

# Overview & Scrutiny – corporate resources

Public \*

Date of  
Meeting:

20th February 2003

Title:

STRATEGIC AUDIT PLAN FOR 2003/04 TO 2006/07,  
AUDIT PLAN 2003/04 AND PROPOSALS FOR VFM  
STUDIES

Report of:

Head of Finance

Report  
reference:

Financial Memo FS12/02

Summary:

This report gives details of the Strategic Audit Plan for the years 2003/04 to 2006/07 and the Audit Plan for 2003/04. The report also includes details of proposed Value for Money/Performance Review studies which have been submitted for Members' agreement and prioritisation.

Recommendations:

Members are requested to :-

- Consider the Strategic Plan which is attached at APPENDIX A prior to submission to Council for approval.
- Approve the Internal Audit Plan for 2002/03, attached as APPENDIX B.
- Consider the proposals for Value for Money/Performance Review/Best Value studies attached as APPENDIX C, to suggest any further studies and to agree which of these studies should be undertaken and in which order of priority.
- Refer this report to Members of the Executive to determine whether they have any requests for such studies which they wish also to be considered for inclusion in the programme for 2003/04.

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Corporate Resources Financial Memo

Overview and Scrutiny Committee FS12/02

20<sup>th</sup> February 2003

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STRATEGIC AUDIT PLAN FOR 2003/04 TO 2006/07, AUDIT PLAN 2003/04

AND

PROPOSALS FOR VALUE FOR MONEY STUDIES

## 1. INTRODUCTION

1. Under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, the Head of Finance is statutorily responsible for the proper administration of the City Council's financial affairs. In addition, the Accounts and Audit regulations 1996 require the Council to maintain an adequate and effective Internal Audit function. The Internal Audit Section is an important resource in enabling the Head of Finance and the Council to fulfil their duties and it is important to ensure that the work of Internal Audit is effected so as to give assurance of the probity of the Council's financial affairs.
2. The Corporate Resources Overview and Scrutiny Committee acts as the Council's Audit Committee. It is therefore appropriate that the annual Audit Plan should be presented to and approved by the Committee prior to the start of each financial year, thus giving Members the opportunity to question the Head of Finance on the proposed work of the Internal Audit Section for the forthcoming year.
3. It is also appropriate for Members of the Corporate Resources Overview and Scrutiny Committee to consider the longer term (4 – year) Strategic Plan, prior to submission to the Council for approval.
4. An element of time within the Annual Plan (100 days) is allocated to Value for Money (VFM) Performance Review/Best Value studies. Members are asked to select and prioritise the audits suggested In Appendix C.
5. Members should note that performance against the 2003/04 Audit Plan will be reported to Committee after the end of the financial year.

## 2. STRATEGIC PLAN

1. A major reappraisal of the Strategic Audit Plan was carried out during 1998/99, which resulted in the production of a revised Strategic Plan to cover the years from 1999/00 to 2002/03. Members of the (then) Finance and General Purposes Sub - Committee approved this Plan at their meeting on 16 February 1999. (Financial Memo 1998/99 No. 158).
2. The Financial Year 2002/03 is the final year covered by the current Strategic Plan. There have been numerous changes which have taken place in the Authority since the formulation of the above Strategic Plan. These include predominately L.S.V.T., Leisuretime and the significant changes resulting for the restructuring of the Authority from the historic departmental basis to the current Business Units.
3. The new Strategic Plan has been produced using a "Risk – based" formula, following discussions with all of the Heads of Business Units and as far as possible reflecting a "themed" approach within each Business Unit.
4. Previously, the Strategic Plan has attempted to allocate the individual audit reviews over each of the ensuing 4 years, but experience has shown that varying numbers of unforeseen changes are required every year. Until the recent reorganisation has had time to "bed in", and until the permanent staffing complement for Internal Audit is known, it is not considered to be possible to look more than 1 year ahead for detailed planning purposes. The recent risk-based approach to preparing the Strategic Audit Plan has shown that, based on known demands and current Audit staffing, there is an overall shortfall of approximately 800 man-days between the time required to complete the Plan, and available resources. This equates to one FTE member of staff. The situation will be monitored and addressed during the coming year.
5. Members are requested to consider and comment on the new Strategic Plan for the period 2003/04 to 2006/07, which also indicates the individual reviews planned to be carried out during 2003/04, prior to submission to Council for approval. This is attached to this report as APPENDIX A.

## 3. ANNUAL PLAN 2003/04

1. Attached at Appendix B is a summarised analysis of the proposed Audit Plan for 2003/04, showing the planned days for each of the Business Units, together with an analysis of the planned non-chargeable time.
2. Heads of Business Units have had the opportunity to suggest alternative uses of audit resources which they believe would be more effective given their current circumstances. All such requests have been accommodated within the constraints of ensuring adequate coverage of the Council's activities, in particular the completion of the core systems work. Heads of Business Units have also been asked to indicate their assessment of the overall "risks" associated with each of their activities, and this information has been used in the risk-formula referred to above.
3. Members are requested to note the summarised Audit Plan for 2003/04, which is attached as APPENDIX B.

## 4. COMPUTER AUDIT

4.1 There is an allowance of 20 days in the Plan to cover Computer Audit. Areas which are to be reviewed during 2003/04 will be discussed and agreed with the Head of Customer and Information Services.

## 5. CONTRACT AUDIT

1. There is an allowance of 30 days for this area of activity. This is intended to cover aspects of both capital and revenue contracts, and to ensure compliance with the Authority's Contract Procedure Rules.

## 6. PROPOSED VFM/PERFORMANCE REVIEW/BEST VALUE STUDIES

1. As in previous years, an allowance of 100 days has been made for VFM/Performance Review/Best Value studies. All Heads of

- Service have had the opportunity to propose studies and 3 proposals have been received. These have been summarised on Appendix C attached.
2. Draft reports relating to these studies will be distributed to the relevant Heads of Business Units to enable their comments and any amendments to be incorporated into the final reports. The final reports will be presented to Members of this Committee in due course.
  3. Members are requested to consider the proposals for Value for Money/Performance Review/Best Value studies and to agree which of these studies should be undertaken and in which order of priority.

APPENDIX A

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CARLISLE CITY COUNCIL  
INTERNAL AUDIT SERVICES  
STRATEGIC PLAN  
2003/04 TO 2006/07  
AND  
DETAILED PLAN FOR 2003/2004

<u>Legal &amp; Democratic Services - Strategic Plan to 2006/2007</u>					
<u>Audit Area</u>	<u>Frequency of Review (Years)</u>	<u>Last Review</u>	<u>Allocated Days per review</u>	<u>Total Days Over 4 Year Cycle</u>	<u>Annual Plan 2003/04</u>
<u>COMPLAINTS</u>					
• Council Complaints Procedure	2	New area	10	20	10
• Co-ordination of response to LG Ombudsman	Inc above				
<u>LAND CHARGES</u>					
• Land Charges	4	2001/02	7	7	
<u>CIVIC SERVICES</u>					

• Mayor & Civic Services	4	2001/02	5	5	
• Town Twinning	4	2001/02	5	5	
DEMOCRATIC SERVICES					
• Electoral Registration and inc. Fees & Exps	2	1999/2000	10	20	10
• Committee Services	2	New area	5	10	5
LEGAL SERVICES					
• Legal Services Practises	4	New area	5	5	
• Constitution	4	New area	5	5	
		TOTAL		77	25

Financial Services - Strategic Plan to 2006/07					
Audit Area	Frequency of Review (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
• Banking Terms	4	2002/03	5	5	
• Treasury Management - Core Systems	1	Annual	9	36	9
• VAT	2	1997/98	10	20	10
• Automated Payments System	2	2002/03	5	10	5
• Grants to Parish Councils	4	2000/01	3	3	
• Insurance	2	2001/02	15	30	15
PAYMENTS					
• Creditor Payments - Core System	1	Annual	17	68	17

• Car Loans	4	2001/02	5	5	
• Car Leasing	4	2000/01	5	5	
• Mortgages	4	1999/00	3	3	
• Stock & Controlled Stationery	4	2002/03	5	5	
• Electronic Purchasing (Orbit)	2	New area	10	20	10
			TOTAL	210	66

Member Support & Employee Services - Strategic Plan to 2006/07

Audit Area	Frequency of Review (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
PERSONNEL					
• Training & Development (Employees & Members)	2	2002/03	15	30	
• Early Retirement & Redundancy	4	1996/97	10	10	
• Flexitime	3	2000/01	10	20	
• Sickness Monitoring	2	2000/01	10	20	10
• Business Continuity Planning (Co-ordination)	2	New area	10	20	10
HEALTH & SAFETY					
• Health & Safety	2	New area	10	20	10
PAY & MEMBER SERVICES					
• Payroll - Core System	1	Annual	18	72	18
• Non Standard Pyts to Employees (O/Time, Travel Etc)	2	2000/01	15	30	15

• PAYE & NI	2	2002/03	10	20	10
• Members Allowances	3	2001/02	5	10	
OVERVIEW & SCRUTINY					
• Overview & Scrutiny Function	4	New area	5	5	
			TOTAL	257	73

Customer & Information Services - Strategic Plan to 2006/07					
Audit Area	Frequency of Review (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
• Telephones	2	1996/97	10	20	10
• Information Technology (inc. IT Strategy & IT Business Continuity)	1	New area	15	60	15
• Data Protection & Human Rights	3	2000/01	10	20	
• E-Government	3	New area	10	20	
• Mail Processing	3	New area	5	10	
• Reprographics	4	2000/01	10	10	
• Customer Services - Front End	2	New area	10	20	10

			TOTAL	160	35
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Revenues & Benefits Services - Strategic Plan to 2006/07

Audit Area	Freq of Rev (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
<u>HOUSING &amp; COUNCIL TAX BENEFIT - Core system</u>					
• Housing & Council Tax Benefits Assessment	1	Annual	30	120	30
• Assessment and Recovery of HBOP	1				
• HB Verification	1				
<u>ANTI FRAUD STRATEGY &amp; OPERATION</u>					
• Prevent, detect and deter benefit fraud	2	New area	10	20	
<u>NNDR - Core system</u>					
• Billing	1	Annual	12	48	12
• Collection	1				
• Recovery	1				
<u>COUNCIL TAX - Core system</u>					
• Billing	1	Annual	16	64	16
• Collection	1				
• Recovery	1				
<u>DEBTORS - Core system</u>					
• Anti-Poverty "Debtors" Strategy	1	New area	15	60	15
• Sundry Debtors and Periodic Income (rec & mon)	1	Annual			
• Initiatives to maximise debt collection performance	1	New area			
• Concessionary Fares	3	2002/03	5	10	

CASHIERS SERVICES - Core system	1	Annual	15	60	15
			TOTAL	382	88

Strategic & Performance Services - Strategic Plan to 2006/07

Audit Area	Frequency of Review (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
• Partnership Development	2	New area	15	30	15
• Performance Indicators & Targets (advice, monitoring & review)	1	New area	15	60	15
• Procurement & Project Co-ordination (inc implementation of Procurement Strategy)	2	New area	15	30	15
• Risk Management	1	New area	10	40	10
COMMUNICATIONS					
• Media Relations, Public Relations, Corporate Identity & Marketing.	3	New area	15	30	
			TOTAL	190	55

Commercial & Technical Services - Strategic Plan to 2006/07

Audit Area	Freq. of Rev (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
BUILDING FACILITIES					
• Facilities Management/Building Maintenance	3	2001/02	15	30	



• Building Resources/Cleaning	3	2002/03	15	30	
• Civic Centre Keepers/Building Security	4	New area	10	10	
SUPPORT SERVICES					
• Estimators/Surveyors	4	New area	10	10	
• Corporate Purchasing Unit	4	2000/01	10	10	
• Transport & Plant	3	2001/02	15	30	
• Garage	4	2002/03	10	10	
• Stores	4	2002/03	10	10	
SERVICE DEVELOPMENT					
• Quality Management	3	New area	15	30	
• Drainage Services (inc NWW Agency Contract)	4	2000/01	10	10	
STREET SCENE					
• Grounds Maintenance (inc Arboriculture)	3	2002/03	15	30	
• Park Patrols	4	New area	10	10	
• Playground Maintenance	3	New area	10	20	
HIGHWAYS					
• Highways Maintenance (inc claimed rights)	4	2002/03	15	15	
• Public/Street Lighting	4	2002/03	15	15	
NEIGHBOURHOOD SERVICES					
• CCTV	4	2002/03	10	10	
• Parking, Car Park Control/Wardens	2	2002/03	15	30	
WASTE SERVICES					
• Refuse Collection	3	2002/03	15	30	
• Street Cleaning	3	2002/03	15	30	
			TOTAL	370	0

Property Services - Strategic Plan to 2006/07

Audit Area	Freq of Rev (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
• Town Centre Development	2	New area	20	40	20

<ul style="list-style-type: none"><li>Covered Market</li></ul>	4	2002/03	10	10	
<ul style="list-style-type: none"><li>Industrial Estates</li></ul>	2	1998/99	20	40	20
<ul style="list-style-type: none"><li>Corporate Properties</li></ul>	4	2001/02	20	20	
<ul style="list-style-type: none"><li>General Management of Property Portfolio (policy advice , surplus land, acquisitions, investment fund)</li></ul>	3	New area	15	30	
Scope of Above Audits			TOTAL	140	40
ESTATE MANAGEMENT					
<ul style="list-style-type: none"><li>Sales &amp; Lettings</li></ul>					
<ul style="list-style-type: none"><li>Valuations (NB not a discreet function)</li></ul>					
<ul style="list-style-type: none"><li>Rent Reviews &amp; Lease renewals</li></ul>					
<ul style="list-style-type: none"><li>Landlord and tenant matters</li></ul>					
<ul style="list-style-type: none"><li>Rental Income and debt monitoring</li></ul>					
<ul style="list-style-type: none"><li>Rating Work</li></ul>					
ASSESSMENT MANAGEMENT					
<ul style="list-style-type: none"><li>Asset Management</li></ul>					
<ul style="list-style-type: none"><li>Identification &amp; sale of sale of surplus assets (Disposals)</li></ul>					
<ul style="list-style-type: none"><li>Policy advice (Link with Asset Investment and Strategic Management)</li></ul>					
<ul style="list-style-type: none"><li>Monitoring costs/PI's</li></ul>					
<ul style="list-style-type: none"><li>Asset Investment (Fund)</li></ul>					
<ul style="list-style-type: none"><li>Handling development enquiries</li></ul>					
FACILITIES MANAGEMENT					
<ul style="list-style-type: none"><li>Strategic Management</li></ul>					
<ul style="list-style-type: none"><li>Management of Property Portfolio</li></ul>					
<ul style="list-style-type: none"><li>Monitoring maintenance of buildings and facilities</li></ul>					
Planning Services - Strategic Plan to 2006/07					
Audit Area	Freq of Rev	Last Review	Allocated Days	Total Days Over 4 Year	Annual Plan

	(Years)		per review	Cycle	2003/04
BUILDING CONTROL					
• Advice & Guidance (including the following)	2	2001/02	15	30	15
• Building Regulation Applications					
• Control of demolition					
• Dealing with dangerous structures					
• Shop Mobility	4	New area	5	5	
• Access Grants	4	New area	10	10	
DEVELOPMENT CONTROL					
• Advice & Guidance (Including as shown below)	2	2001/02	15	30	15
• Consider applications (planning, advertisement, listed buildings, conservation)					
• Dealing with planning appeals and enquiries					
• Planning enforcement.					
LOCAL PLANS & CONSERVATION					
• Carlisle District Local Plan (Including as shown below)	2	2001/02	15	30	15
• Advice on listed Buildings					
• Regional Planning Guidance			TOTAL	105	45
• Cumbria and Lake District Joint Structure Plan					
• Supplementary Guidance Notes					
• Conservation Areas					
• Conservation Grants					
• Hedgerow Removal Notices					
• Environment Grants					
• Tree Preservation Orders & Trees in Conservation Areas					

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Economic & Community Development Services - Strategic Plan to 2006/07					
Audit Area	Freq of Rev (Years)	Last Review	Allocated Days per review	Total Days Over 4 Year Cycle	Annual Plan 2003/04
ECONOMIC DEVELOPMENT					
• New Deal	3	New area	10	20	
• Brampton Business Centre	4	2001/02	10	10	
• Enterprise Centre	4	2001/02	10	10	
• Business Development	3	New area	10	20	
• External Funding/Grant Monitoring	2	New area	15	30	15
TOURISM MANAGEMENT					
• City Centre Management/Tourism Marketing	4	New area	10	10	
• Carlisle Conference Group	3	New area	5	10	
• TIC Carlisle, Brampton & Longtown	4	2000/01	15	15	
COMMUNITY SUPPORT					
• Community Support	3	New area	15	30	
• Children & Young People	3	New area	15	30	
• SureStart	3	New area	10	20	
• Advice Agencies (inc Benefits Advice, Law Centre, CAB)	3	New area	15	30	
• Leisure Grants (inc Sports Development & L&D Grants)	4	2002/03	10	10	
• Community Events	3	New area	10	20	
• Community Centres - central management & support	3	New area	10	20	
• Community Centres Annual Accounts	1	Annual Accounts	25	100	25
Belah					
Botcherby					
Petteril Bank					
Yewdale					
Greystone					
Morton					
Harraby					
Longtown					
COMMUNITY SAFETY					

• Community Safety & Anti Social Behaviour	3	New area	10	20	
			TOTAL	405	40

Culture Leisure & Sport Services - Strategic Plan to 2006/07

<u>Audit Area</u>	<u>Freq of Rev (Years)</u>	<u>Last Review</u>	<u>Allocated Days per review</u>	<u>Total Days Over 4 Year Cycle</u>	<u>Annual Plan 2003/04</u>
<u>ARTS &amp; MUSEUM (to include)</u>					
• Shop	2	2002/03	20	40	20
• Marketing and Development					
• Arts and Development					
• Education					
• Collections					
• Support Services					
• Guildhall Museum	4	2002/03	5	5	
<u>PARKS &amp; COUNTRYSIDE MANAGEMENT</u>					
• Parks and Open Spaces (inc all parks)	2	New combined	10	20	10
• Landscape Services, Countryside Support & Parks inc Depot	4	New area	15	15	
• Allotments	3	2000/01	5	10	
<u>SPORTS &amp; RECREATION</u>					
• Sports Development	3	New area	10	20	
• Leisuretime/Carlisle Leisure (client)	2	New area	20	40	20
<u>EAST CUMBRIA COUNTRYSIDE PROJECT</u>					
ECCP	4	2002/03	10	10	
			TOTAL	160	50

Environmental Protection Services Strategic Plan to 2006/07

<u>Audit Area</u>	<u>Freq of Rev (Years)</u>	<u>Last Review</u>	<u>Allocated Days per review</u>	<u>Total Days Over 4 Year Cycle</u>	<u>Annual Plan 2003/04</u>
<u>ENVIRONMENTAL HEALTH</u>					
• Food Standards	3	New area	10	20	
• Environmental Mgmt (Pollution Control, Contaminated Land & Recycling)	4	2002/03	15	15	
• Dog Warden Scheme and Dog Enforcement	4	2002/03	10	10	
• Health & Safety Inspections	4	2001/02	10	20	
• Pest Control	4	2001/02	10	10	
• Public Conveniences	4	2001/02	5	5	
<u>LICENSING</u>					
• Licensing	4	2001/02	15	15	
<u>BEREAVEMENT SERVICES</u>					
• Bereavement Services	3	2001/02	15	30	
<u>STRATEGIC HOUSING</u>					
• Strategy					
• Supporting People (Homelessness/Hostels/Housing Associations)	2	2002/03	10	20	10
• Monitoring Service Delivery of CHA	1	New area	10	40	10
• Energy Efficiency	3	New area	10	20	
• Improvement Grants	1	2002/03	10	40	10

HEALTH PROMOTION & PARTNERSHIPS					
• Health Promotion & Partnerships	3	New area	10	20	
			TOTAL	265	30

APPENDIX B

CARLISLE CITY COUNCIL

FINANCIAL SERVICES

INTERNAL AUDIT

SUMMARY AUDIT PLAN 2003/04

Systems/probity reviews

- Legal and Democratic Services 25
- Financial Services 66
- Member Support and Employee Services 73
- Customer and Information Services 35
- Revenues and Benefits Services 88
- Strategic and Performance Services 55
- Commercial and Technical Services 0
- Property Services 40
- Planning Services 45
- Economic and Comm. Dev't Services 40
- Culture Leisure and Sport Services 50
- Environmental Protection Services 30 547

Value for Money/Performance Reviews 100

Corporate/CPA/Best Value 45

Computer audit 20

Contract audit 30

Follow up reviews 20

Contingency 50 265

Total Chargeable Days 812

Management/Planning 90

Administration 69

Leave - including maternity leave 246

Sickness 25

Training 25

Total Non-chargeable Days 455

Total Days Required 1,267

TOTAL AUDIT RESOURCES AVAILABLE 1,267

Appendix C

Proposals for Value for Money/Performance Review/Best Value Studies

N.B. The studies detailed below, which have been requested by the Head of Finance, are not shown in any order of priority, as this is for Members to decide.

### 1 Partnerships

This effectively follows on from the recent study relating to Grants, and is considered to be a high risk area for the Authority. Accountabilities and responsibilities are often unclear, and a Protocol is often not established at the outset.

The purpose of this review would be to identify those Partnerships in which the Authority is currently involved – in times of both time and cost – in order to establish whether accountabilities and responsibilities are clear and to suggest a protocol for future working.

Other Local Authorities would be approached for information in order to establish "best practice" in this area of activity.

A review of the accounting treatment would also be undertaken, with particular reference to implications for VAT

### 2 Renewals Fund

This would review the monies held in the Fund – for what purpose and whether they meet future requirements for the replacement of all vehicles, plant and equipment – including a link with the Authority's Asset Register

There would also be a review of the accounting treatment of the Fund and the adequacy of the overall level, to determine whether there is any evidence of over or under provision.

In addition, there would be a review of the relative merits of acquiring vehicles and plant under operating leases as opposed to outright purchase from the renewals Fund.

The overall purpose of the review would be to ensure that there are adequate funds to meet future needs and that the fund is being used for the purpose intended.

### 3 Charitable Funds

The Authority holds a number of charitable funds for a variety of purposes.

The current value of all such funds is approximately £172,000.

The purpose of this review would be to examine the balances on, and use of, such funds to establish whether the purposes for which they were originally intended are still valid.

It is considered that all of the requests noted above could be undertaken within the 100 days which have been included in the Plan for 2003/04.

### Recommendation

Members are requested to :-

- Consider the above proposals for Value for Money/Performance Review/Best Value studies, to suggest any further studies and to agree which of these studies should be undertaken and in which order of priority.
- Ask Members of the Executive whether they have any requests for such studies which they wish also to be considered for inclusion in the programme for 2003/04.