

# THE WEST LOTHIAN COUNCIL INTERNAL AUDIT UNIT

## INTERNAL AUDIT PLAN

**2009/2010**

Plan prepared by .....  
Internal Audit Manager

Plan approved by .....  
Chief Executive

Date .....



CUSTOMER SERVICE EXCELLENCE

# CONTENTS

## Pages

<b>Responsibility of Internal Audit .....</b>	<b>1</b>
---	----------

<b>Summary of Resources and Proposed Audit Activities .....</b>	<b>2</b>
---	----------

### **Systems Based Audits**

Summary Statement .....	3
-------------------------	---

#### Specific Audit Work

• Council – Wide.....	4
• Finance Services.....	5
• Community Planning and Regeneration .....	6
• Cultural Services.....	7
• Development and Regulatory Services.....	8
• Education Development and Quality Assurance .....	9
• Housing and Building Services.....	10
• Property Services.....	11
• Social Policy.....	12
• Support Services .....	13
• External Bodies.....	14

### **Best Value / Value for Money**

Verification of Performance Indicators .....	15
Assignments .....	16

# WEST LoTHIAN COUNCIL

## INTERNAL AUDIT PLAN 2009/2010

### RESPONSIBILITY OF THE INTERNAL AUDIT UNIT

The Head of Finance has a statutory duty under Section 95 of the Local Government (Scotland) Act 1973, to ensure that the council has made arrangements for the proper administration of its financial affairs, and for safeguarding income and expenditure. The Internal Audit Unit has been vested with that responsibility on behalf of the Head of Finance. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003.

A three year Strategic Audit Plan for the period to 31 March 2011 has been prepared and was approved by the Audit Committee on 18 March 2008. The Strategic Plan provides for the council's main financial systems, and key areas of the council's corporate governance arrangements, to be audited over this period. The precise frequency of audits is determined by a combination of risk analysis and materiality considerations.

The Annual Audit Plan is aligned with the Strategic Plan and has been prepared following a consultation process with the Audit Committee, the Chief Executive, Directors, the Head of Finance and other Heads of Service, Internal Audit staff and Audit Scotland. This Audit Plan takes account of the council's corporate aims and objectives and where appropriate is co-ordinated with other internal review programmes.

Subsequent reporting on the ongoing progress is to the Head of Finance, with periodic reports to the Audit Committee. Accordingly the Audit Plan fulfils an important role in ensuring that there is effective corporate governance within the council, and that the adequacy of control procedures is systematically appraised. The Audit Plan also forms the basis for the compilation of service level agreements with all Heads of Service.

If circumstances arise which make it appropriate to defer an audit in the Audit Plan to a later date, a replacement audit topic will be selected from the Strategic Audit Plan, from the council's corporate risk register, or from the risk assessment maintained by Internal Audit. An audit will only be deferred where there are clear operational reasons for doing so, and it is confirmed that the Head of Finance will be consulted where necessary.

**Kenneth Ribbons**  
**Internal Audit Manager**

**4 March 2009**

# SUMMARY OF RESOURCES AND AUDIT ACTIVITIES 2009/2010

## 1. RESOURCES - DAYS AVAILABLE

Aggregate Days Available		1,300	
<b>Less</b>			
Annual Leave/Public Holidays	185		
Sickness	<u>15</u>		
		<u>200</u>	
Available Days		1,100	<u>100%</u>
<b>Non – Chargeable Time</b>			
Management / Administration	235		
Training, Performance Review etc.	<u>30</u>		
		<u>265</u>	
		835	<u>76%</u>
<b>Non-Audit Work</b>			
Imprests / Authorised Signatories	20		
Election	<u>5</u>		
		<u>25</u>	
Available Audit Days		<u>810</u>	<u>73%</u>

## 2. SUMMARY OF PLANNED AUDIT ACTIVITIES

### Audit Activities

Systems Audit			
• Report finalisation 2008/09	15		
• Systems audit work 2009/10	<u>455</u>		
		470	58%
Best Value / Value for Money			
• Assignments	40		
• Performance Indicators	<u>35</u>		
		75	9%
Reactive Work		<u>265</u>	<u>33%</u>
<b>TOTAL AUDIT ACTIVITIES</b>		<u>810</u>	<u>100%</u>

## SUMMARY OF SYSTEMS BASED AUDITS

	<b>Allocated Days</b>
Council Wide	135
Finance Services	104
Community Planning and Regeneration	21
Cultural Services	10
Development and Regulatory Services	1
Education Development and Quality Assurance	20
Housing and Building Services	28
Property Services	1
Social Policy	55
Support Services	35
External Organisations	<u>45</u>
<b>TOTAL SYSTEMS BASED AUDITS</b>	<b><u>455</u></b>

## SYSTEM BASED AUDITS

	<b>Audit Days Allocated</b>
<b>COUNCIL - WIDE</b>	
<b>Building and Civil Engineering Works Contracts</b>	
<u>Objective</u>	
To review compliance with standing orders for contracts in relation to building and civil engineering works contracts. To review the process for assessing the financial viability of contractors.	25
<b>Performance Management</b>	
<u>Objective</u>	
To check a sample of performance indicators on the system to determine whether they are accurate and up to date. To review how officers use the Covalent system and to determine officer awareness of the public performance agenda.	25
<b>E-Procurement</b>	
<u>Objective</u>	
To review key controls within the council's e-procurement system, in relation to the placing of orders, receipt of goods, and payment of invoices. To review compliance with council policy / procedures.	20
<b>Corporate Governance</b>	
<u>Objective</u>	
To review compliance with the systems for registering interests under the employee code of conduct. To review other selected areas of the council's local code of corporate governance. To follow up on previous recommendations.	20
<b>Corporate Plan</b>	
<u>Objective</u>	
To review the controls in place for ensuring that the council's corporate plan objectives are met.	20
<b>Follow Up Previous Audits</b>	
Business Continuity Planning	10
Information Security	6
Purchase Cards	5
Child Protection	3
Members Induction / Registers of Interests	1
	<u>25</u>
<b>TOTAL</b>	<u>135</u>

	<b>Audit Days Allocated</b>
<b>FINANCE SERVICES</b>	
<b>Housing Benefit / Council Tax Benefit</b>	
<u>Objective</u>	
To conduct a review of the controls which aim to ensure that housing and council tax benefits claims are processed timeously and accurately. This will involve some audit work outwith Finance Services. To review progress in relation to the National Fraud Initiative (NFI) data matching exercise. To follow up on previous recommendations made.	25
<b>Accounts Receivable</b>	
<u>Objective</u>	
To review the controls which aim to ensure that sundry debt is recovered timeously and effectively. This will involve work within service areas in reviewing their interaction with the debt recovery function.	20
<b>Insurance Claims Processing</b>	
<u>Objective</u>	
To conduct a review of the controls in place in relation to claims processing which ensure that that payments are made only in respect of valid claims. To review the processing times for claims.	20
<b>Financial Strategy</b>	
<u>Objective</u>	
To conduct a high level review of the controls in relation to the council's financial strategy.	15
<b>Main Accounting System</b>	
<u>Objective</u>	
To review the controls in place which aim to ensure that transactions are correctly, timeously and accurately posted. This will include a review of the administration of suspense accounts.	15
<b>Bank Reconciliations</b>	
<u>Objective</u>	
To review control over the council's main bank account reconciliations which aim to ensure that reconciliations are completed accurately and timeously.	5
<b>Follow Up Previous Audits</b>	
Treasury Management	2
Daily Cheques	1
Rent Accounting	1
	<u>4</u>
<b>TOTAL</b>	<b><u>104</u></b>



**COMMUNITY PLANNING AND  
REGENERATION**

**Audit Days  
Allocated**

**Grants to Voluntary Organisations**

Objective

To conduct a review of the controls in place in relation to applications for funding and in relation to the monitoring of performance. This will include the procedures for the review of financial information submitted.

20

**Follow Up Previous Audits**

Shopfront Improvement Scheme

1

**TOTAL**

21

	<b>Audit Days Allocated</b>
<b>CULTURAL SERVICES</b>	
<b>Community Centres</b>	
<u>Objective</u>	
To conduct further work in relation to the financial systems operated within community centres.	10
<b>TOTAL</b>	<u>10</u>

**Audit Days  
Allocated**

**DEVELOPMENT AND REGULATORY SERVICES**

**Follow Up Previous Audits**  
Corporate Risk Register

1

**TOTAL**

1

	<b>Audit Days Allocated</b>
<b>EDUCATION DEVELOPMENT AND QUALITY ASSURANCE</b>	
<b>School Funds / Imprests</b>	
<u>Objective</u>	
To conduct further work in relation to control over school funds and petty cash imprests, to ensure that monies are properly accounted for. A follow up of previous audit work shall also be undertaken.	20
<b>TOTAL</b>	<u>20</u>

**Audit Days  
Allocated**

**HOUSING AND BUILDING SERVICES**

**Building Services – Gas Maintenance**

Objective

To conduct a review of the processes for gas maintenance and installation, and for ensuring that effective safety checks are in place.

20

**Building Services – Budget Monitoring**

Objective

To conduct a high level review of the controls in place in relation to budget monitoring.

5

**Follow Up Previous Audits**

House Allocations

3

**TOTAL**

28

	<b>Audit Days Allocated</b>
<b>PROPERTY SERVICES</b>	
<b>Follow Up Previous Audits</b>	
Asset Register	<u>1</u>
<b>TOTAL</b>	<u>1</u>

Note: It is anticipated that some work will be undertaken in Property Services arising from the council-wide audit of Building and Civil Engineering Procurement (see page 4).

		<b>Audit Days Allocated</b>
<b>SOCIAL POLICY</b>		
<b>Payments to External Residential Homes</b>		
<u>Objective</u>		
To review control over payments to residential nursing homes to ensure that payments are correct, accurate and timeous.		20
<b>Direct Payments</b>		
<u>Objective</u>		
To review control over payments to individuals assessed as requiring community care services and opting to receive a cash payment rather than the provision of services.		20
<b>Community Care Procurement</b>		
<u>Objective</u>		
To conduct a high level review of the controls in place in relation to the procurement and monitoring of community care contracts.		10
<b>Follow Up Previous Audits</b>		
Social Policy Units - Cash Holdings	3	
Throughcare / Aftercare	<u>2</u>	
		<u>5</u>
<b>TOTAL</b>		<b><u>55</u></b>

		Audit Days Allocated
<b>SUPPORT SERVICES</b>		
<b>Human Resources</b>		
<u>Objective</u>		
To conduct a review of controls in relation to the administration of the recruitment process to ensure that council objectives are being met. To monitor the progress of the pilot scheme for on-line submission of travel and subsistence claims. To follow up on previous payroll recommendations made.		25
<b>Human Resources</b>		
<u>Objective</u>		
To review the processes for ensuring that access to council property and systems for staff leaving council employment is timeously removed.		5
<b>Follow Up of Previous Audits</b>		
Civic Centre - Project Management	2	
IT Network	<u>3</u>	
		<u>5</u>
<b>TOTAL</b>		<u><u>35</u></u>



	<b>Audit Days Allocated</b>
<b>EXTERNAL ORGANISATIONS</b>	
<b>West Lothian Leisure</b>	
<u>Objective</u>	
To review selected areas of WLL's systems as agreed with management. To follow up on previous recommendations made.	15
<b>West Lothian Housing Partnership</b>	
<u>Objective</u>	
To review selected areas of the WLHP's systems as agreed with management. To follow up on previous recommendations made.	15
<b>Improvement Service</b>	
<u>Objective</u>	
To conduct a review of the service's systems in relation to performance management and risk management. To follow up on previous recommendations made.	15
<b>TOTAL</b>	<u>45</u>

## VERIFICATION OF PERFORMANCE INDICATORS

### Accounts Commission Performance Indicators

Number of Performance Indicators	Audit Days Allocated
58	35

#### Note

The approach taken will be consistent with previous years in that a sample of indicators will be reviewed, concentrating on those:

- which are new; or
- where the definition has materially changed; or
- which are considered to be particularly important; or
- where there was material revision to the figures reported last year; or
- where this council has been widely different from the average of other councils.

There will be appropriate liaison with Audit Scotland to ensure that there is no duplication of work.

For the above reasons it is not possible, at this stage, to set out the specific indicators which will be subject to review.

## BEST VALUE / VALUE FOR MONEY ASSIGNMENTS

It is proposed that two assignments shall be undertaken, to be drawn from the list below.

- Fuel Consumption
- Sickness Absence within Education and Cultural Services
- Building Services – Performance Management
- Energy Management
- Use of Multi Function Devices (MFD's)

In addition, any ad hoc requests for value for money studies received during the year shall also be considered.