

Internal Audit Plan

(2022/2023)

Directorate of Resources (inc cross cutting audits)

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Records Management & Document Retention Policy (Follow up review)	Failure to comply with data protection/security requirements resulting in financial loss or reputation damage.	An area of concern across services. A review of understanding of and compliance with the Council's retention and disposal policies.			●	
General Ledger - New Finance System	General Ledger Operations are a key function within the Council, and it is particularly important that all transactions are recorded accurately within agreed timescales in order that the Council is able to produce accurate financial information to assist with the decision-making process.	This review will seek to review the process for transferring balances and history from the current system to the new finance system. This will incorporate verifying the transfer of balances and new chart of accounts (timing will depend on go live date)			●	
Intercompany accounting (Follow Up Review)	Incorrect journal transfers made, resulting in over/under charges. Journals are not supported and/or authorised.	During 2021/2022 we reviewed the process for billing Brighter Futures for Children (BfFC), to ensure the correct amounts are journaled across, supporting evidence is available and transfers are authorised. This audit was given limited assurance. A follow up review will be undertaken to establish what progress has been made to address audit concerns				●
Accounts Payable	In testing controls and procedures internal audit is required to test systems controls and examine supporting documentation. With the increase in transaction volume arising from computerised records, internal audit is not able to properly provide assurance without using a proven software assurance tool for analysis.	Using a data analytics, we will undertake trend analysis, sampling, duplication detection and fraud detection tests on live Accounts Payable Data. We will review amendments to supplier details and verify they are appropriately authorised, and inactive suppliers are periodically removed. Ensure payments are correctly coded, made promptly, in full and only in respect of authorised invoices and that orders for goods and services are placed in advance and appropriately authorised.			●	
BACS Security and Direct Payments	BACS is an electronic system used in the UK for making payments directly from one bank account to another. For CHAPS or Faster Payments, the fraud risk is higher as transactions are cleared on the same day that they are initiated, limiting the opportunity for the transfer of funds to be stopped and the account frozen by the bank if the fraud is spotted at the last minute.	This will cover security/access to the BACS files and folders; administration and management of the automated process by the Systems team. Process for making and authorising faster payments through CHAPS			●	

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Contract Management	Failure to get the best value for money and outcomes achievable from contractual arrangements.	The objective of this audit will be to review contract management within RBC, including the methods employed to monitor contract performance and the arrangements in place for the preparation of re-procurement.				●
Salary Sacrifice schemes	A salary sacrifice scheme is an arrangement between the employee and employer, where the employee sacrifices a portion of salary in exchange for other, non-cash benefits. Assisted vehicle purchase scheme for staff - are tax liabilities properly known and understood as there are significant financial liability risks for the council.	The audit will provide assurance over controls in place around the salary sacrifice scheme and ensure that the Council is protected from any unexpected costs.	●			
Furlough Administration	HMRC are carrying out audits on employers who have claimed under the furlough scheme, both to ensure that the conditions for receiving a grant have been met and that the correct amount has been claimed.	Assurance over arrangements for administering the scheme, including compliance with HMRC furlough regulations. This audit was originally scheduled for 2021/2022, but because of supporting documentation being held in various places it was not possible to perform any sample checks.			●	
Terminations (leavers and movers) processes	Assets such as IT equipment, mobile phones, purchase cards and ID security passes may not be returned when employees leave the Council, resulting in an increased risk of loss of assets, fraudulent activity and unauthorised access to Council premises. Employees' payroll details may not be removed timely when they leave the Council, resulting in the risk of overpayments being made to individuals.	This review will seek to determine the effectiveness of the Council's arrangements for managing the process for when employees leave the Council. This will also cover the arrangements for RBC equipment taken to be used at home over the lockdown. We will also look at whether leavers are being removed from IT applications such as email, office 0365, IT kit is returned, licences are updated, and leavers removed from payroll promptly.				●
Cyber Security	The threat from cyber-attacks is significant and continuously evolving.	The audit will assess RBC's & BFFC's arrangements for protecting its systems and services from cyber-attack, including arrangements for effectively responding to attacks as and when they occur. This will be a joint audit covering both RBC and BFFC.		●		

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Audit Committee Review	CIPFA is to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including considering the appointment of independent members. Following consultation, the Government will consider whether it should make the guidance a statutory requirement.	We will undertake a review of our arrangements against the guidance published and present the findings to the A&G Committee. The timing of the review will depend on the date of publication of the guidance.		●		
Budget Setting/Monitoring	Failure to keep within approved budget framework. Inconsistent, irregular, not fully documented	This review will seek to determine whether there are effective budget monitoring and reporting arrangements in place.		●		

Directorate of Environment & Neighbourhood Services

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Commercial Assets & Investments	Poor investment outcomes and increase exposure to financial risk including loss of anticipated rental income and poor investment returns.	Review adequacy of systems in place to identify, collect, record and monitor rental income due.				●
Housing Repairs (responsive maintenance)	The service may not be able to deliver its services in line with its allocated budget. The Council is at risk theft of materials or paying inappropriate charges for materials not linked to recorded jobs.	The audit will review the processes for ensuring that responsive repair work is prioritised in order to meet national and local targets and make efficient use of resources. Ensure that Housing Repairs have an effective system in place around budget monitoring and that job costs are accurately recorded and accounted for. We will also ensure that there is effective system to record what materials have been purchased and details regarding which job they relate to and that there is a mechanism for reconciling material charges to records of work performed			●	

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Waste Operations	Administration not clear and transparent, with no clear performance data and resource allocation.	The audit will encompass commercial waste, bulky waste, monitoring of third-party service providers. The audit will review the controls in relation to setting up new customers on the service, collection of income, managing performance monitoring of the service.	●			
Waste PFI contract	Failure of RBC in its obligations as Administering Authority for the re3 joint waste PFI contract.	The audit will confirm operations are correct and recharges are properly allocated.		●		
Housing PFI	Ultimately, with payment linked to the achieved level of performance, if this is not robustly managed the Council may pay for a higher level of service than it received, and residents will not be receiving the level of service identified as required in the Contract.	To review contract monitoring arrangements in place in relation to the Housing PFI. Review to include performance monitoring and reporting arrangements, systems for dealing with disputes as well as monitoring contract costs			●	
Rent Accounting	Properties are not identified and accurately recorded in the rent accounting system. Gross rent and other charges are not correctly calculated. Rent and service charges are not correctly identified in the HRA and general fund.	Confirm that all properties are identified and accurately recorded in the rent accounting system, the gross rent and other charges have been correctly calculated in respect of each dwelling and correctly credited to tenants rent accounts. All tenancy charges are correctly approved and recorded.	●			

Directorate of Adult Care & Health Services

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Deputyship and Appointeeship	Cash for clients misappropriated. Financial records do not reconcile with monies received/paid out. Property held on behalf of clients misappropriated. Failure to meet legal responsibilities required by the Court of Protection. Reputational risk to Council	Undertake a review of the arrangements in place over deputyship and appointeeship to assess whether the Council is fulfilling its responsibilities. Financial accounts and supporting evidence; records are complete; cash is held and handled securely (IF STILL USED) and management oversight, challenge and assurance is effective.	●			
Adult Social Care Debt	Adult Social Care debt is increasing	The audit will ascertain whether the flow of information is operating with adequate controls to enable the end-to-end processes between Adult Social Care, Accounts Receivable and legal activity. This will include ensuring that the following procedures are being completed correctly, in a timely manner, and evidenced adequately in the Council's financial ledger: arrangements for raising invoices to customers, collecting and recording the income, debt recovery procedures, monitoring levels of arrears and ensuring that there is proper authorisation of the write- off of debts, regular reconciliation of client accounts between mosaic and the Council's financial system.				●
Deferred Payments	People who go to stay in a care home may need to sell their property to pay the care home fees. Where there is a delay in selling the property or they do not want to sell the property immediately, payment can be deferred. If RBC pays the care home fees, verify how the monies are recovered from the proceeds of sale once the property is sold. The Care Act (2014) places a new duty to provide deferred payments and charge interest on these.	Verify how the monies are recovered from the proceeds of sale once the property is sold. The Care Act (2014) places a new duty to provide deferred payments and charge interest on these. Verify the system and controls for managing this process	●			
Direct Payments	Nationally, there has been a rise in the number of fraud cases identified in adult social care, particularly around where direct payments were not being used to pay for the care of the vulnerable adult.	A new approach by internal audit will seek to undertake substantive audit testing of individual direct payment cases.			●	

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Provider Payments (Follow up review)	RBC uses MOSAIC to support the delivery and management of its social care provision for adults, including paying providers, charging clients, financial assessments and managing contracts and services.	Processes and controls leading to the payments generated via Mosaic, and the completeness of information held on the system. Specific areas of coverage to be determined at the time of scoping but will included a follow up of recommendations made in 2021/22.			●	
Inflationary Uplifts process (Follow up review)	In 2021/22 an overpayment to a care provider of circa £1m occurred, due to the incorrect application of inflationary uplifts.	We will undertake a sample check of all inflationary uplifts applied to care providers and review the uplifts process, checks conducted (including between input and authorisation), matching of invoices, supporting documentation for payment and authorisation of payment.		●		
Client Contributions (follow up review)	Client contributions assessed incorrectly. Assets and/or savings not correctly assessed leading to incorrect calculation of client contribution. Inconsistent application of assessment of client contributions, leading to challenges and associated financial and reputational loss. Clients not billed in a timely manner or at all for financial contributions.	Last year this area was given a limited assurance opinion. This review will follow up progress made in implementing internal audit recommendations.				●

Grant Sign offs

Local Transport Plan Capital Settlement (Grant Certification)	Terms and conditions of grant determination are not met	It is a requirement that the Head of Audit signs a declaration to confirm that the conditions of funding have been complied with.		●		
Green Homes BEIS Grant	The GHG LAD scheme sets out to improve low energy performance homes in England by installing Eligible Measures.	The audit will also seek to ensure that the conditions attached to the Grant Determination have been complied with.	●			
NHS Test and Trace Grant Determination		The audit will also seek to ensure that the conditions attached to the Grant Determination have been complied with. Needs to be signed off by 31 July 2022		●		