the management and monitoring controls in place; • verification of milestone payments made to the supplier • payment controls • financial and performance reporting • achievement of outcomes
Local Enterprise Partnership	To keep under review the decision making and governance arrangements of the Local Enterprise Partnership in terms of setting a clear vision and operating under a clear governance framework, securing and accounting for funding, managing performance of regeneration schemes and achieving milestones and outcomes.
Highways Developers Schemes (S38s, s278s - major schemes and S111s - Minor Schemes)	To review the project and contract management arrangements in place relating to a sample of highways developers schemes.
Special Educational Needs Transport	The review will consider:- <ul style="list-style-type: none"> • Provision of Services being provided and decision making process relating to this • Adequacy of data management information captured and reported upon • Budgetary control, accountability and responsibility;

	<ul style="list-style-type: none"> • Procurement activities (The audit will review the procurement of the new framework for taxi operators' wef September 2015. This review will also consider the safeguarding controls built into the contract following the issues experienced in Rotherham).
Wave 2 - City Deal	<p>One of the main projects included as part of the Wave 2 City Deal is to create a £27m Smart Energy Network (SEN) Demonstrator at Keele University Science and Business Park (£5m grant to be passported to Keele University). This is considered a high risk project and therefore management has requested continued internal audit activity in this area during 2015/16.</p> <p>Scope of Work will include:</p> <ul style="list-style-type: none"> • continued review of the governance arrangements in place between SoT and SCC (collaboration agreement) for the Wave 2 City Deal • the project governance arrangements (for the programme of projects which make up the Wave 2 City Deal including the Keele SEN Project); • delivery and monitoring of outcomes and objectives of the Wave 2 City Deal.
Network Management -Highway Permit Scheme	A new permit for street works will be developed during 2015/16. Management has requested audit assistance in-respect of the design of controls/processes in relation to the new permit scheme for street works.
Keele Science Park - IC5 Keele University - Economic Regeneration Scheme	In 2015/16, Staffordshire County Council is funding a £7m regeneration scheme at Keele University. Internal Audit will review the capital scheme in 2015/16 to provide assurance over the governance arrangements; procurement activities; payment controls; monitoring and management of the scheme.
Household Waste Recycling Centres	In 2013/14, the County Council successfully let the Household Waste Recycling Centre Contract via a Competitive Dialogue Process to FCC Environment. The contract is approximately £3.5 m per annum and for 15 years. A contract management and monitoring audit will be conducted in 2015/16 to review and evaluate:- <ul style="list-style-type: none"> • the performance monitoring framework in place and compliance with contract standards/conditions; • reporting arrangements; • payments to the contractor; • arrangements for dealing with non-performance and complaints • follow up previous audit recommendations.
Concessionary Fares Travel Scheme (Young Persons)	To review the system/processes in place to administer the Concessionary fares scheme including the administration and issue of bus passes including the use of smart cards (subject to implementation)
Concessionary Fares Travel Scheme (Elderly Persons)	To review the system/processes in place to administer the Concessionary fares scheme including the administration and issue of bus passes including the use of smart cards (subject to implementation)
Staffordshire LEADER Programme	To provide assurance over the new systems and processes in place to account for grant income (£2.2m European Funding) and expenditure.
Cannock Chase Joint Economic Investment Programme	To undertake a 'light touch' review of spend to provide assurance that expenditure has been appropriately spent on the agreed projects.
Total No of Days	250

Finance & Resources – Andy Burns	
HR Transformation Programme	To provide assurance over changes made to HR processes and the control environment as part of the HR Transformation Programme. Key work streams in 2015/16 are the Recruitment process (including use of contracts) and Pre- Recruitment Checks (including Migrant Workers).
SAP Replacement including Core +	The timing for SAP to be replaced is unclear at this present time. Time available to provide advice in the development of the control environment with the proposed changes to the financial systems and associated processes.
Capital Property Works - Planned (Schools & Non Schools)	To undertake a contract monitoring audit of the capital property works provided by Entrust to ensure that contractual performance standards are effectively monitored, managed and reported upon and that payments to Entrust are made in accordance with the contract terms and are for works carried out to the correct standard.
Facilities Management - (Planned & Reactive Property Maintenance Works, Servicing & Testing & other Facilities Management)	To undertake a contract monitoring audit of the facilities management services provided by Entrust to ensure that contractual performance standards are effectively monitored, managed and reported upon and that payments are made in accordance with the contract terms and are for services received to the correct standard.
Adult Financial Services Team - Direct Payments (Adults)	This audit will review the accounting and administrative arrangements for direct payments (Adults) including the regularity of financial reviews, monitoring arrangements and the claw back of surpluses in Direct payment Accounts. The audit will also provide assurance that direct payments are in line with service user's Direct Payment agreements and support plans.
Banking Services Contract	To provide on-going assurance over the operations of the new banking contract, particularly: <ul style="list-style-type: none"> • the cash collection arrangements/use of Kings etc. following the unavailability of the Post Office network (under the new arrangements); • social care banking arrangements; • assurance that the new banking service arrangement has captured <u>all</u> bank accounts that are being used for Council • business; contract management and monitoring arrangements are in place.
Parent Pay - School's online payment system	The Council receives circa £25m per annum via parent pay, schools online payment system. Internal Audit will review the system controls in place (centrally and locally at schools) to ensure that all income received via parent pay can be accurately accounted for.
Strategic Property Asset Management - Strategic Property Partner	At the end of 2014, Kier were appointed as the Council's Strategic Property Partner and internal audit provided assurance over the procurement exercise. Further Internal audit input will be required in 2015/16 to provide assurance over the governance arrangements /processes to be put in place for the strategic partnership post contract award including the monitoring and management arrangements as well as the framework for accounting for assets, investment funds and capital receipts.
Procurement (Staffordshire Procurement)	To review the procurement arrangements operating within Staffordshire Procurement to ensure that the new Regulations (i.e. The New Public Contracts Regulations 2015 which came into force in February 2015) have been embedded and are being complied with.
SAP Enterprise (Electronic Ordering System)	On 1st June 2015, the new purchasing solution went live (SAP Enterprise). The review will evaluate the key controls operating over:- <ul style="list-style-type: none"> • Orders are raised for all relevant purchases. • Orders are complete, accurate, authorised and appropriate to the County Council's needs. • Invoices are released to the SAP Accounts Payable module only under a valid order.

	<ul style="list-style-type: none"> • System reports are accurate, timely and acted upon • Amendments to the system and its master data are adequately controlled. • Adequate supervision and management structures/ arrangements are in place
Adult Financial Services Team - Deferred Payment Agreements for Care Costs	The Care Act 2014 has introduced deferred payment agreements for care costs. Internal Audit has been requested to provide assurance that the requirements of the Care Act 2014 in relation to deferred payment agreements are being complied with and that the system control in place to administer, manage and monitor these payments are robust.
Purchasing Cards	The tender was re-let towards the end of 2014/15 and a new purchase card provider selected (RBS). Circa £250k is spent per month via a purchase card. The number of purchase cards has increased as cards are seen as a more efficient way of paying for goods rather than using imprest accounts. The audit review will focus on both the central controls operating by the Payments Team and the controls operated locally at a sample of establishments..
Alito E-Tendering	The Alito e tendering system is to be upgraded in 2015/16. The review of the IT application will specifically cover: <ul style="list-style-type: none"> • Roles, responsibilities and system access permissions; • IT application controls for input, processing and output; • Information security and confidentiality; • System audit trails; • Back-up and recovery arrangements
SAP Payroll	To review the processes in place within the Payroll System to ensure that the control environment is robust and is operating as expected including Payroll BACS controls.
Use of Imprests	To input to the review of the number and use of imprest accounts following the implementation of the new banking contract.
Accounts Receivable	In light of the centralisation of the debt recovery function, it is proposed to undertake a review covering the end to end processes i.e. the raising of a debt to its collection or recovery.
E - Payments	SCC has procured a totally managed/hosted e-payments system from Capita at the end of 2014/15 and is a significant upgrade to the previous system The Income Manager has requested internal audit assurance over the continued robustness of the control environment for e-payments in 2015/16 particularly as the level income received via this source is anticipated to increase.
Main Accounting including bank reconciliations	The audit will examine key controls relating to the Council's main accounting system including bank reconciliations. This area is a key financial control process.
Adult Financial Services Team - Direct Payments (Children's)	The review will evaluate the accounting and administrative arrangements for direct payments for Children including the regularity of financial reviews, monitoring arrangements, the claw back of surpluses in direct payment accounts and that direct payments in line with the Direct Payment agreement and support plans.
Treasury Management & LloydsLink (electronic payment system)	To review the treasury management arrangements in place covering short and long term investments and borrowings. The work will also include an evaluation of the payment controls using the Lloydslink system.
Insurance	IA will continue to provide the fidelity guarantee renewal under writing information in relation to systems and controls.
Total No of Days	263
Democracy, Law & Transformation – John Tradewell	
Deprivation of Liberty Safeguards (DoLS)	To provide assurance over compliance with the Mental Capacity Act 2005 legislation: <ul style="list-style-type: none"> • Assessment, authorisation and review processes;

	<ul style="list-style-type: none"> • Compliance with statutory timescales; • Maintenance of records/audit trail; • Compliance with the Care Act 2014; • Management Checks and monitoring of caseloads.
Members Expenses	Following the limited audit review in 2013/14 of the members' expenses system, Internal Audit has been asked to revisit this area to provide assurance over the systems and processes in place. New tax changes has meant that many of the weaknesses that were highlighted in the previous audit review have been resolved, however, independent confirmation of this has been requested.
Deputyships	In April 2014, the Deputyships function transferred from People (Adult Safeguarding) to Democracy, Law & Transformation (Legal Services Unit). Management has requested further audit assurance in 2015/16 relating to the management of deputyship accounts.
Local Government Transparency Code	To provide assurance over the arrangements in place to ensure compliance with the Local Government Transparency Code.
Total No of Days	40
Public Health – Aliko Ahmed	
Public Health - Transition arrangements for staff transferring from the NHS.	To provide a watching brief on the transition arrangements for the transfer of 0-5 children's public health commissioning, through the Health Visiting Service, to the Authority from the Health Service.
Total No of Days	5
ICT – Andy Burns	
Care Director Software (Adults and Children's modules)	To undertake a follow up review and incorporating an application control audit covering: input controls output controls processing controls audit trails and transaction logs user access security controls, starters and leavers data back-up and business continuity
Cybercrime	To benchmark current arrangements in place against the Government's Cyber Essentials+ scheme.
ICT Strategy/Digital Strategy	To identify the mechanisms by which the ICT/Digital Strategy takes account of Council business objectives and prioritises development projects.
IT Risk Management	To review the arrangements within IT for identifying and managing operational risks.
CRM & Customer Services	Application system and security review of New CRM system
Multi Agency Safeguarding Hub	To review the arrangements for the control of sensitive data including the use of GCSx accounts within the MASH.
Network Perimeter Firewall and Intrusion Detection	To review the methods by which the Council protects itself from the outside world. This will include a review of arrangements for Penetration testing.
IT Stores	To review the controls operating within the new stock management arrangements including the use of the new wider asset management system – Snow.

PSN compliance and Network Security Controls.	To review the arrangements to ensure on-going PSN compliance including documented network security standards and complete and accurate network diagrams.
SAP	Follow up reviews on unattached objects and authorisation limits and additional coverage regarding the controls operating over the use and accessibility of audit logs..
(Oracle) Database System Management	A number of key SCC systems run on Oracle including SAP and the Pension system. The audit will review logical security settings across the Oracle database security environment.
Staffordshire Marketplace	To undertake a post implementation review to ensure that the hosting and application controls surrounding the solution are operating effectively.
(Legacy) Operating System Management	To review the arrangements in place to migrate systems and services from legacy operation systems (esp. Windows Server 2003) to ensure that business and operational risks are managed.
Use of GCSx PSN accounts	To review the controls surrounding the use of GCSx accounts to ensure there is not the potential for security risks.
Total No of Days	124
Strategy & Customer Services – Kate Waterhouse/Dionne Lowndes	
Locality Working - Community Partnerships	The District Commissioning Leads are working with commissioners and partners to develop locality plans for the 8 districts to identify priorities to deliver safer communities, jobs, growth, health and wellbeing. The Accountable Body varies within each district and therefore a Memorandum of Understanding has been agreed identifying the roles and responsibilities for each district. Whilst one year contracts have been agreed there is potential for growth in this area and the County seeks assurance over the contract and performance management arrangements.
Business Planning Process	To review the corporate business planning process to determine the link between SCC's business plan and the service plans. This work will also evaluate the links between budget accountability and the MTFS Savings.
Customer Contact Centre	The Special Education Needs and Disabilities (SEND) reforms have required changes to the front end systems operating within the Contact Centre. The review will evaluate the procedures for screening referrals and how cases for referral are determined to ensure demand is not created unnecessarily in the system or missed.
Register Offices – compliance reviews	Rolling programme of review to ensure best practice surrounding the receipt and recording of income has been implemented across all offices. A sample of Register Offices (Cannock and East Staffs) will be reviewed in 2015/16.
Total No of Days	47
Grant Verification Work	
To perform a grant verification audit for the grants detailed to ensure that the expenditure has been spent in accordance with the grant conditions. This work also requires a certified statement to be produced and signed by the Chief Internal Auditor and Chief Executive and submitted to the relevant Government Department.	NHS England – Section 256 expenditure, Community Capacity Capital Grant, Staffordshire TEND, Result, Adopt & Keep grant, Regional Growth Fund – Business Growth Hub Project, Pinch Point Schemes, Growth Hub Investment to the LEP, Local Transport Capital Block, Local Transport Capital block – pot holes funding specific, Sustainable Transport Fund, Department for Transport – Bus Subsidy grant, Public Protection - Department for Business, Innovation & Skills (BIS) - National Trading Standards Board (NTSB) Grant. Total value for all grants = £ 61.556million
Total No of Days	76

Cross Cutting Reviews	
Procurement (Outside of Staffordshire Procurement)	To review a sample of contracts awarded during 2015/16 across People, Place and One Council which has been undertaken outside of Staffordshire Procurement for compliance with Procurement Regulations/The Public Contracts Regulations 2015 and to provide assurance that best value has been obtained.
Risk Management & Controls Assurance	Time will be required in the Internal Audit Plan to develop SCC's Corporate Risk Register, Corporate Risk Framework and Assurance Framework.
Corporate Governance Working Group	Chief Internal Auditor attendance at the Corporate Governance Working Group covering areas such as Scheme of Delegation/ Gifts & Hospitality
Contingency	To respond to emerging issues/queries as an initial allocation.
Management Tasks	Including development and management of the Internal Audit Plan, liaison with key senior leaders, preparation and reporting to Audit & Standards Committee, management of the External Supplier framework and quality assurance arrangements.
Total No of Days	190
Total Days For SCC Plan	1569

Appendix C - Counter Fraud Plan 2015/16

Area	Number of Days	Completion Date
Creating an Anti-Fraud Culture		
To continue to promote the fraud awareness e-learning package on SCC's e-learning portal - Step		Throughout the Year
Produce and Circulate Edition 10 and 11 of the Fraudwatch Newsletter across the Council via the intranet.		July 2015 January 2016
Raise staff awareness of fraud, corruption and bribery risks through audit work and workshops, as appropriate.		Throughout the Year
Disseminate key points arising from regulatory bodies such as CIPFA and the Counter Fraud Hub (as appropriate).		Throughout the Year
Total Days		15
Deterrence		
Continue to Publicise national and local cases of proven fraud through the Fraudwatch Newsletter.		Throughout the Year
Continue to promote a zero tolerance culture against fraud		Throughout the Year
To continue to link in with the North Staffordshire Fraud Hub on regional anti-fraud campaigns and publicity during 2015/16		Throughout the Year
Total Days	10	
Prevention		
Carry out Fraud Risk Assessment for 2015/16 and identify potential local proactive work to be undertaken in the year.		June 2015
Complete the Fraud and Corruption checklists as part of the following system audit reviews:- <ul style="list-style-type: none"> - Cash Collections; - Contracts; - Loans and Investments; - Payroll; - Pensions; - Expense Claims (Officers & Members). 		By March 2016
To review the processes in place for Income Collections for a sample of establishments to ensure that all income (cash and cheques) received is recorded and banked intact		By March 2016
To review the processes in place for Cash Collections at Staffordshire Place to ensure that income collected is accounted for correctly and not misappropriated		By March 2016
HR Travel Manager - review non-compliance with internal processes and a sample of high value travel claims paid to officers and verify that they are properly payable.		By March 2016
To undertake a joint exercise with the Department for Work and Pensions to ensure that special guardianship payments are paid correctly where children have been placed with friends and family		By March 2016
To carry out targeted testing regarding high value/volume purchase card transactions.		By March 2016

To carry out a review of the processes in place to control, manage and monitor fuel cards both centrally and at a local level, including sample checking a number of fuel card transactions for a sample of locations to ensure they had been correctly incurred.		By March 2016
To undertake an analysis of vendor management.		By March 2016
To review a sample of appointeeship/ deputyship and community account transactions relating to service users to ensure that they are legitimate.		By March 2016
To carry out targeted testing regarding income clearing accounts to identify delays in banking or non-banking of income that has been cash receipted within the system.		By March 2016
To review the financial administrative arrangements relating to a small sample of visitor centres.		By March 2016
To review the controls in place to deal with the seizure of counterfeit and illicit goods within Trading Standards.		By March 2016
To review the controls in place to deal with the seizure of counterfeit and illicit goods within Trading Standards.		By March 2016
To review the Local Members Divisional Highways Programme.		By March 2016
To review the management and administration of personal travel budgets.		By March 2016
Continue to monitor calls made to the County Council's Fraud Hotline and take appropriate action and disseminate intelligence received from the National Anti-Fraud Network of Local Authorities		By March 2016
Continue to regularly monitor imprest account balances and ascertain reasons for accounts becoming overdrawn. In addition, carry out a small sample of unannounced visits to those establishments where an account has become significantly overdrawn and confirm systems of control		By March 2016
Total Days	146	
Detection		
Continue to participate in the NFI data matching exercise		Throughout the Year
Develop the partnership working arrangements with the Fraud Hub to identify potential matches for investigation		Throughout the Year
Total Days	40	
Investigation		
Continue to undertake investigative work when issues of concern are identified through routine audit, reported by management or via the whistleblowing processes in place		Throughout the Year
Total Days	200	
Management		
Representation at the MCCIAG Fraud Sub group and SCAG working groups		Throughout the Year
Continued liaison with the Director of Finance and Resources as and when issues arise		Throughout the Year
Develop Internal Audit's knowledge of emerging fraud risks through appropriate training.		Throughout the Year
Attendance at Corporate Governance Working Group as and when required		Throughout the Year
Grand Total (Days)	421	

Appendix D – Quality Assurance Programme

Quality Assurance

Quality outcomes/process designed to deliver a consistently high quality audit service to our clients – fit for purpose/ meets client expectations/conforms to PSIAS.

Quality Improvement Plan

CIA reporting to the Audit & Standards Committee on the outcome of quality assurance review, together with the improvement action plan and any significant areas of non-conformance to PSIAS included in the Annual Report/Annual Governance Statement.

Ongoing Monitoring

Quality checks and oversight are undertaken throughout the audit review, ensuring that processes and practice are consistently applied and working well.

Role of the CIA -

- To develop and maintain the Quality Assurance Improvement (QAIP) and resultant action plan.
- Focus on evaluating conformance with the Internal Audit Charter.

- Arrange an External Assessment in-conjunction with the Audit & Standards Committee.

Role of the Audit Managers

- Obtain on-going assurance that the audit planning, fieldwork conduct and reporting/communication results adheres to audit standard practice (as defined in the audit manual).
- Undertake audit supervision and review. The extent of supervision needed will depend on the proficiency and experience of the internal auditors and the complexity of the review.

Role of Individual Auditors

- Conduct all audit reviews in accordance with the requirements contained in the audit manual and PSIAS.
- Behave at all times in accordance with the PSIAS Code of Ethics and Code of Conduct.
- Promote the standards and their use throughout the Internal Audit Activity.
- Actively seek feedback for all reviews undertaken.
- Demonstrable commitment to delivering quality services.