

Isle of Wight Council Internal Audit Plan 2015/16

**Distribution
List**

For approval	The Audit Committee
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1. Introduction and Approach

Introduction and Context

This document sets out the Internal Audit Plan for the Isle of Wight Council for the financial year 2015/16. The Plan is based on our full internal audit risk assessment which was refreshed and reviewed during late 2014 and early 2015 with the Audit Committee and senior Council staff.

Throughout 2014/15 significant changes have continued at the Council many as a result of the reduced central government funding, which have impacted both on the Internal Audit work we have completed and on that planned for 2015/16. A summary of how we have responded to the Council's changing requirements is set out directly below; with more detail on individual 2015/16 reviews covered in the Audit Plan section of this document.

The Emerging Risk Profile

The Council has nine strategic risks linked to the risk of non-achievement of the Council's seven corporate priorities. Alongside this, we have used our own assessment of risk, the starting point for identifying areas to be included in our annual work programme.

Strategic risks are only part of the Council's risk profile; each service also maintains its own risk register, with risks escalated by exception through the Council's performance management framework. The main element of our formal annual internal audit planning work, which will pick up significant service risks, is our consultation with key stakeholders, for example senior and middle management across the Council and the Audit Committee. Each year we host a training day for members of the Audit Committee to help promote its effective operation, including a specific session on the content of our programme of work for the following year. Alongside the formal process we also carry out a number of activities to continuously align our work with emerging risks in-year:

- Regular review of service risk registers.
- Knowledge gained through our audits and follow up work.
- Informal consultation with Council management.
- Drawing on sector good practice.
- Liaison with external audit.
- Regular updates and contract meetings with the Council's Head of Internal Audit.

Drawing on the above, we flex our work in terms of review scheduling, the resource used for individual reviews and the reviews we carry out to ensure that we respond appropriately as the Council's risk profile evolves. For example in 2014/15:

- Tourism/Destination Management Organisation (DMO): our scheduled review was moved from 2014/15 to 2015/16, to enable us to include the requirement for private sector funding, which becomes effective in 2015.
- Additional time was allocated to our school reviews, to enable more in depth work to be carried out on financial transactions.
- An additional review was carried out in Adult Social Care on Deputyships, a non-statutory service, in part to ensure that the Team provided good value for money.

As changes are made to the Plan, the Audit Committee is updated through our regular performance reports.

Cost Savings

It was reported to the Full Council meeting held on the 17th September 2014 that £3.6 million of savings had been achieved by the 31st July 2014, with another £2 million projected to be achieved by the 2014/15 year end.

The level of the 2015/16 local government support grant, confirmed on the 19th December 2014, was in line with expectations, requiring cost savings of £13.5m in 2015/16; £8.9 million will be required in 2016/17 (based on a three year programme of £28 million), with further savings likely to be required in subsequent years. Ultimately achieving these savings, while ensuring statutory duties and the safety of those in the Council's care, is the top priority for the Council and is vital to ensure the long term viability of the Council as an independent entity. This is recognised by the Council, with 'insufficient financial resources' being a key strategic risk. Implicitly, correctly addressing all strategic risks could be adversely impacted by insufficient funds being available and the need to make significant savings in a short timeframe.

During 2014 Budget Target Groups, with senior member and officer membership, have met to develop possible budget proposals. Those groups have also considered a revised corporate plan scheduled to be finalised by March 2015, after consideration by Full Council on 21st January 2015. The Council is in a period of ongoing change, with further significant reductions in directly employed staff and an increased focus on partnership working, commissioning and reducing services to their statutory minimum necessary to ensure that the Council can operate within the reduced funding available.

During 2014/15 we have continued to include objectives in our reviews focused on ensuring that services are as cost effective as possible and identifying potential efficiencies for consideration by management. We have also carried out a number of reviews focussed on ensuring that corporate expectations are realistic in the light of changing circumstances, for example our quarter one review of risk management and our quarter three review of governance arrangements; we also carried out a review in quarter three focussed specifically on checking that significant income streams, for example within Planning and Adult Social Services, are well managed.

Our programme of work for 2015/16 continues this trend with three overarching strands, supporting the Council's cost savings programme and ongoing transformation, and with increasing emphasis on ensuring that controls continue to be effective.

Strand 1: Ensuring change is well managed

We have scheduled a number of more focussed reviews, both to support the overarching Programme and to give assurance over other areas of significant change:

- *End to End Business Processes Review*: as process elements become fragmented, with some elements potentially exercised by staff who are not directly employed by the Council, existing controls (e.g. to ensure approval, accuracy, completeness and timeliness of payments) may become less effective or cease to be relevant. If equivalent controls are not put in place, potentially undetected processing errors will become more likely. To help the Council ensure that appropriate controls are in place we will review the revised design of three significant processes, to be identified in consultation with the Head of Financial Management.
- *Corporate Project Management*: the Council has an agreed Project Management Framework, which sets out varying expectations regarding governance, appropriate to the scale of individual projects; the Framework will be used to manage all change activity at the Council stemming from the Transformation Programme. We reviewed the Framework in 2013/14, assessing that it appropriately addressed the six key areas of project governance: schedule, benefits, risk management, scope/change, stakeholders and project team/staffing. In 2015/16 we will review three projects against the expectations set out in the Framework, to ensure that it is being used effectively to manage change.
- *Paris Implementation*: the existing system used to manage Adult Social Care is several versions behind the vendor's current version, has limited functionality and is not well regarded by practitioners. The Council has taken the decision to move to a system called Paris, the system used by colleagues in Health. Our review will focus on the governance over the implementation project, to maximise the likelihood of the Council realising the benefits offered by Paris and enhanced, more robust processes.
- *Waste*: the project to procure a new waste contract is at an advanced stage, with the contract scheduled to become effective from October 2015. Our review will focus on the arrangements the Council has put in place to manage ongoing delivery by the chosen service provider. Specifically this review will give

assurance that there is an appropriately resourced and skilled team in place to ensure the provider meets the contracted level of performance.

Strand 2: Statutory Functions

As has been widely reported the majority of councils, including the Isle of Wight, have managed to achieve savings to date with limited impact on front line and statutory services. However successive years of cost savings will bring these services under pressure, increasing the likelihood that the Council may fail to achieve acceptable levels of performance. However, there may also be savings which could be realised, by implementing more efficient working, while still delivering effective services.

To support the Council ensure that services are as efficient and effective as possible we have scheduled a number of reviews, for example:

- *Schools' Audits*: each year we audit the financial controls in five of the Island's schools; since 2009/10 we have reviewed controls in 15 schools, raising findings relevant to and to be communicated to all schools, implicitly improving control across the Council's schools' portfolio. Our programme will continue in 2015/16 and we will select five schools where our review can add most value in consultation with officers responsible for overall management of schools' finance in April 2015.
- *Property Assets*: despite recent reductions in the size of the Council's property portfolio, the Council is still responsible for a substantial estate. The main focus of this review will be on the Council's legislative requirements, specifically that appropriate mechanisms are in place to ensure that health & safety requirements including gas certification, water testing, training and responsibilities related to the Council's role as corporate landlord are correctly addressed.
- *Flood and Water Management Act 2010*: this act introduces a series of new responsibilities for the Council, for example preparing and maintaining a strategy for local flood risk management. This audit will review the arrangements the Council has put in place.
- *Coroner's Service*: the Coroner is a statutory position, independent of the Council, however the Council is responsible for staffing and resourcing the Coroner's Office. This audit will review the arrangements in place, identifying opportunities for efficiencies which may exist while still satisfying statutory responsibilities and providing an effective service.
- *Application Reviews*: we will continue our programme of application reviews in 2015/15 to include reviews of both SAP and the Northgate revenues & benefits system, representing two of the most significant corporate IT systems.

Strand 3: Focussing on Internal Control and control processes

The council is rightly focussing significant attention on its strategic direction. However there is the risk that while it is doing that, there are many day to day activities that need to continue as business as usual. Some audit attention is therefore needed to ensure that basic control processes continue to work effectively. This will include gaining assurance that when changes are being proposed, the potential impact on the control environment is managed appropriately and risks are taken into account. Specific reviews have been included in the plan as follow:

- *End to end business process review*: This will involve a review of three key business processes to ensure that their control design is effective and to identify any gaps or duplication in controls where recommendations for enhancements and / or efficiencies can be made.
- *Income protection*: The council needs to ensure that it maximises the income it can attain to support the Council's spending plans. This review will examine a sample of the most significant income streams to ensure that they are being maximised.

- *Fraud & corruption:* The reduction in the Council's capacity at all levels will inevitably mean that controls (such as segregation of duties and management review) will weaken thus posing a risk of increased fraud. This review will therefore examine the Council's arrangements for understanding and managing the risk of fraud across the Council's operations.

Strand 4: Increased Partnership Working and Contracting

The Council already has a number of major partnerships/outsourced services, with two more becoming effective in 2015/16; this trend is likely to continue. To support the Council we have scheduled reviews over all significant and planned partnerships/outsourced services and an additional review focussed on the effective management of contracts, as below:

- *Hampshire Strategic Partnership for Childrens Services:* this is the most significant of the Council's current partnerships. Under the agreement put in place subsequent to the 2013/14 Ofsted report, Hampshire County Council is responsible for delivering both children's social care and education services, including schools' support on the Island. Following on from our initial review of governance arrangements in 2014/15 this year we have scheduled a monitoring review, to ensure that arrangements continue to be effective.
- *Tourism/Destination Management Organisation (DMO):* responsibility for promoting the Island as a tourist destination moved to the DMO in 2013/14. Originally we planned to review the performance management of the DMO in 2014/15. Following consultation with Council staff responsible for managing the client side interface we agreed to postpone our scheduled review to 2015/16, to allow us include assurance over the expectation of increasing funding from the private sector, which comes into effect this year.
- *Fire Partnership Project:* the Isle of Wight Council is responsible for the Island's Fire and Rescue Service, bearing similar headquarters' costs to much larger authorities. In the current financial climate current arrangements are not likely to be tenable and the Council has to realise savings from this area. The best option to make efficiencies, while ensuring an effective local service, is a partnership with a mainland authority. This audit will review the implementation project, to ensure that it is correctly managed.
- *Highways PFI - Delivery Phase Client Relationship:* this is the most high profile of the Council's current partnerships, with significant, often adverse coverage in the local press. Our focus in 2015/16 will be on ensuring that the client side interface is well managed, with effective mechanisms in place to hold the provider to the level of service set out in the contract.
- *Contract management:* the council has a significant level of third party spend (c £80million per annum) and appropriate management is vital to ensure that contract spending is cost effective. This audit will review the Council's arrangements.

External Audit Reliance on Internal Audit Work

Following the trend established through the last three years of the contract, we have continued to liaise closely with our external audit colleagues regarding the Council's risk profile, ensuring that we plan a programme of work which responds to this effectively. Specifically this has enabled us to flex the areas we focus on and the intervals between our audits, freeing up time within the plan for us to focus on other areas of risk. Throughout this process we have maintained sufficient audit coverage to enable reliance on our work and minimise the Council's External Audit fees. This will continue into 2015/16, with EY staff spending time reviewing internal audit working papers during late quarter 14/15, to ensure they can be relied on.

As part of this process for 2015/16 we have revised all of the annual reviews scheduled within Financial Services. This has resulted in us scheduling a single review over key financial processes. The benefit of this approach is that less management time is required, allowing a greater proportion of the time to be spent of fieldwork. The review will cover the following areas:

- Cash and Bank,
- General Ledger, Financial Reporting and Budget Management,
- Accounts Payable,
- Accounts Receivable.

Central Government Expectations/Legislative Requirements and changes to Council Responsibilities

Internal auditors of Local Government organisations must follow the Public Sector Internal Audit Standards (PSIAS). Under these standards, the annual Internal Audit opinion must conclude on the overall adequacy and effectiveness of three elements, these being the organisation's framework of governance, risk management and control.

The Council's Head of Internal Audit must ensure sufficient work is undertaken on each element to support the annual Internal Audit opinion. A key area of the Council's governance arrangements is ensuring that change is well managed, as covered by the narrative above. We have also scheduled a specific review fraud and corruption arrangements, to support the Head of Internal Audit meeting the PSIAS requirements. However, it is for the Head of Internal Audit and Audit Committee to determine whether sufficient work is planned and completed on each element to meet the requirements of the PSIAS.

In addition to the above, the Council successfully passed compliance requirements associated with connection to the PSN (Public Secure Network) during 2013. Following on from our 2014/15 review of the Council's data centre (a specific element of the Council's ISMS (Information Security Management System)) we have scheduled a review of IT and Network Security in 2015/16, which will address a number of ISMS/PSN related requirements.

Approach

The Internal Audit service will be delivered in accordance with the Internal Audit Charter. A summary of our approach to undertaking the risk assessment and preparing the Internal Audit plan is set out below. The Internal Audit plan is driven by the Council's organisational objectives and priorities, and the risks that may prevent the Council from meeting those objectives.



Fees and budget

Our daily rate from April to June 2015 will be the same as effective from 1 July 2014, this equates to £18,632 per month. From July 1st 2015 this will increase by the average weekly earnings, as of June 2015. This is subject to the Council renewing its contract with PwC, our co-sourced internal auditor provider, which is subject to current tender.

The risk assessment and Internal Audit plan has been limited to an annual budget of 1,000 days, and therefore does not purport to address all key risks identified across the audit universe as part of the risk assessment process. Accordingly, the level of Internal Audit activity represents a deployment of limited Internal Audit resources and in approving the risk assessment and Internal Audit plan, the Audit Committee recognises this limitation. Therefore, auditable units have not necessarily been reviewed in line with the cycle suggested by the risk assessment process.

Other sources of assurance

In developing our Internal Audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. Other sources of assurance for each auditable unit are used in our risk assessment and a summary is given below.

The other sources of assurance for the Council are as follows:

- External audit work,
- Ofsted inspections,
- CQC inspections,
- ISO accreditations,
- Lexcel practice management standard inspections.

We do not intend to place reliance upon these other sources of assurance but will review the impact of any findings from them on relevant audits we are due to undertake. We will not propose to duplicate assurance provided via other sources to the Council in our plan.

Key contacts

Consultation has been carried out with the following key personnel during the planning process:

Dave Burbage
Managing Director

Davina Fiore, Head of Corporate Governance & Monitoring Officer

Stuart Fraser
Head of Financial Management & Section 151 Officer

Martin Elliot
Head of Adult Social Care

Bob Streets
Business Improvement Manager (Head of Internal Audit)

Gavin Muncaster
Head of ICT

Claire Shand
Head of Organisational Development

Sharon Betts
Shared Services Manager

Bill Murphy
Head of Planning & Regulatory Services

Sue Dasent
Strategic Manager Procurement and Contracts

John Metcalfe
Commissioning Manager

Steve Apter
Chief Fire Officer

Alex Minns

Strategic Manager Leisure Recreation and Parks

Ashley Curzon

Strategic Manager - Economic Development and Strategic Assets

Helen Miles

Strategic Manager, Legal Services

Executive and the Audit Committee

External Auditors/EY

2. Internal Audit Plan and Indicative Timeline

Internal Audit Plan and Indicative Timeline

The following table sets out the Internal Audit work planned for 2015/16.

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
A	Community Well-being & Social Care						
A1	Adult Social Care						
A1.1	Adult Safeguarding	£7,016	●				<p>Safeguarding is potentially the highest risk area of Adult Social Care. In recognition of a number of high profile safeguarding failures nationally, the government published updated policy guidance on the 10th May 2013. This sets out six principles to guide local agencies approach to safeguarding:</p> <ul style="list-style-type: none"> • Empowerment -Presumption of person led decisions and informed consent. • Prevention -It is better to take action before harm occurs. • Proportionality – Proportionate and least intrusive response appropriate to the risk presented. • Protection -Support and representation for those in greatest need. • Partnership -Local solutions through services working with their communities. Communities have a part to play in preventing, detecting and reporting neglect and abuse. • Accountability -Accountability and transparency in delivering safeguarding.

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							This audit will review the Council's adult safeguarding arrangements against the principles above, identifying any gaps and making recommendations for enhancement to be considered by management.
A1.12	Paris Implementation	£7,016			●		<p>The Adult Social Care Service is part way through implementing the Paris system, replacing the previously used system, Swift.</p> <p>This review will assess management of the implementation against good practice, covering mechanisms in place to ensure the following areas are correctly managed:</p> <ul style="list-style-type: none"> • Work and Schedule. • Business Benefits. • Risk Management. • Scope. • Stakeholders. • Project Team.
B	Children's Services						
B1.1/2.1	Hampshire Strategic Partnership	£7,016		●			<p>From mid 2013 Children's social care and school related services are being delivered through a strategic partnership with Hampshire County Council. There is a clear partnership agreement in place setting out respective responsibilities.</p> <p>This audit will review arrangements for the governance, monitoring and reporting of the performance of the service provided through this partnership. This will help to ensure that senior management at the Council and the Children's Improvement Board have an up to date and accurate view of how well arrangements are performing to inform their strategic decisions.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
B2	Education and Inclusion						
B2.2	Schools' Audits	£5,311			●		<p>To help provide assurance against the key Council objective of 'Raising educational standards' we will undertake a rolling programme of regularity audits on five schools; this can be very effective as a way of benchmarking schools and improving practices. We will discuss with management which schools to review based on changes in the Head Teacher, performance issues or prior audit findings. We will review compliance with finance policy, financial regulations and standing orders; segregation of duties between staff responsible for authorising orders, verifying receipt of goods and services and certifying invoices for payment; income generation activities; accuracy and timeliness of bank reconciliations; and recording of assets (e.g. laptops, equipment).</p> <p>As now we will provide a report summarising the findings from our schools audits that can be shared across all Island schools thus promoting enhanced processes and improvement in control across all schools.</p>
C	Economy & Environment						
C2	Economic Development						
C1.1	Property Assets	£7,016			●		<p>The Council has made significant changes to the organisational structure regarding how its property portfolio is managed, the size and nature of its portfolio and its expectations as to how this is managed.</p> <p>The main focus is now on ensuring that the Council's legislative requirements are met, specifically: gas certification, water testing, training and responsibilities related to the Council's role as corporate landlord.</p> <p>This audit will review the Council's overall approach, covering the Council's responsibilities as a corporate landlord and how expectations</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							are defined and supported. We will sample test a subset of Council premises, including schools, against expectations to ensure that they are being complied with.
C2.2	Economic Strategy/Regeneration	£7,016			●		Growing the Economy and Tourism is one of the Council's strategic objectives. This audit will review the Council's Economic Strategy, supporting plans and arrangements to monitor and report progress. This will ensure that it is clear how the objective will be achieved and that realisation is on track.
C2.7	Tourism/Destination Management Organisation (DMO)	£7,016			●		Tourism is a non-statutory service, which the Council ceased to provide directly following the comprehensive spending review of September 2010. Recognising the importance of Tourism to the Island's economy, the Council continues to provide transitional support to the DMO (Destination Management Organisation), with the expectation that the Council's support will be replaced by private sector funding, over the next five years. This audit will review the reporting and monitoring arrangements associated with the Council's relationship with the DMO. We will cover the high level design of arrangements and how they are being effected, to ensure that payment is only made on the basis of agreed outcomes.
C3	Fire and Rescue						
C3.1, E4.1, E4.7	Business Continuity, IT Disaster Recovery and Data Centre	£8,892			●		Three related auditable units are scheduled for review in 2015/16: <ul style="list-style-type: none"> • Business Continuity. • IT Disaster Recovery. • The Council's Data Centre. To make best use of available audit resource we have combined three areas into a single, cross cutting review. This audit will review overall business continuity arrangements, with a

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							<p>focus on ensuring that arrangements are risk focussed, realistic and sufficiently flexible to accommodate ongoing changes to the Council while continuing to be effective. As part of our sample testing we will review a subset of services' expectations of IT, to ensure that these have been confirmed as realistic with IT, specifically regarding agreed data loss and resumption timeframes.</p> <p>Specific to the data centre we will review overall arrangements covering resilience, physical and environmental controls to ensure that availability is maximised and the data centre is physically secure.</p>
C3.11	Fire Partnership Project	£7,016			●		<p>This review will assess management of the partnership implementation against good practice, covering mechanisms in place to ensure the following areas are correctly managed:</p> <ul style="list-style-type: none"> • Work and Schedule. • Business Benefits. • Risk Management. • Scope. • Stakeholders. • Project Team.
C4	Highways & Transportation						
C4.1	Highways PFI - Delivery Phase Client Relationship	£7,016		●			<p>The Highways PFI is the most significant service outsourcing, both in terms of cost and duration (approximately £150 million over 25 years), carried out to date by the Council.</p> <p>Our 2015/16 review will focus on call off arrangements, for example in relation to highways related design work.</p> <p>At the request of Audit Committee we will undertake the review in quarter two and will include arrangements regarding insurance.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
C5	Procurement & Contract Management						
C5.1, C5.4, E2.6	Contract management	£8,295			●		<p>As the Council increasingly sources its services from third parties, key to ensuring that these are delivered to an acceptable level is good contract management.</p> <p>This audit will review overall expectations against good practice, sampling a number of significant contracts (to include the Rural Broadband contract) to ensure that they are being managed in line with expectations.</p> <p>At the request of Audit Committee we include the School Transport Contract in our testing, to ensure that current arrangements provide good value for money.</p>
C5.10	Waste	£7,016			●		<p>The procurement of a new Waste Contract is now entering its final phase, the current contract expiring in October 2015. We have carried out two project managements reviews over the lifetime of the procurement (the last in Quarter 3 2014/15), reviewing areas such as change and risk management against good practice.</p> <p>This audit will review the arrangements the Council has in place to manage the ongoing contract. Specifically that the Council has identified what its ongoing requirements will be, how the contract will be performance managed and that there is an appropriately resourced and skilled team in place.</p>
C6	Leisure Recreation and Parks						
C6.8	Harbours	£4,618	●				<p>The Council is responsible for harbours in Ryde, Ventnor and Newport.</p> <p>This audit will review overall arrangements and expectations covering, for example, health and safety. We will then review financial</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							arrangements over each harbour to ensure they comply with corporate expectations. We will also address value for money as part of our review, with a particular focus on Ventnor Harbour, as requested by Audit Committee.
C7	Regulatory Services						
C7.13	Environmental Health	£4,618		●			<p>Environmental Health is responsible for enforcing standards relating to food, health and safety and environmental protection.</p> <p>This audit will review roles and responsibilities to ensure these are clearly documenting, identifying any gaps which may exist. We will also sample test a subset of inspections and enforcement actions to ensure that they are carried out consistently, in line with documentation.</p>
C7.19	Flood and Water Management Act Responsibilities	£7,016			●		<p>The Flood and Water Management Act 2010 introduces a series of new responsibilities for the Council, for example :</p> <ul style="list-style-type: none"> • Prepare and maintain a strategy for local flood risk management in their areas; co-ordinating views and activity with other local bodies, communities through public consultation and scrutiny. • Maintain a register of assets – these are physical features that have a significant effect on flooding in their area. • Investigate significant local flooding incidents and publish the results of such investigations. • Establish SuDS (Sustainable Drainage Design) approval bodies that will be responsible for the approval of design, build and adoption of SuDS. • Issue consents for altering, removing or replacing certain structures or features on ordinary watercourses. • Play a lead role in emergency planning and recovery after a flood event. <p>This audit will review the arrangements the Council has put in place to manage these responsibilities, identifying any gaps for consideration by management.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
E1	Financial Management						
E1.2, E1.4, E6.5, E6.6, E6.9	Key Financial Systems	£8,228					<ul style="list-style-type: none"> To make best use of available audit resource we have combined key financial systems into a single, cross cutting review, covering: <ul style="list-style-type: none"> <i>Cash and Bank</i>: cash collection, banking and adequacy of the cash/bank reconciliations. <i>General Ledger</i>: financial reporting and budgetary control arrangements. <i>Payroll</i>: payments are properly recorded and accounted for. <i>Creditors</i>: orders for goods and services are properly authorised and placed and correctly accounted for. <i>Debtors</i>: income due is properly identified, collected and accounted for.
E1.7	Pensions Governance	£4,618					<p>This audit will review arrangements against legislative requirements (to be agreed with sponsor).</p> <p>Specifically we will assess the reporting available to the Pensions Committee, to ensure that it has the correct information to satisfy its remit and the preparations the Council has made for the new Pensions Board requirement.</p>
N/A	End to End Business Processes Review	£5,311					<p>Increasingly the Council is moving to a structure in which business process elements are being carried out in different organisational areas. Potentially this can make ensuring that controls are as effective as possible more problematic.</p> <p>To assist the Council in ensuring that controls are sufficiently robust we will review the control design of three key business processes (to be agreed with the review sponsor) end to end, identifying any potential gaps and enhancements for consideration by management.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
	Income Protection	£5,311		●			<p>This review will review a sample of the most significant income streams to ensure that they are being maximised.</p> <p>Our fieldwork will include review of processes covering:</p> <ul style="list-style-type: none"> • Where charges can be levied. • Identification of potential charging levels. • Promptness of billing and cash collection. • Ensuring value for money is achieved ((i.e. compare costs of invoicing compared to income attained).
	Fraud & corruption arrangements	£7,016			●		<p>The reduction in the Council's capacity at all levels will inevitably mean that controls (such as segregation of duties and management review) will weaken thus and posing a risk of increased fraud. This review will therefore examine the Council's arrangements for understanding and managing the risk of fraud.</p>
E2	Governance & Monitoring						
E2.1	Value for Money	£4,618			●		<p>This audit will review the Council's arrangements to ensure Value for Money (VFM).</p> <p>We will review the overall VFM Strategy and associated support mechanisms, to help ensure that they are functioning effectively.</p>
E2.3	Corporate Project Management	£7,016		●			<p>The Council brought in a new Corporate Project Management Framework in 2013/14, reviewed by Internal Audit in that year.</p> <p>This audit will review a subset of projects (to be agreed with the review sponsor), to ensure that the expectations set out in the framework are being complied with.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
E4	Information Technology						
E4.11, E4.13, E4.15	IT Network Security	£8,892		●			<p>Three related auditable units are scheduled for review in 2015/16:</p> <ul style="list-style-type: none"> • IT Security. • IT Network. • Wireless Network. <p>To make best use of available audit resource we have combined three areas into a single combined review.</p> <p>This audit will review the IT Security Policy and associated documentation (mindful of any requirements stemming from PSN, Public Secure Network) the design of automated controls against good practice and will sample test the processes of granting, changing and revoking access to the network.</p>
E4.12	IT Strategy & Planning	£7,016		●			<p>We will review the IT Strategy and associated realisation plans against good practice, ensuring that it is correctly aligned with the Council's strategic aspirations, identifying any gaps for consideration by management.</p>
	IT application: SAP	£7,016		●			<p>SAP is the Council's most significant application system, supporting HR, Payroll and key finance processes, for example Accounts Receivable and Accounts Payable.</p> <p>This audit will focus on processes covering segregation of duties, user and change are correctly authorised and well managed.</p>
	IT application: Northgate	£7,016			●		<p>Northgate is one of the most significant applications used by the Council, supporting benefit payments.</p> <p>This audit will focus on processes covering segregation of duties, user and change are correctly authorised and well managed.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
E5	Corporate Governance						
E5.6	Coroner's Office	£7,016		●			<p>While the Coroner is a statutory position, independent of the Council, the Council is responsible for staffing and resourcing the Coroner's Office.</p> <p>This audit will review the arrangements in place, identifying opportunities for efficiencies which may exist while still satisfying statutory responsibilities and providing an effective service.</p>
E6	Resident & Shared Services						
E6.2	Benefit Payments	£4,618		●			<p>The review will examine the benefit application process, verifying that adequate evidence is obtained; claims are processed on a timely and appropriate basis, calculations are determined in accordance with guidance and payments are appropriately approved. We will also check new benefit claims; change of circumstances, back dated claims and extended payments including reviews of debt recovery action relating to overpayments.</p> <p>This review will assess the Council's response to the introduction of Universal Credit, helping to ensure that the Council has a process in place to identify, plan for and implement the mechanisms necessitated by the move to Universal Credit.</p>
E6.7	Local Taxation (Council Tax and NNDR)	£4,618			●		<p>The review will consider whether there are cost effective methods for the public to pay their Council Tax and NNDR, that amendments to valuations are promptly actioned and regularly reconciled, bills are issued mid-March, collections are posted daily and suspense accounts are cleared frequently. We will verify that the collection rates are regularly monitored, adequate debtor collection is undertaken and that details are accurately fed into the main accounting system.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
E6.8	Payment Card Industry, Data Security Standard (PCI DSS)	£4,885	●				This review will assess the controls which the Council has in place to ensure compliance with PCI DSS Version 2 and help to identify any gaps requiring remedial action.
Additional Items							
	Audit management, including planning, contract meetings, Audit Committee attendance and preparation of the Head of Internal Audit Opinion	£20,000	●	●	●	●	<p>Audit needs assessment: We will use this time to meet with the Audit Committee, senior and middle management at the Council and review documentation which will inform our development and drafting of the annual risk assessment and Internal Audit plan.</p> <p>Management, planning and liaison: Ongoing communication with you is of paramount importance, and we will use this time to attend regular programmed updates with you. We will also supplement this with informal communications on an ad-hoc basis as well as attend the key committees and meetings. This time also includes attendance at the Council's Audit Committee.</p> <p>Head of Internal Audit Opinion: We will use this time to support the Head of Internal Audit with their annual Internal Audit Opinion.</p>
	Follow-up	£7,888	●	●	●	●	We will provide and support the TrAction system to enable the Business Improvement Team to follow-up on our previous year's findings.
Total Cost		£222,997					
Optional Reviews							
E6.3	Blue Badges	£7,016			●		Blue Badges are available automatically to individuals who have significant mobility issues, for example if in receipt of the higher rate of

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							<p>the Mobility Component of the Disability Living Allowance and on a discretionary basis for less severe mobility issues.</p> <p>This audit will focus primarily on enforcement action, specifically how any potentially fraudulent activity/misuse is identified and addressed in collaboration with partnership organisations, for example the police.</p>
E6.12	Facilities Management	£7,016		●			<p>Facilities Management has been subject to significant change over the last three years, moving organisationally to Shared Services, with a reduction in the level of staffing available. Associated with this the Council's needs have also evolved, with a reduction in its property portfolio.</p> <p>This audit will review roles, responsibilities and resourcing, to ensure these are fit for purpose, identifying any gaps in arrangements for consideration by management.</p>
C5.7	Concessionary Fares	£7,016		●			<p>Concessionary fares are a significant area of expenditure for the Council.</p> <p>This audit will review the Council's provision against statutory requirements, covering plans the Council has in place for efficiencies and identifying any further opportunities which may exist for consideration by management.</p>
C5.9	Procurement	£7,016			●		<p>As the Council move further towards becoming a primarily commissioning organisation the scale of procurement activity will increase; associated with this achieving good value for money (VFM) from the Council's procurement activity is vital to ensure that the Council achieves the necessary savings over the next two years.</p> <p>This audit will review the design of the Council's procurement process, to ensure that it is efficient and as effective as possible; specifically we will assess mechanisms in the process to ensure VFM, identifying enhancements for consideration by management. As part of this review we will sample test a subset of individual procurements, to ensure that mechanisms to ensure VFM are functioning effectively.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
C4.1	Highways PFI – Performance Management	£7,016	●				<p>The Highways PFI contract specifies a variety of performance stands which Island Roads (the provider) has to meet, with penalties associated with any failure to meet the standards.</p> <p>This audit will review the mechanisms in place to ensure adherence to the standards set out in the agreement. We will also review the management associated with a subset of these standards (to be agreed with the review sponsor), checking that they have been met and where not that penalties have been correctly applied, or that any changes to specified standards have been managed correctly, as specified in the agreement.</p>
	Axis	£7,016	●				<p>During 2014/15 the Council migrated from AXISE to Altair to manage its administration of the Local Government Pension Scheme.</p> <p>This audit will review the management of this migration, covering the design of the controls used to ensure that data was migrated completely and accurately. This will include testing a sample of member records to ensure they were correctly migrated from AXISE to Altair.</p>

The table above shows indicative quarters for the relevant audits. For financial reviews, specifically where there is likely to be reliance on our work by the Council's external auditors, these have been scheduled in quarter 4 or late quarter 3. Other reviews have been provisionally scheduled as informed by our consultation with key stakeholders.

Costs given above are indicative. Where appropriate and in agreement with management, we will flex our audit service to include more senior or specialist staff to respond to the risks generated by audit reviews.