
Isle of Wight Council Internal Audit Risk Assessment and Plan 2016/17

Internal Audit risk
assessment and plan

**Distribution
List**

For action	The Audit Committee
For information	John Metcalfe, Chief Executive Dave Burbage, Chief Financial and Section 151 Officer Heads of Service

Contents

1. Introduction and Approach	1
2. Audit Universe	9
3. Risk Assessment	1
4. Internal Audit Plan and Indicative Timeline	41
Appendix 1: Audit Activity by Quarter	56
Appendix 1: Corporate Priorities and Risks	57
Appendix 2: Links to Audit Opinion areas	59
Appendix 3: Risk Assessment Process	60
Appendix 4: Detailed methodology	61
Appendix 5: Key Performance Indicators	68
Appendix 6: Schools	69

1. Introduction and Approach

Introduction and Context

This document sets out the Internal Audit Risk Assessment and Audit Plan for the Isle of Wight Council for the financial year 2016/17.

During 2015/16 the Council has continued to undergo significant change, increasingly focussing on core statutory services in response to ongoing reductions in central government funding; this requirement will continue at least for the duration of the current parliament. The autumn statement announced a further 56% reduction in central government grants over the next five years, although this will be partially offset by devolution, business rates retention and the ability to raise Council Tax by 2%, specifically to help fund social care.

Internal Audit continues to be responsive to the changing needs of the Council. Where requested in 2015/16 we have scheduled additional reviews and brought the leading expertise of our specialist teams to the Council, for example a focussed review on fraud detection and prevention measures and presentations from our local government transformational organisational change and devolution specialists to the Audit Committee, as part of our annual Audit Committee effectiveness day.

We will continue this approach in 2016/17; a summary of how we have responded to the Council's changing requirements is set out directly below; with more detail on individual 2016/17 reviews covered in the Risk Assessment and Audit Plan sections of this document.

The Emerging Risk Profile

The Council has nine strategic risks; implicitly there is also the risk that the Council's four corporate priorities will not be achieved. In the risk assessment section of this document we identify how each potential area for audit links to the Council's priorities and strategic risks. Alongside this, we have included our own assessment of risk based on the process documented in appendix three, the starting point for identifying areas to be included in our annual work programme. For clarity we also include in appendix one our scheduled reviews, grouped by Council priority and strategic risk.

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 scoping 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 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, in consultation with the Head of Internal Audit, 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 2015/16:

- *Fraud and Corruption*: we brought in one of our local government experts from our specialist fraud team, to bring fresh insights and the latest thinking, helping identify what the Council needs to do to

strengthen counter fraud arrangement and improve detective and investigative controls and procedures when fraud does occur.

- *Coroners*: a statutory service, recently moving to a new area of the Council, this review helped to ensure that while remaining effective its services are delivered as efficiently as possible.
- *Rural Broadband*: a high level piece of work, scheduled following concerns raised by the Audit Committee, we reviewed how 'speed' is specified in the Contract and provided a number of options for the Council to further assure itself that the Contract is providing good value for money.

We also rescheduled a number of reviews to ensure maximum value is realised from our services. For example our Contract Management review was postponed until new arrangements were in place, subsequent to the departure of a senior member of staff, and re-scoped to allow the appropriateness of new structures to be assessed and any gaps to be identified.

As changes are made to the Plan, the Audit Committee is updated through our regular performance reports. More detail regarding our understanding of the Council's risk profile and how we have responded is set out below.

Cost Savings

The Council continues to make progress in achieving revenue savings, as reported to Full Council on the 2nd September 2015, costs are on track to be reduced by approximately £9.5 million by the end of 2015/16. However this is a shortfall of £3 million from savings scheduled to be achieved at the beginning of the year and there have been a number of areas of significant overspend, for example £1.783 million on adult social care and £760,000 on procurement and contract management. In addition to the already planned savings of £10.5 million this will make 2016/17 a particularly difficult year for the Council, with further depletion of reserves and service reductions inevitable.

The top priority for the Council is to genuinely transform itself and deliver services in new and innovative ways, if it is to meet its statutory obligations and remain a viable entity – looking beyond 2016/17 there is a very real danger that the Council will cease to exist in its current form unless this transformation can be achieved.

During 2015/16 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 wide ranging review of the Transformation Programme, reported to Audit Committee in December 2015, which summarised the key actions the Council needs to take to maximise the likelihood of successful transformation.

Our programme of work for 2016/17 continues this trend with four overarching strands as in 2015/16, supporting the Council's cost savings programme and ongoing transformation, while helping to ensure that service delivery and controls both continue to be effective.

Additionally, following on from the successful combined reviews of Key Financial Systems and Business Continuity, IT Disaster Recovery and wider IT Security in 2015/16, we have expanded this approach across our programme of work for 2016/17. For example we have integrated reviews in Adult Social Care, HR and Shared Services. This is both a more efficient use of available Internal Audit resource, meaning the Council gets more audit for its investment in the Service and minimises the overhead for areas being reviewed.

Strand 1: Ensuring change is well managed

The overarching umbrella over the Council's ongoing change is the Transformation Programme, led from within the Organisational Change Team. While all of the reviews in our 2016/17 programme of work are mindful of the needs of transformation we have scheduled two headline reviews, particularly focussed on the change agenda:

- *Adult Social Care*: responsible for £47,623,200 of revenue spend in 2015/16, this is the most significant area of controllable spend within the Council's budget. We will review the Service's detailed savings plans and associated governance arrangement alongside carrying out a high level review of progress

implementing the Dynamic Purchasing System (DPS), an innovation which has considerable promise to realise further efficiencies for the Council.

Supporting this core review we have included an optional review of the Vanguard Pilot which, if included in our programme of work, would provide further assurance over transformation in this area of the Council.

- *HR – Workforce management:* the Council will need a workforce with differing skills than required historically, if it is to successfully transform to being a primarily commissioning authority. To help achieve this, revised workforce management plans were launched in 2015/16 - for these to be effective they must be successfully implemented and complied with across the Council. We will review progress and assess succession planning for key roles, particularly the statutory positions defined in the Council's constitution.

In addition to the proposed review above, we have included two further optional reviews supporting transformation, which would be of value to the Council:

- *Business Resilience:* A key element of good financial planning is 'stress testing' financial arrangements for a variety of different scenarios, to ensure that an organisation has appropriate plans in place to ensure its ongoing viability. This audit would review the Council's stress testing, reviewing the reasonableness of assumptions, validating calculations and ensuring that there are appropriate contingencies in place for all reasonable scenarios.
- *Local authority trading company:* currently at an early stage, plans in this area would bring together the Council's commercial activities, to enable them to be managed in an effective manner. This audit would review plans to date, specifically focussing on the benefits and savings projected to be achieved.

Strand 2: Statutory Functions

As has been widely reported in the national press, the majority of councils, including the Isle of Wight Council, have managed to achieve savings to date with limited impact on front line and statutory services. However successive waves 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; over the lifetime of the last contract we reviewed controls in 24 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 2016/17, we will select five schools where our review can add most value.
- *Property Assets:* despite recent reductions in the size of the Council's property portfolio, the Council is still responsible for a substantial estate. Postponed from 2015/16, the main focus of this review will be on the Council's legislative requirements, specifically that appropriate mechanisms are in place to ensure that gas certification, water testing, training and responsibilities related to the Council's role as corporate landlord are correctly addressed.
- *Building Control:* This audit will encompass a high level review of the control design associated with the building control process, with sample testing of applications, to help ensure that processes are consistent and appropriate controls are in place over fee income.
- *Environmental Health:* This audit will review roles and responsibilities to ensure these are clearly documented, 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.

Strand 3: Focussing on Internal Control and control processes

The council is rightly focussing significant attention on its strategic direction and transformational change. However, during periods of significant change there is increased risk of a control failures as resources are distracted from the day to day business as usual. It is therefore appropriate that a portion of audit resource is used to ensure that basic controls continue to work effectively. This will include gaining assurance that when strategic 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:

- *Key Financial Systems:* our core review over the key financial systems. This audit will include a review of the design of financial processes which have changed since the prior year and detailed sample testing over: Cash and Bank, General Ledger, Payroll, Creditors and Debtors. For 2016/17 we will also review the Council's new arrangements regarding VAT management, subsequent to the key member of staff responsible leaving the Council and not being directly replaced.
- *Cash Handling:* this wide ranging audit will review cash handling arrangements across the Council, including schools, museums, libraries and the floating bridge. We will review arrangements for managing, collecting, transporting and banking cash to ensure that processes incorporate appropriate controls. Specifically this review will be supported by the fraud expert who worked with the Council in 2015/16. We will ensure that specific controls are in place covering cash fraud prevention and detection.
- *Payroll and Pensions Administration:* concerns have been raised by both councillors and senior officers regarding the loss of specialist knowledge and corporate memory within the payroll and pensions functions. This audit will review new arrangements, ensuring they are fit for purpose and identifying any gaps which need to be addressed.

Strand 4: Increased Partnership Working and Contracting

The headline partnerships/contracts the Council has in place are Highways PFI, Waste and the strategic partnership with Hampshire County Council for Children's Services – all of these areas are the focus of specific reviews in 2016/17.

Following on from our 2015/16 programme of work and consultation with senior management we are also aware that there are a number of 'second tier' contracts which would benefit from enhanced scrutiny. These will annually be subject to detailed review, starting in 2016/17 with the Pan Development. This review will be carried out by senior staff, who have undergone specialist contract assurance training.

One of the key risks with services no longer being directly provided by the Council is accountability – no matter who is responsible for delivering service the Council is ultimately accountable for the service delivered and outcomes achieved to Island residents, visitors and businesses. To address this risk we have scheduled specific review of the governance and reporting arrangements in place at the Council to monitor the performance and effectiveness of third party partnerships, contracts and Section 75 agreements. With new, significant contracts likely we have also scheduled a review of the Council's procurement function, to ensure that this is working effectively and is aligned with the needs of the Council.

External Audit Reliance on Internal Audit Work

Following the trend established over the last five years, 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. 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 of other areas of risk, for example change stemming from the Transformation Programme. 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 2016/17, with Ernst and Young staff spending time reviewing Internal Audit working papers during late quarter 15/16, to ensure they can be relied on.

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. 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. Detailed mapping our scheduled reviews to governance, risk management and control is set out in appendix two.

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. A more detailed description can be found in appendix four.



Fees and budget

This is the first full year of a new five year Internal Audit Contract. In common with other services, Internal Audit has contributed to the Council's wider cost savings requirements with a reduced fee of £184,222 in 2015/16. In a period of generally increasing cost and demand and reduced funding, we will continue to ensure our fully PSIAS (Public Sector Internal Audit Service) compliant Internal Audit service is provided within the Council's annual internal audit budget. Our proposed programme of work for 2016/17 will cost **£tbc** or **£tbc** a month.

However it is important to highlight that given there is a limited internal audit budget our proposed coverage 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 and where this is the case we have noted this in section 3 of this plan.

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 noted in our risk assessment in section 3 of this document, 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:

John Metcalfe
Chief Executive

Martin Elliot
Head of Adult Social Services

Dave Burbage
Chief Financial and Section 151 Officer

Bill Murphy
Head of Contract Management

Claire Shand
Head of Resources

Gavin Muncaster
Strategic Manager – ICT & Digital Services

Bob Streets
Business Improvement Manager (Head of Internal Audit)

Sharon Betts
Strategic Manager – Business Centre

Chris Mathews
Strategic Manager – Organisational Change & Corporate Governance

Kerry Hubbleday
Strategic Manager – Financial Management

Alex Minns
Head of Commercial Services

Jo Thistlewood
Technical Finance Manager

Ashley Curzon
Strategic Manager - Economic Development and Strategic Assets

Helen Miles
Strategic Manager, Legal Services & Monitoring Officer

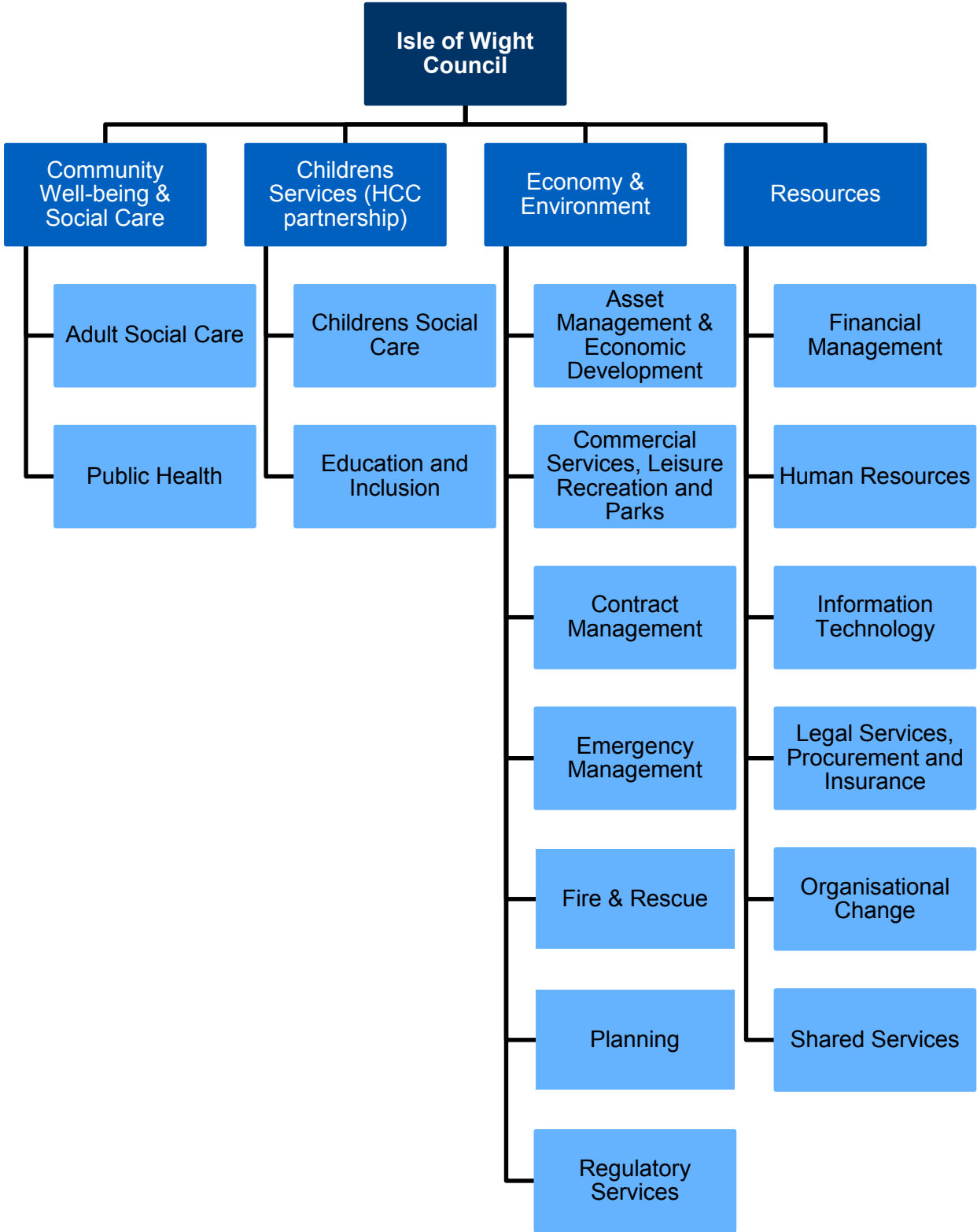
Stuart Ashley
Area Director, Children & Families

Executive and the Audit Committee

External Auditors/EY

2. Audit Universe

The diagram below represents the high level auditable units within the audit universe of the Council. These units form the basis of the Internal Audit plan.

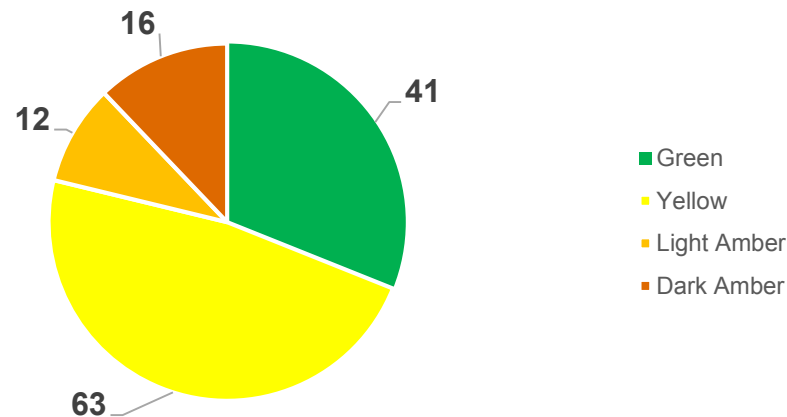


3. Risk Assessment

Each auditable unit has been assessed for inherent risk and the strength of the control environment, different metrics being considered to assess general, project and computer applications, to ensure that that we reach as accurate as possible a view of the risk associated with each auditable unit. Detail regarding our methodology is provided in appendix 5.

For the majority of auditable units below we have met with service leads as part of our background work. However for a number of areas, for example the majority of Island schools, we have limited information available on which to base our assessment. Consequently, where this is the case, we have assessed impact, likelihood and control strength in the middle of the range available. As our knowledge of these areas increases in subsequent years these scores will be refined to be a more accurate reflection of risk, likelihood and control strength applicable to each auditable unit.



Overview Risk Rankings






Total Auditable Units: 132



The graph above summarises our overall assessment of the Council’s risk profile:




- *Dark Amber*: these areas are assessed as requiring annual review.
- *Light Amber*: these areas are assessed as requiring biennial review.
- *Yellow*: these areas are assessed as requiring triennial review.
- *Green*: These areas are assessed as not requiring review at defined intervals; they are included below to ensure complete visibility of all areas of potential audit.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
A	Community Well-being & Social Care							
A1	Adult Social Care							
Note: Restructuring of Adult Social Care is ongoing, focussing on taking an increasingly integrated approach towards Adult Social Care with the NHS. Detail regarding the new Service structure is not currently available; hence we have only included units scheduled for review in 2016/17 below.								
A1.1	Vanguard	P3 P4 SR0051 SR0045 SR0050	5	3	4	 Dark Amber	Every year	Included as an optional review in 2016/17 Plan. Vanguard is a grant funded programme, which aims to bring together social care related services provided by the Council, NHS and other sectors. The aim is to improve outcomes for clients, while using resources as effectively and efficiently as possible.
A1.2	Dynamic Purchasing System (DPS)	P3 P4 SR0051 SR0045	114	3	2	 Yellow	Every three years	Scheduled to be reviewed in 2016/17. DPS is a new electronic system to manage procurement of care services.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
A2	Public Health							
A2.1	Public Health	P1 P3	3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as Medium Risk.
A2.2	Strategic needs assessments (e.g. Joint Strategic Needs Assessment (JSNA))	P1 P4	2	2	1	 Green	No further work	Last audited in 2014/15 as part of wider review of Public Health, overall review rated as Medium Risk. No further work proposed following risk assessment.
B	Children's Services (HCC Partnership)							
B1	Children's Social Care							
B1.1	Hampshire Children's Services SLA	P2 SR0043	5	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Children's social care is now being provided through a strategic partnership with Hampshire County Council.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
								<p>Following consultation with senior management for 2016/17 we have scheduled specific reviews in this Service. This is a change from previous practice, where our focus has been on the client interface.</p> <p>As with Adult Social Care for 2016/17 only auditable units included in the 2016/17 programme of work are included below. As our understanding of this Service is refined a full list of auditable units will be included in our 2017/18 Plan.</p>
B1.2	Fostering	P2 P4 SR0043	4	2	3	● Light Amber	Every two years	This is a new auditable unit, included as an optional review in 2016/17.
B1.3	Placements	P2 P4 SR0043	4	3	3	● Light Amber	Every two years	<p>This is a new auditable unit, scheduled to be reviewed in 2016/17.</p> <p>Placements refers to 'off Island' placements, for children whose needs cannot currently be met on the Island.</p>





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
B1.4	Targeted Youth Support	P2 P4 SR0043	3	3	2	 Yellow	Every three years	This is a new auditable unit, included as an optional review in 2016/17. This unit refers to targeted support, provided to children in need on the Island.
B2	Education and Inclusion							
<p>Note: All Island schools, for which the Council has responsibility, are risk assessed as triennial; individual schools and when they were last audited are listed in appendix six. In practice five schools are identified for review each year, following consultation with staff responsible for financial oversight of schools. As a result individual schools may not be reviewed every three years, although as necessary additional school reviews can be scheduled on request, in response to any emerging risks.</p>								
B2.1	Hampshire Education SLA	P2 SR0042	5	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. School related services are provided through a strategic partnership with Hampshire County Council; our work will focus on overall governance, management and reporting arrangements. Hampshire County Council staff are responsible for ensuring that available school places are aligned with projected need.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
								Due to resource limitations we have not scheduled a specific review of the overarching Contract in 2016/17; this area will be revisited in our planning for 2017/18.
B2.2	Schools' Audits	P2 SR0042	5	3	4	 Dark Amber	Every year	Scheduled to be reviewed in 2016/17. Schools are individually listed in appendix six. Schools to be audited in 16/17 will be decided in April in consultation with staff within Learning & Achievement.
C	Economy & Environment							
C1	Asset Management and Economic Development							
C1.1	Carbon Reduction/Sustainability	P1 P4 SR0046	2	2	1	 Green	No further work	No further work proposed following risk assessment.
C1.2	Economic Strategy/Regeneration	P1 P4 SR0046	4	2	3	 Light Amber	Every two years	Last audited in 2015/16, risk rating pending finalisation.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C1.3	Events Team	P1 P4	2	2	1	 Green	No further work	This Team is responsible for overseeing Council run events, for example the annual walking and cycling festivals. This is a non-statutory service which the Council plans to withdraw funding from. No further work proposed following risk assessment.
C1.4	Project: IsleWork	P1 P4 SR0046	72	1	1	 Green	No further work	No further work proposed following risk assessment.
C1.5	Project: Solent Ocean Energy Centre (SOEC), now known as Perpetuus Tidal Energy Centre (PTEC)	P1 P4 SR0046	128	1	2	 Yellow	Every three years	PTEC is a significant and high profile initiative. The project is being implemented in collaboration with a number of partners and will be subject to oversight by central government due to its grant funded structure (The regulator for the marine element of the project is the Marine Management Organisation (MMO)). Due to the external oversight, we do not anticipate carrying out a review of PTEC in the current audit planning cycle.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C1.6	Project: SOREC (Solent Offshore Renewable Energy Consortium)	P1 P4 SR0046	78	1	1	 Green	No further work	No further work proposed following risk assessment. The Council effectively acts as a conduit for grants funded by central government and is subject to regular review, to assure that the scheme is being managed correctly.
C1.7	Property Assets	P1 P4 SR0046	3	3	2	 Yellow	Every three years	Last audited in 2012/13, rated as Medium Risk. Scheduled for review in 2016/17, postponed from original scheduled review in 2015/16.
C1.8	Application System: Technology Forge		33	3	1	 Green	No further work	The application system used to manage property; no further work proposed following risk assessment.
C2	Commercial Services, Leisure Recreation and Parks							
C2.1	Bereavement Services/Crematorium		1	1	1	 Green	No further work	No further work proposed following risk assessment.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C2.2	Car Parks and Cash Collection Service	P4 SR0051	3	2	2	 Yellow	Every three years	<p>Last audited in 2013/14, rated as Low Risk.</p> <p>Car Parks income is the most significant income generating service provided by the Council and potentially should be audited more frequently. However due to the low risk rating when last reviewed we have left the interval at three years, with the next audit due in 2016/17.</p> <p>Car Parks cash receipts will be included in our wider review of cash handling, scheduled for 2016/17.</p>
C2.3	Coroner's Office	P1	4	4	2	 Yellow	Every three years	<p>The Coroner is a statutory position, independent of the Council; the Council is responsible for staffing and resourcing the Coroner's Office.</p> <p>Last audited in 2015/16, risk rating pending finalisation.</p>
C2.4	Cowes Floating Bridge	SR0051	3	2	2	 Yellow	Every three years	<p>Not previously audited.</p> <p>The Floating Bridge cash receipts will be included in our wider review of cash handling arrangements, scheduled for 2016/17.</p>




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C2.5	Dog service		1	1	1	 Green	No further work	No further work proposed following risk assessment.
C2.6	Harbours	P1 SR0051	3	2	2	 Yellow	Every three years	This was provisionally scheduled for review in 2015/16, however due to resource limitations the review was postponed. Harbours cash receipts will be included in our wider review of cash handling arrangements, scheduled for 2016/17.
C2.7	Heritage Assets		3	3	2	 Yellow	Every three years	Last audited in 2013/14, rated as Medium Risk. Due for review in 2016/17, due to budget limitations provisionally scheduled to be reviewed in 2017/18.
C2.8	Island Heritage Service		2	2	1	 Green	No further work	No further work proposed following risk assessment.

Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C2.9	Libraries		1	1	1	 Green	No further work	No further work proposed following risk assessment. Cash handling at libraries will be included in a wider review of cash handling arrangements in 2016/17.
C2.10	Parks, Gardens, Beaches and Public Realm	P1	1	1	1	 Green	No further work	No further work proposed following risk assessment.
C2.11	Recreation and Leisure	P1	1	1	1	 Green	No further work	No further work proposed following risk assessment.
C2.12	Registrars		3	2	2	 Yellow	Every three years	Responsible for registering births, deaths and marriages. Due for review in 2012/13, due to resource constraints not previously audited. Included as an optional review in 2016/17.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C2.14	Shanklin Cliff Lift	SR0051	3	2	2	 Yellow	Every three years	Cash handling at the cliff lift will be included in a wider review of cash handling arrangements in 2016/17.
C2.15	Sports Centres	P1 SR0051	3	2	2	 Yellow	Every three years	The Council runs a number of sports centres/leisure sites, all of which generate income to varying degrees. In 2013/14 we reviewed arrangement at The Heights and in 2014/15 at Medina Leisure Centre; neither of these reviews identified significant control issues. Cash handling at sports centres will be included in a wider review of cash handling arrangements in 2016/17.
C6.16	Rights of Way		2	2	1	 Green	No further work	No further work proposed following risk assessment.






Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C3	Contract Management							
C3.1	Adult Social Care Contracts	P4 SR0051 SR0045	4	2	3	 Light Amber	Every two years	Adult Social Care contracts are included as a separate unit due to their importance and the fact that they are managed directly by the central Contracts Team. Last audited in 2015/16, as part of our wider review of contract management; risk rating pending finalisation.
C3.2	Application System: Educational Management (EMS) - Transport Module		30	3	1	 Green	No further work	No further work proposed following risk assessment.
C3.3	Coastal Management	P1	2	2	1	 Green	No further work	No further work proposed following risk assessment.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C3.4	Concessionary Fares	SR0051	3	2	2	 Yellow	Every three years	Last audited in 2010/11, rated as Low Risk. Due for review in 2012/13, due to budget limitations included in 2016/17 as an optional review.
C3.5	General contract management	P1 P4 SR0051 SR0048	4	3	3	 Light Amber	Every two years	Last audited in 2015/16, risk rating pending finalisation.
C3.6	Grant Sourced Spend	P1 P4	3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as medium risk.
C3.7	Highways PFI - Delivery Phase Client Relationship	P1 P4 SR0051 SR0048	6	4	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C3.8	Second Tier Contracts	P1 P4 SR0051 SR0048	3	3	4	 Dark Amber	Every year	<p>This unit represents the second tier of contracts, significant but below the value and duration of Highways PFI and Waste. From 2016/17 we will select one of these for detailed review, starting in 2016/17 with Pan Meadows.</p> <p>Pan Meadows is a joint venture between the Council, Spectrum Housing and Barratts, specifically covering the management company responsible, for example, for the combined heat and power unit, fuelled from renewable sources.</p> <p>Not previously audited, scheduled for review in 2016/17.</p>
C3.9	School Transport Contract		2	2	1	 Green	No further work	No further work proposed following risk assessment.
C3.10	Waste Contract	P1 P4 SR0051 SR0048	3	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Our 2015/16 review focussed on arrangements to ensure a smooth transition to ongoing management of the contract,




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
								specifically maintenance of corporate memory/team skills and the performance management framework. Scheduled for review in 2016/17.
C4	Emergency Management							
C4.1	Emergency Management: Business Continuity	P1	4	3	3	● Light Amber	Every two years	Last audited in 2015/16, risk rating pending finalisation.
C5	Fire & Rescue							
Fire and Rescue is now being managed as a strategic partnership with Hampshire Fire and Rescue. Internal Audit's future focus will be on the interface and ongoing management of the integration. Due to this we have removed granular auditable entities below.								
C5.8	Fire Partnership Project	P1 P4	4	3	3	● Light Amber	Every two years	Last audited in 2015/16, rated as low risk. While our last review rated this area as low risk, subsequent project phases will be more complex to achieve. Due to this and the





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
								importance of this area for the Council we have left the audit interval at two years.
C6	Planning							
C6.1	Application System: Acolade		33	3	1	 Green	No further work	No further work proposed following risk assessment.
C6.2	Application System: ArcView GIS (Global Information System)		31	3	1	 Green	No further work	No further work proposed following risk assessment.
C6.3	Application System: Data Map/ESRI GIS		33	3	1	 Green	No further work	No further work proposed following risk assessment.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C6.4	Application System: Flare		33	3	1	 Green	No further work	No further work proposed following risk assessment.
C6.5	Application System: Limehouse - Planning Policy		33	3	1	 Green	No further work	No further work proposed following risk assessment.
C6.6	Application System: Newpostdata A2000		31	3	1	 Green	No further work	No further work proposed following risk assessment.
C6.7	Area of Outstanding Natural Beauty (AONB) Partnership	P1	2	2	1	 Green	No further work	No further work proposed following risk assessment.
C6.8	Building Control	SR0051	3	2	2	 Yellow	Every three years	Last audited in 2013/14, rated as Medium Risk. Scheduled for review in 2016/17.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C6.9	Development Control	P1 SR0051	4	3	3	 Light Amber	Every two years	Last audited in 2014/15, rated as medium risk. Due for review in 2016/17, however due to resource constraints provisionally scheduled for review in 2017/18.
C6.10	Flood and Water Management Act Responsibilities	P1	3	3	2	 Yellow	Every three years	The Council has responsibilities stemming from the Flood and Water Management Act 2010. Last audited in 2015/16, risk rating pending finalisation.
C6.11	Housing / Safe & Secure Homes	P1 SR0051	3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as medium risk.
C6.12	Planning Policy Development	P1 P4 SR0051	3	3	2	 Yellow	Every three years	Not previously reviewed. Due for review in 2013/14, however due to budget limitations provisionally scheduled to be reviewed in 2017/18.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
C6.13	Project: Accolade System Replacement		127	1	2	 Yellow	Every three years	Originally scheduled for review in 2013/14, due to uncertainty regarding the Council's needs the Project has not yet commenced. Provisionally scheduled to be reviewed in 2017/18.
C7	Regulatory Services							
C7.1	Environmental Health	P1	3	2	2	 Yellow	Every three years	Last audited in 2010/11, rated as Low Risk, due review in 2013/14, postponed due to resource constraints. Scheduled to be reviewed in 2016/17.
C7.2	Licensing	P1	3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as Medium Risk.
C7.3	Trading Standards	P1	3	3	2	 Yellow	Every three years	Not previously reviewed; due for audit in 2012/13 however due to budget limitations provisionally scheduled to be reviewed in 2017/18.






Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D	Resources							
D1	Financial Management							
D1.1	Cash and Bank	SR0051	3	3	2	 Yellow	Every three years	Last audited in 2015/16, risk rating pending finalisation. Scheduled to be reviewed in 2016/17 as part of wider Key Financial Controls annual and cash handling reviews.
D1.2	Capital Accounting (Fixed Assets)	SR0051	3	3	2	 Yellow	Every three years	Last audited in 2013/14, rated as low risk. Due in 2016/17. However, due to budget constraints included in the Plan as an optional review.
D1.3	Custody of funds		3	3	2	 Yellow	Every three years	Funds held and managed on behalf of third parties. Last audited in 2014/15, rated as medium risk.
D1.4	General Ledger, financial reporting and budget management	SR0051	3	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Scheduled to be reviewed in 2016/17 as part of wider Key Financial Controls annual review.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D1.5	Grant Processes	P4	3	3	2	 Yellow	Every three years	Last audited in 2013/14, rated as Low Risk. Due for review in 2016/17, due to resource constraints provisionally scheduled for 2017/18.
D1.6	Income Generation	P4 SR0051	3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as medium risk.
D1.7	Pensions Governance		4	4	2	 Yellow	Every three years	Last audited in 2015/16, risk ranking pending finalisation.
D1.8	Treasury Management	P4 SR0051	4	4	2	 Yellow	Every three years	Last audited in 2013/14, rated as Low Risk. Due in 2016/17. However, due to budget constraints included in the Plan as an optional review.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D1.9	VAT		3	3	2	 Yellow	Every three years	Last audited in 2013/14, rated as Low Risk. Scheduled to be reviewed in 2016/17.
D2	Human Resources							
D2.1	Equality and diversity	SR0037	3	2	2	 Yellow	Every three years	Last audited in 2010/11, rated as Low Risk. Due review in 2013/14, postponed due to resource constraints. Provisionally scheduled for review in 2017/18.
D2.2	HR Strategic / Workforce planning	P4 SR0051 SR0037	3	3	2	 Yellow	Every three years	Last audited in 2012/13, rated as Medium Risk. Scheduled for review in 2016/17.
D2.3	Performance Appraisals and Training	P4 SR0051 SR0037	3	3	2	 Yellow	Every three years	Not previously reviewed. Scheduled to be included in 2016/17 HR Strategic / Workforce planning.






Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D2.4	Recruitment and retention	P4 SR0051 SR0037	3	3	2	 Yellow	Every three years	Last reviewed in 2014/15, rated as medium risk.
D2.5	Sickness absence	SR0037	3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as medium risk.
D2.6	Electronic Human Resources (E-HR)	P4 SR0051 SR0037	3	3	2	 Yellow	Every three years	New auditable unit in 2016/17. E-HR is the umbrella over a number of planned system enhancements to HR processing.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D3	Information Technology							
D3.1	Data Centre		4	4	2	 Yellow	Every three years	Last audited in 2015/16 as part of Business Continuity review, risk rating pending finalisation.
D3.2	IT Application Support - Overall Arrangements		4	4	2	 Yellow	Every three years	Last audited in 2012/13, rated as Medium Risk. Due for audit in 2015/16 however due to budget limitations provisionally scheduled to be reviewed in 2017/18.
D3.3	IT Change & Configuration Management/Asset Management		4	4	2	 Yellow	Every three years	Last audited in 2014/15, rated as Low Risk.
D3.4	IT Communication and Training - End Users		2	2	1	 Green	No further work	No further work proposed following risk assessment.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D3.5	IT Communication, Training, Retention, HR - IT Staff		2	2	1	 Green	No further work	No further work proposed following risk assessment.
D3.6	IT Contracts/Third Party Management		2	2	1	 Green	No further work	No further work proposed following risk assessment.
D3.7	IT Disaster Planning		4	4	2	 Yellow	Every three years	Last audited in 2015/16 as part of Business Continuity review, risk rating pending finalisation.
D3.8	IT Financial Management		2	2	1	 Green	No further work	No further work proposed following risk assessment.
D3.9	IT First Line Support, Incident & Problem Management		4	4	2	 Yellow	Every three years	Last audited in 2013/14, rated as Low Risk.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
								Review of the ITIL/ITSM (IT Infrastructure Library/IT Service Management) implementation will be included in our scheduled review of the IT Strategy.
D3.10	IT Governance, Risk Management and Regulatory Compliance		3	3	2	 Yellow	Every three years	Last audited in 2010/11, rated as Low Risk. Due for audit in 2013/14 however due to budget limitations provisionally scheduled to be reviewed in 2017/18.
D3.11	IT Security		3	3	2	 Yellow	Every three years	Last audited in 2015/16, risk rating pending finalisation.
D3.12	IT Strategy & Planning	SR0051	4	4	2	 Yellow	Every three years	Last audited in 2015/16, rated as medium risk.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D3.13	Network & Infrastructure		2	2	1	 Green	No further work	Last audited in 2015/16, risk rating pending finalisation.
D3.14	Software Development		3	3	2	 Yellow	Every three years	Last audited in 2014/15, rated as Medium Risk.
D3.15	Wireless Network		3	3	2	 Yellow	Every three years	Last audited in 2015/16, risk rating pending finalisation.
D4	Legal Services, Procurement and Insurance							
Note: Legal Services are subject to regular inspection against the Lexcel practice management standard; auditable elements in this area are largely rated as low risk, not normally subject to Internal Audit unless specifically requested.								
D4.1	Application System: LACHS - Insurance		30	3	1	 Green	No further work	No further work proposed following risk assessment.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D4.2	Electoral Registration, Election Arrangements and Land Charges		4	4	2	 Yellow	Every three years	Not previously reviewed. Included in 2016/17 Plan as an optional review at the request of management.
D4.3	Information Management/Freedom of Information (FOI)		4	4	2	 Yellow	Every three years	Last audited in 2014/15, rated as Low Risk.
D4.4	Insurance	SRO051	3	3	2	 Yellow	Every three years	Last audited in 2012/13, rated as Medium Risk. Scheduled for review in 2016/17.
D4.5	Legal and Democratic Services income and expenditure		2	2	1	 Green	No further work	No further work proposed following risk assessment.
D4.6	Legal court action (e.g. effective recovery arrangements)		2	2	1	 Green	No further work	No further work proposed following risk assessment.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D4.7	Legal Services procedure for ensuring compliance with legislation		2	2	1	 Green	No further work	No further work proposed following risk assessment.
D4.8	Procurement	P1 P4 SRO051	4	3	3	 Light Amber	Every two years	Last audited in 2013/14, risk assessed as Medium Risk. Scheduled for review in 2016/17.
D5	Organisational Change							
D5.1	Corporate Governance	P4 SRO051	4	4	2	 Yellow	Every three years	Last reviewed in 2014/15, rated as medium risk.
D5.2	Corporate Services/Recharging	P4 SRO051	3	3	2	 Yellow	Every three years	Not previously reviewed. Due for review in 2012/13, however due to budget limitations provisionally scheduled to be reviewed in 2017/18.

Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D5.3	Corporate Strategy/Corporate Plan and Business Planning	P4	4	4	2	 Yellow	Every three years	Not previously reviewed. Due for review in 2012/13, however due to budget limitations provisionally scheduled to be reviewed in 2017/18.
D5.4	Fraud and Corruption	P1 P4 SR0051	5	2	4	 Dark Amber	Every year	Last audited in 2015/16, no risk rating given due to nature of review. We will cover fraud in a number of our 2016/17 reviews, particularly key financial systems and the cross cutting review of cash handling arrangements. We have also included a specific optional review on Fraud Analytics.
D5.5	Gifts and Hospitality		2	2	1	 Green	No further work	No further work proposed following risk assessment.
D5.6	Risk Management	P1 P4	4	4	2	 Yellow	Every three years	Last reviewed in 2014/15, rated as Medium Risk.





Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D5.7	Value for Money (VFM)	P4 SR0051	4	4	2	 Yellow	Every three years	Last audited in 2015/16, risk rating pending finalisation.
D6	Shared Services							
D6.1	Application System: Northgate Revenues & Benefits		48	3	3	 Light Amber	Every two years	Last audited in 2015/16, risk rating pending finalisation.
D6.2	Benefit Payments		5	3	4	 Dark Amber	Every year	Last audited in 2015/16, rated as Low Risk. Scheduled to be reviewed in 2016/17 (annual review) as significant area of expenditure.
D6.3	Blue Badges		3	3	2	 Yellow	Every three years	Not previously reviewed due in 2016/17. However, due to budget constraints included in the Plan as an optional review




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D6.4	Contact Centre - Resident Advice and Support	SR0051	4	4	2	 Yellow	Every three years	Last reviewed in 2014/15, rated as medium risk.
D6.5	Creditors (Accounts Payable)	SR0051	5	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Scheduled to be reviewed in 2016/17 as part of wider Key Financial Controls annual review.
D6.7	Debtors (Accounts Receivable)	SR0051	5	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Scheduled to be reviewed in 2016/17 as part of wider Key Financial Controls annual review.
D6.8	Facilities Management		3	2	2	 Yellow	Every three years	Due for review in 2012/13, however due to budget limitations included in 2016/17 as an optional review.



Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
D6.9	Local Taxation (Council Tax and NNDR)	SR0051	5	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Scheduled to be reviewed in 2016/17 (annual review) as significant revenue area.
D6.10	Payment Card Industry, Data Security Standard (PCI DSS)		4	4	2	 Yellow	Every three years	Last audited in 2013/14, rated as low risk. Scheduled to be reviewed 2016/17.
D6.11	Payroll	SR0051	5	3	4	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Scheduled to be reviewed in 2016/17 as part of wider Key Financial Controls annual review, also included as part of a focussed review on Payroll/Pensions Administration, due to significant changes in this area.
D6.12	Pensions Administration		4	4	2	 Yellow	Every three years	Last audited in 2013/14, rated as Low Risk. As above (under Finance) Pensions Governance was reviewed in 2015/16, risk rating pending finalisation.

Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
								Scheduled to be reviewed in 2016/17 as part of a focussed review on Payroll/Pensions Administration, due to significant changes in this area.
D6.13	Procurement Cards		2	2	1	 Green	No further work	Last audited in 2012/13, rated as Medium Risk. The level of procurement card use has been significantly reduced. Following consultation with management we have reduced our risk rating associated with this area.
D6.14	Fleet Management	P4	4	4	2	 Yellow	Every three years	Not previously audited. This team is responsible for the Council's fleet of vehicles. Included in 2016/17 Plan as an optional review.
E	Cross Cutting							
E1	Cross Cutting							
E1.1	Application System: A-Z Services		18	1	1	 Green	No further work	No further work proposed following risk assessment.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
E1.2	Application System: CorBusiness		18	1	1	● Green	No further work	No further work proposed following risk assessment.
E1.3	Application System: CRM (Customer Relationship Management)		35	2	1	● Green	No further work	Last audited in 2010/11, rated as Low Risk. No further work proposed following risk assessment.
E1.4	Application System: Gazetteer		28	5	1	● Green	No further work	No further work proposed following risk assessment.
E1.5	Application System: GIS (Global Information System)		27	5	1	● Green	No further work	No further work proposed following risk assessment.




Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
E1.6	Application System: iwight.com		28	5	1	 Green	No further work	No further work proposed following risk assessment.
E1.7	Application System: SAP		72	4	5	 Dark Amber	Every year	Last audited in 2015/16, risk rating pending finalisation. Due for audit in 2016/17 however due to budget limitations provisionally scheduled to be reviewed in 2017/18.
E1.8	Application System: Telephony		47	1	2	 Yellow	Every three years	Last audited in 2012/13, rated as Low Risk. Due for review in 2015/16, however due to budget constraints included in 2016/17 Plan as an optional review.
E1.9	Application System: Web Forms		48	5	3	 Light Amber	Every two years	Web Forms was reviewed as part of our wider review of WightNet in 2014/15, rated as medium risk. Due for audit in 2016/17 however due to budget limitations provisionally scheduled to be reviewed in 2017/18.

Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
E1.10	Application System: WightNet		46	5	3	 Light Amber	Every two years	Reviewed in 2014/15, rated as medium risk. Due for audit in 2016/17 however due to budget limitations provisionally scheduled to be reviewed in 2017/18.
E1.11	Project: Telephony		89	1	1	 Green	No further work	Last audited in 2011/12, rated as Medium Risk. No further work proposed following risk assessment.
E1.12	Project: Transformation Programme/Cost Reduction Programme	P4	184	1	4	 Dark Amber	Every year	Last audited in 2013/14, rated as Medium Risk. Elements of the Transformation Project will be covered in our wider programme of work in 2016/17, for example of the cost savings programme in Adult Social Care. Where appropriate we will also include specific objectives referencing transformation within our wider programme of work in 2016/17.

Ref	Auditable Unit	Corporate Priorities & Risks	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
E1.13	Communications		4	4	2	 Yellow	Every three years	New audit unit for 2016/17; not previously reviewed.
E1.14	Democratic Accountability		4	4	2	 Yellow	Every three years	New audit unit for 2016/17; not previously reviewed.

Key to frequency of audit work

Audit Requirement Rating	Frequency	Colour Code
6	Annual	 Red
5	Annual	 Dark Amber
4	Annual	 Dark Amber

Audit Requirement Rating	Frequency	Colour Code
3	Every two years	 Light Amber
2	Every three years	 Yellow
1	No further work	 Green

4. Internal Audit Plan and Indicative Timeline

Internal Audit Plan and Indicative Timeline

The following table sets out the Internal Audit work planned for 2016/17.

Costs given are indicative only. We will flex available resourcing within the overall envelope of the agreed contract price (£184,222), to ensure that it is used in the most efficient and effective manner possible.

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
A	Community Well-being & Social Care						
A1	Adult Social Care						
A1,A1.2	Adult Social Care – Savings Plans and Dynamic Purchasing System (DPS)	£10,500		●			<p>Adult Social Care is the Council’s largest area of controllable spend, accounting for £47,623,200 in 2015/16.</p> <p>While the Service does not have a specific savings target for 2016/17, £2,000,000 of savings are identified as planned to be achieved by their ongoing transformation programme within the September 2015 Budget Review.</p> <p>This audit will:</p> <ul style="list-style-type: none"> • Confirm that the Service has detailed cost savings plans, reconciled back to the overall savings target above. • The Service has engaged appropriately with the Organisational Change Team, to utilise their expertise in identifying and progressing cost saving initiatives. • Projected savings are on track with profile. • There are appropriate arrangements in place to report and monitor the achievement of cost savings. <p>We will also carry out a high level check of progress regarding implementation of the Dynamic Purchasing System (DPS). Specifically we will review governance and reporting arrangements, to ensure that senior management have the correct information to provide effective oversight.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
B	Children's Services						
B1	Children's Social Care						
B1.3	Placements	£5,250		●			<p>Off Island placements are both expensive and less desirable from the child's perspective, as they will inevitably lead to difficulties in maintaining family and friendship links.</p> <p>This has been recognised by the Council, with a business case in the process of being developed to construct one to two units on the Island, suitable to replace the majority of mainland placements.</p> <p>This audit will focus on the business case, identifying options to make best use of capital expenditure and manage potentially high ongoing revenue costs, with the aim of maximising the benefits realised both for the Council and the children who will use the service.</p>
B2	Education and Inclusion						
B2.2	Schools' Audits	£5,250			●		<p>To help provide assurance against the key Council objective of 'Keeping children safe and improving their education' 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 are 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; and accuracy and timeliness of bank reconciliations. 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						
C1	Economic Development						
C1.7	Property Assets	£7,350	●				<p>This audit was postponed from 2015/16 due to extra resources being devoted to our scheduled work on fraud prevention and detection.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							<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 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.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
C2	Commercial Services, Leisure Recreation and Parks						
C2.2 C2.4 C2.6 C2.9	Cash Handling	£10,500					<p>● The Council has a significant number of services which handle physical cash, the majority, but not all, sitting under Commercial Services, Leisure Recreation and Parks; for example:</p> <ul style="list-style-type: none"> • Floating Bridge • Newport Harbour • Shanklin Cliff Lift • Museums • Libraries • Sports centres • Schools <p>The audit will review arrangements for managing, collecting, transporting and banking cash to ensure that processes incorporate appropriate controls, for example to prevent and detect fraud. We will evaluate the process for consistency and areas where greater efficiency could be achieved.</p> <p>We will utilise our fraud expert to support this review.</p>
C3	Contract Management						
C3.7 C3.10	Highways PFI and Waste - Delivery Phase Client Relationships	£9,450					<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>During 2015/16, arrangements for managing the client side relationship were significantly enhanced, with the creation of a new Contract Management Team, including two qualified engineers and team members with expertise in finance and law. This Team will also be responsible for managing the new Waste Contract.</p> <p>Alongside PFI, Waste is the highest value and longest term contract the Council has in place. We carried out two reviews of the procurement phase and a review in 2015/16 of the initial arrangements to manage the Contract for the long term. None of these reviews identified major issues, specifically identifying that the Council had learned lessons from previous high</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
							<p>value procurements and had put appropriate arrangements in place for the ongoing management of the relationship with the provider.</p> <p>This audit will review the enhanced arrangements to manage the client side relationship for both PFI and Waste, identifying any gaps and helping to ensure that the contracts will be managed correctly for the long term.</p>
C3.8	Pan Meadows	£9,450		●			<p>The Pan Meadows development has been running for six years and is the major initiative on the Island to increase the number of social housing units available for rent.</p> <p>The Project is a partnership between the Council, Spectrum Housing and Barratts and includes a number of innovative elements, for example, combined heat and power from renewable sources to provide green energy to the development.</p> <p>A core component of managing the site, including the combined power element, is the Management Company, a joint initiative between residents, the Council, Spectrum and Barratts.</p> <p>This audit will review the Management Company, focusing on the expectations documented in the original agreement, to help ensure that these are being complied with and the Management Company is being correctly run.</p>
C6	Planning						
C6.8	Building Control	£5,250			●		<p>Building Control are responsible primarily for ensuring that building work on the Island is completed to the standard specified by legislation.</p> <p>This audit will encompass a high level review of the control design associated with the building control process, with sample testing of applications, to help ensure that processes are consistent and appropriate controls are in place over fee income.</p> <p>We will also review performance metrics, to help ensure they are sufficient to inform a view as to how well this area is performing.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
C7	Regulatory Services						
C7.1	Environmental Health	£5,250					<ul style="list-style-type: none"> Environmental Health is responsible for enforcing standards relating to food, health and safety and environmental protection. <p>This audit will review roles and responsibilities to ensure these are clearly documented, 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>
D	Resources						
D1	Financial Management						
D1.1 D1.4 D6.5 D6.7 D6.11 D1.9	Key Financial Systems	£12,600					<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 (note: this element will be carried out in parallel with our wide ranging review of cash handling, to make most efficient use of available audit resource). <i>General Ledger</i>: financial reporting and budgetary control arrangements. <i>Payroll</i>: payments are genuine, 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. <p>Alongside our core work on key financial systems, in 2016/17 we will carry out a review of the Council's new arrangements regarding VAT management, subsequent to the key member of staff responsible leaving the Council and not being directly replaced.</p> <p>Our work will include the mechanisms the Council has to ensure it complies with legislative requirements and review of compliance in key areas, for example Accounts Receivable and Accounts Payable, on a sample basis.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
D2	Human Resources						
D2.2 D2.3	HR – Workforce management	£9,500			●		<p>The Council has been through a major period of change, subsequent to the 2010 Comprehensive Spending Review and significant reductions in budget.</p> <p>A large number of senior and long serving staff have left the Council, teams have been downsized and restructured and there has been significant changes to corporate functions, with more responsibility devolved to service areas.</p> <p>To ensure the Council has a correctly skilled workforce, HR has responded by producing revised workforce development plans.</p> <p>In order for these to be effective they need to be implemented and complied with. This audit will review implementation, ensuring this is on track and identifying any gaps which need to be addressed. We will also review succession planning arrangements for key roles, including statutory positions defined in the Council’s constitution, on a sample basis.</p> <p>As part of this audit we will review compliance with PDR (Personal Development Review) expectations and linkage between individual and corporate objectives (the golden thread) on a sample basis.</p>
D3	Information Technology						
D3.9	IT Strategy	£7,350			●		<p>The Council refreshed its IT Strategy in 2015, specifically to support the ongoing transformation of the Council, both through progressing increased use of technology to increasingly automate process and to promote an efficient service, for example through aligning with ITIL/ITSM (IT Infrastructure Library/IT Service Management).</p> <p>This audit will assess progress regarding implementation of the Strategy. We will review the progress against projections and the associated governance arrangements, in place to ensure that senior management have an up to date view of the progress being made.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
D6.10	Payment Card Industry, Data Security Standard (PCI DSS)	£7,350		●			<p>PCI DSS is the standard which organisations wishing to take card payments need to comply with.</p> <p>This area was last review in 2013/14; since our last review of this area there has been a major review of the standard.</p> <p>This audit will review the arrangements the Council has in place against PCI DSS 3.0, identifying any gaps which need to be addressed.</p>
D4	Legal Services						
D4.8	Procurement	£6,300		●			<p>During 2015/16 the Procurement and Contract Management functions have been separated; contracts now largely sit under the Head of Contract Management, with Procurement now coming under Legal Services.</p> <p>The Procurement Team comprises of three part time staff, with a temporary member of staff currently employed to increase capacity.</p> <p>During 2016/17 how this area is resourced will be reviewed, focussing on ensuring that the Procurement Service is aligned with the Council's needs, as it increasingly moves towards being a largely commissioning organisation.</p> <p>This review is scheduled for quarter two, by which time the Service will have been reviewed and restructured. This audit will review these new arrangements, helping to ensure they are aligned with the needs of the Council and identifying any gaps which need to be addressed.</p> <p>We will also review arrangements against the Modern Slavery Act, to help ensure that the Council has appropriate mechanisms in place, requiring tenderers to comply with the requirements of the Act and sample test a subset of procurements in year.</p>
D4.4	Insurance	£5,250				●	<p>Subsequent to the splitting of Procurement and Contract Management (identified directly above), the Council's Insurance Function has also moved to Legal Services.</p> <p>This audit will review arrangements, with a particular focus on ensuring that information is correctly shared with insurers, there is oversight of Highways PFI claims and, with increasing co-location between Adult Social Care and the NHS, related insurance arrangements are correctly managed. We will also cover how the in-house legal team are used, to minimise external legal costs to the Council.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
D6	Resident & Shared Services						
D6.2	Benefit Payments	£5,250		●			<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>
D6.9	Local Taxation (Council Tax and NNDR)	£5,250			●		<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>
D6.11 D6.12	Payroll and Pensions Administration	£7,350				●	<p>The Payroll and Pensions Administration teams are responsible for administering the Council's core payroll, Local Government Pensions Scheme (LGPS) and a number of related activities, for example statutory returns in relations to the Teacher Pension Scheme (TPS).</p> <p>This area of the Council's work has been subject to a high degree of change in the last 12 months, for example:</p> <ul style="list-style-type: none"> • Implementation of a new Pension Administration System and associated data migration (AXISe to Altair). • A number of schools bringing their payroll management back to the Council. • The retirement of the manager over these teams and consequent loss of organisational memory and LGPS expertise. <p>This audit will review arrangements across both of these teams against the Council's needs, helping to ensure they are fit for purpose, identifying any gaps in arrangements which need to be addressed.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
E1	Cross Cutting						
E1.13	Communications	£8,400			●		<p>The Council has a variety of communications needs, with responsibilities spread across different areas of the Council; for example:</p> <ul style="list-style-type: none"> • The Council’s website and intranet. • Internal staff newsletter, the Vine and Managers’ Brief. • Use of social media, Facebook and Twitter. <p>This review will comprise an across the board review of the Council’s internal and external communications. We will survey the views and needs of service areas, using our online survey tool and review these against current arrangements, identifying gaps and options to ensure that internal and external communications are as effective as possible.</p>
E1.14	Democratic Accountability	£8,400		●			<p>Increasingly the Council is delivering services with or via third parties; for example:</p> <ul style="list-style-type: none"> • The partnership with Hampshire County Council for Children’s Services. • The partnership with Hampshire Fire and Rescue for Fire and Rescue services. • Island Roads for Highways. • Amey for Waste Management. <p>In addition the Council has a number of Section 75 agreements in place with Island NHS organisations including:</p> <ul style="list-style-type: none"> • Nursing Care - with the CCG • Integrated Community Equipment Service – with the CCG • Occupational Therapy – with the NHS Trust • Better Care Fund – with the CCG <p>This trend is likely to continue and accelerate as the Council increasingly moves towards becoming a primarily commissioning authority.</p> <p>No matter who delivers services, ultimately the Council and its elected members remain accountable. This audit will review governance arrangements for a selection of services no longer provided directly by the Council, to ensure that appropriate arrangements are in place to monitor their effectiveness and provide oversight committees and full council with the assurance they need that they meet the needs of the Island.</p>

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
D2.6	Electronic Human Resources (E-HR)	£7,350		●			E-HR is an umbrella programme, covering a range of initiatives, for example recruitment, collectively aiming to ensure that HR processes make best use of technology and are as effective and efficient as possible. This audit will review to what extent the Council has realised benefits from E-HR, confirming that appropriate controls are in place and identifying gaps which need to be addressed.
Additional Items							
	Audit management, including planning, contract meetings, Audit Committee attendance and preparation of the Head of Internal Audit Opinion	£20,000	●	●	●	●	Audit needs assessment: We will use this time to meet with key individuals and review documentation which will inform our development and drafting of the annual risk assessment and Internal Audit plan. 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. Head of Internal Audit Opinion – We will use this time to support the Head of Internal Audit with their annual audit Opinion.
	Follow-up	£6,000	●	●	●	●	We will provide the TrAction system to support follow-up of agreed actions, stemming from our review findings. For annual audits we will ensure that actions from prior year audits have been cleared on TrAction.
	TrAction Support	£5,000	●	●	●	●	As part of the Internal Audit Contract the Council has access to our co-sourced provider's leading edge audit action tracking system, TrAction. The Council are directly responsible for utilising TrAction to follow-up agreed actions, ensuring they have been correctly implemented. Management of follow-up is currently carried out by the Head of Internal Audit, who is scheduled to retire in February 2016. This resource will be used to enable the Council's co-sourced provider to take ownership of following up actions.

Ref	Auditable Unit	Indicative cost	Q1	Q2	Q3	Q4	Comments
Total Cost		£189,600					

Ref	Optional Reviews	Indicative cost	Example scope
CC	Fraud Analytics	£15,000	<p>The 2015/16 fraud review assessed a number of risks that the Council are facing against a backdrop of minimal counter fraud resources and low detection levels.</p> <p>An efficient and effective means of detecting fraud and other anomalies is through deploying data analytics. This involves matching and analysing internal data sets to identify anomalous patterns, transactions and relationships for follow up. This can be performed using software that is available free of charge or at a minimal cost to the Council, such as Microsoft Power BI.</p> <p>Analytics can be performed in high risk areas such as council tax, temporary accommodation, purchase cards, procurement, payroll, business rates, cash income and agency staff timesheets. There is also the potential for Council staff to be upskilled in using analytical software in order to develop the Council's fraud detection capabilities.</p>
A1.1	Vanguard	£7,500	<p>The Island has been selected to be one of 29 areas to benefit for Vanguard funding. The Island Vanguard pilot aims to bring together social care services provided by the Council, NHS, voluntary and third sectors to ensure that these are provided in the most effective and efficient manner possible.</p> <p>This audit will review the progress of the Vanguard initiative to date. We will focus on the degree to which projected benefits have been realised and the robustness of associated governance, reporting and monitoring arrangements.</p>
B1.4	Targeted Youth Support	£5,250	<p>The central aim of Targeted Youth Support (TYS) is to help vulnerable young people early, to address their difficulties as soon as possible, and to prevent problems escalating. To support this service a contract is in place with a third party.</p> <p>This audit will review governance, reporting and monitoring arrangements to help ensure that the Council receives maximum value from this Contract.</p>

Ref	Optional Reviews	Indicative cost	Example scope
B1.2	Fostering	£7,500	<p>The Council has historically had difficulties in recruiting foster carers, potentially linked to lower payments being made to carers than at neighbouring authorities. This has led to reliance on agency carers and consequent higher costs.</p> <p>The Council has launched a major initiative to recruit and train more foster carers, however it is estimated that it will take three to five years to build capacity on the Island and there is the risk that once trained, foster carers will choose to work for agencies, rather than directly for the Council.</p> <p>This audit will review the Council's plans to increase its 'in-house' foster carer capacity. We will assess options identified as to how the Programme could be accelerated, to increase capacity in a shorter timeframe and arrangements to ensure foster carers remain with the Council.</p>
C2.12	Registrars	£5,500	<p>Registrars are responsible for the registration of births, deaths, marriages and civil partnerships occurring on the Island, licensing venues where civil ceremonies may be solemnised and conducting civil ceremonies.</p> <p>This audit will review arrangements in place, covering roles, responsibilities, processing, income, monitoring and oversight to help ensure that the Service is as effective and efficient as possible.</p>
CC	Business Resilience	£8,400	<p>It is likely that the Council will continue to face ongoing, significant reductions in its revenue funding for the foreseeable future. A key element of good financial planning is 'stress testing' arrangements for a variety of different scenarios, to ensure that an organisation has appropriate plans in place to ensure its ongoing survival.</p> <p>This audit would review the Council's stress testing, reviewing the reasonableness of assumptions, validating calculations and ensuring that there are appropriate contingencies in place for all reasonable scenarios.</p>
D1.2	Capital Accounting (Fixed Assets)	£5,500	<p>This audit will review the capital accounting transactions relating to expenditure on fixed assets/capital projects (buildings, infrastructure, information communication technology, plant and equipment). It will focus on the processing accuracy of fixed asset transactions (addition, transfers and disposals), capitalisation and depreciation policies and reconciliation between various systems utilised for asset management. We would also review how the Council has responded to changed requirements from central government regarding how infrastructure assets are accounted for, specifically the highways network.</p>

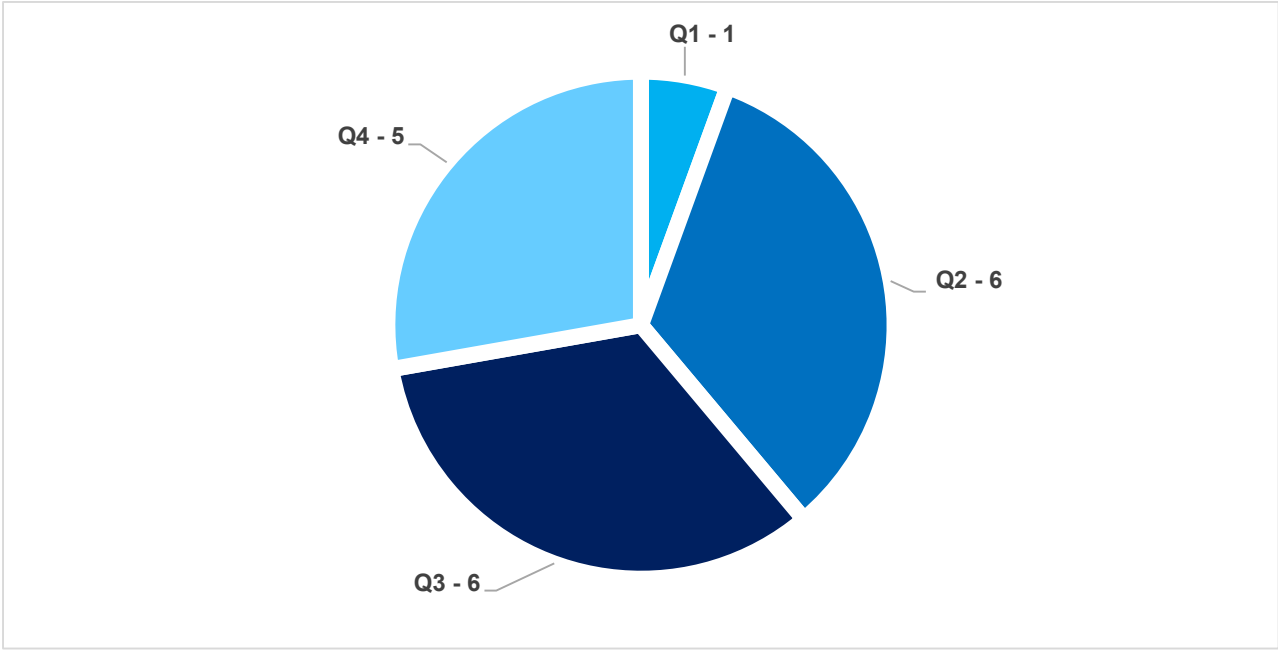
Ref	Optional Reviews	Indicative cost	Example scope
D1.8	Treasury Management	£5,500	The review will include assessing the Council's loans and investment policies and cash flow forecasting adequacy to verify funds are being invested correctly and appropriately to maximise returns for the Council with minimum risk to funds.
D4.2	Electoral Services	£5,500	Electoral Services are responsible for managing both local and national elections on the Island and related activities. This audit would review the Electoral Services function against national guidance, with a particular focus on initiatives aiming to increase the turnout at elections.
C3.4	Concessionary Fares	£5,500	Concessionary fares are a significant area of expenditure for the Council. 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.
D6.3	Blue Badges	£5,500	Blue Badges are available automatically to individuals who have significant mobility issues, for example if in receipt of the higher rate of the Mobility Component of the Disability Living Allowance and on a discretionary basis for less severe mobility issues. 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.
D6.8	Facilities Management	£5,500	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. This audit will review roles, responsibilities and resourcing, to ensure these are fit for purpose, identifying any gaps in arrangements for consideration by management.
D6.14	Fleet Management	£5,500	The Council has a small team of officers who are responsible for managing its portfolio of vehicles. This Team has recently moved from the Economy and Environment Directorate to Shared Services. This audit will review roles, responsibilities, processing, monitoring and oversight arrangements to ensure these are as effective and efficient as possible.

Ref	Optional Reviews	Indicative cost	Example scope
E1.8	Application System: Telephony	£7,500	<p>The Council has now fully implemented IP Telephony, which utilises the same infrastructure as the computer network, maximising efficiency and enabling telephone numbers to follow staff, no matter where they are working.</p> <p>During the last 12 months there have also been a number of significant changes, for example new software supporting the core telephony system and a change of supplier for external connectivity to the public telephony network.</p> <p>This audit will review arrangements against the Council's needs, specifically covering the needs of the Call Centre (on which all services are increasingly reliant), identifying any gaps which need to be addressed.</p>
CC	Local authority trading company	£8,400	<p>One of the key work streams under the umbrella of the Transformation Programme is the setting up of a local authority trading company, to oversee commercial activity.</p> <p>This audit will review plans to date, specifically focussing on the benefits and savings projected to be achieved, helping to ensure that they are realistic and that realisation is on schedule.</p>

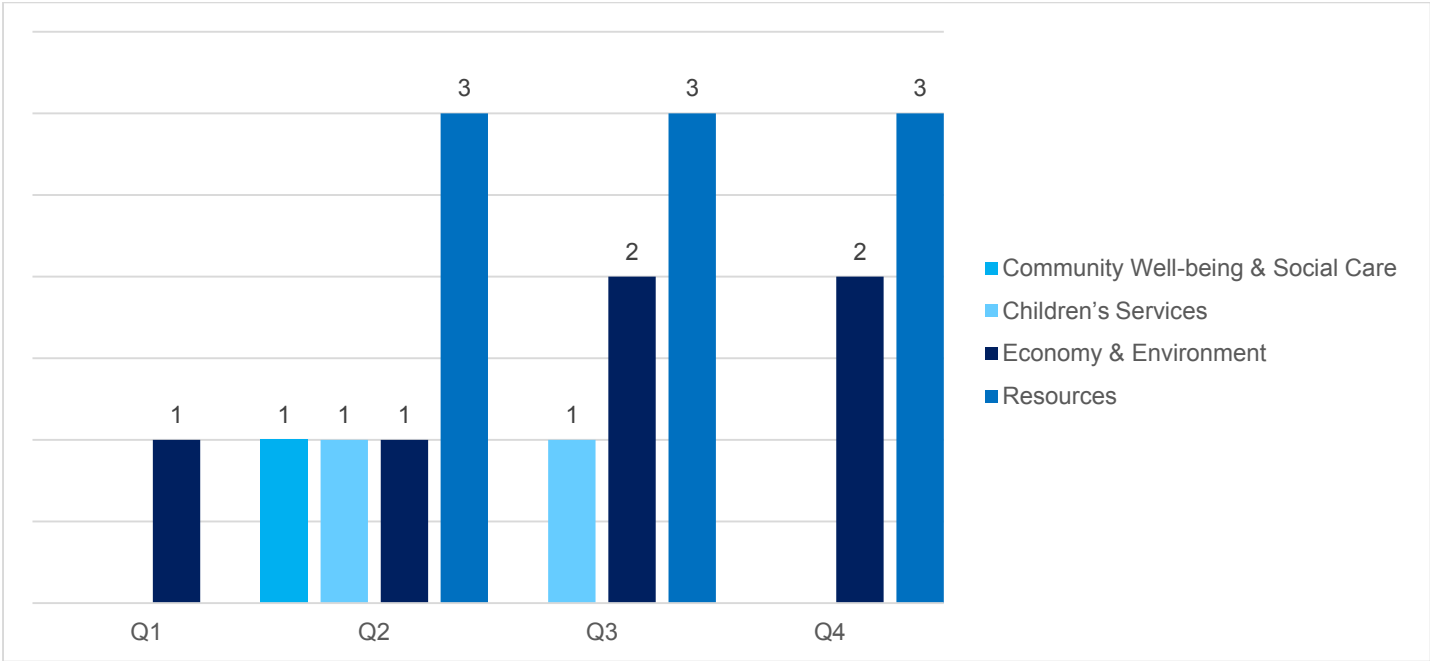
The table above shows indicative quarters for the relevant audits. For financial reviews, specifically where there is likely to be reliance on our work by the Council's external auditors, these have been scheduled in quarter 4 or late quarter 3. Other reviews have been provisionally scheduled only.

Appendix 1: Audit Activity by Quarter

Audits per Quarter



Directorate by Quarter



Appendix 2: Corporate Priorities and Risks

These corporate level priorities and risks have been determined by the Council, as documented in Isle of Wight Council Corporate Plan, 2015-2017 and the Strategic Risk Register as, reported to Audit Committee on the 3rd December 2015.

Ref	Priorities	Cross reference to Internal Audit Plan (see Section 4)
P1	Supporting growth in the economy, making the Island a better place and keeping it safe	C1.3, C1.7, C2.6, C2.15, C3.7, C3.8, C3.10, C7.1, D4.8
P2	Keeping children safe and improving their education	B1.3, B2.2
P3	Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care	A1.2, A1
P4	Ensuring that all resources available to the Island are used in the most effective way in achieving the Island's priorities	A1.2, B1.4, C1.7, C2.2, C3.7, C3.8, C3.10, D2.2, D2.3, D4.8, E1.12

Ref	Risks	Cross reference to Internal Audit Plan (see Section 4)
SR0051	Lack of financial resource and the ability to deliver the council's in-year and medium term budget strategy	C2.2, C2.4, C2.6, C2.9, C6.8, D1.1, D1.4, D6.5, D6.7, D6.11, D1.9
SR0037	Insufficient staffing capacity and skills	D2.2, D2.3, D2.6
SR0045	Failure to provide effective arrangements to prevent incidents of abuse of vulnerable adults	A1, A1.2
SR0042	Educational attainment	B1.3, B2.2
SR0043	Failure to identify and effectively manage situations where vulnerable children are subject to abuse	B1.4
SR0050	Failure to secure the required outcomes from the integration of Adult Social Care and Health	A1
SR0048	The council fails to achieve the required outcomes from its significant contractual relationships and fails to successfully resolve some anomalies in the contract's interpretation (in relation to the 25 year Highways PFI contract)	C3.7, C3.10, C3.8, D4.8, E1.14
SR0046	The risk that the Island's economy falls further behind its mainland comparators and is unable to generate sufficient wealth to sustain the Island and its community	C1.7
SR0049	Achieving the Vision for the Island	All, particularly E1.13 and E1.14

Appendix 3: Links to annual Head of Internal Audit Opinion areas

The Council's Head of Internal Audit must ensure sufficient work is undertaken on Governance, Risk Management and Control to support the annual Internal Audit opinion; below we identify reviews from our programme of work for 2016/17 which will support the Head of Internal Audit in satisfying this requirement.

Audit Opinion Area	Cross reference to Internal Audit Plan (see Section 4)
Governance	F1.CC, D4.8, D6.10, C3.8, C3.7, C3.10, B1.3
Risk Management	D6.11, D6.12, D4.4, D2.2, D2.3, C3.8, C3.7, C3.10
Control	D6.11, D6.12, D6.9, D6.2, D4.4, D4.8, D3.9, D1.1, D1.4, D6.5, D6.7, D6.11, D1.9, C7.1, C6.8, C2.2, C2.4, C2.6, C2.9, C1.7, B2.2, A1, A1.2

Implicitly all of our reviews will consider all three areas to varying extents. The above should be considered indicative, where reviews are likely to include a particular focus on one of the Opinion areas.

Appendix 4: Risk Assessment Process

Overview

To compile the Internal Audit Plan for the Council we have assessed the inherent risk, associated control environment indicator and from these the audit requirement rating for each auditable entity (auditable entities are anything which could potentially be audited, for example teams, functions, processes, projects and computer systems). We have followed three different methodologies, dependent on the type of the auditable entity, each methodology being focussed on ensuring that the assessment is best aligning with the risk profile of each entity type:

- *General Audits*: used for all auditable entities which do not fall into one of the more specific categories below.
- *Projects*: used for programmes, projects and significant change initiatives.
- *Applications*: used for computer systems.

In overview there are eight steps to producing the Internal Audit Plan, as below:

Step 1: Understand corporate objectives & risks, define the Audit Universe

Step 2: Assess the inherent risk associated with each auditable entity

Step 3: Assess the strength of the control environment

Step 4: Calculate the audit requirement rating

Step 5: Refine the Audit Universe and Internal Audit Plan

Step 6: Consult with Audit Committee

Step 7: Distribution to Senior Management

Step 8: Presentation of the Draft Plan to Audit Committee, approval and issue as Final

More detail regarding each of these steps is given in 'appendix 5: Detailed methodology' below.

Appendix 5: Detailed methodology

Step 1: Understand strategic priorities and risks & Step 2: Define the audit universe

Our understanding of the Council's corporate objectives and risks and how we need to respond to support compliance, adding value to new and emerging initiatives is continually evolving, informed by:

- The Isle of Wight Council Corporate Plan, structure and corporate risk register.
- Our knowledge of and developments in the Local Government sector.
- The Internal Audit work we carry out.
- Informal consultation with line management throughout the year.
- Enquiry of service leads to confirm our understanding of the auditable entities within their service areas.

From the above we identify the Audit Universe and auditable entities within the Council. Our understanding is clarified and refined through subsequent steps, the final product being an accurate view of the Council from an Internal Audit perspective and the Internal Audit Plan, providing assurance over the Council's key risks and adding value by helping to ensure that work necessary to achieve the Council's objectives is well managed.

Step 2: Assess the inherent risk

For each auditable entity identified through Step 1 we assess the associated inherent risk. The Internal Audit Plan should focus on the most risky areas of the Council's operations. The methodology we follow is dependent on the type of auditable entity, general, projects or applications, as set out in the overview above, to help ensure that our assessment best reflects the risk profile of each entity type.

General Entities

The majority of auditable entities will fall into this category. Our assessment of inherent risk is informed by the potential **impact** of any control failure and how **likely** a control failure is for each auditable entity, as below:

Impact Rating Assessment

Impact rating	Effect on Service	Embarrassment/ reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/meet legal obligations	Financial	Effect on Project Objectives/ Schedule Deadlines
6	Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days	Adverse and persistent national media coverage Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and/or Members forced to resign	Death of an individual or several people	All personal details compromised/ revealed	Litigation/claims/ fines from Department £250k + Corporate £500k +	Costs over £500,000	Complete failure of project/ extreme delay – 3 months or more
5	Complete loss of an important service area for a short period Major effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community Adverse local publicity of a major and persistent nature	Major injury to an individual or several people	Many individual personal details compromised/ revealed	Litigation/claims/ fines from Department £50k to £125k Corporate £100k to £250k	Costs between £50,000 and £500,000	Significant impact on project or most of expected benefits fail/ major delay – 2-3 months

Impact rating	Effect on Service	Embarrassment/ reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/ meet legal obligations	Financial	Effect on Project Objectives/ Schedule Deadlines
4	Major effect to an important service area for a short period Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days	Adverse local publicity /local public opinion aware Statutory prosecution of a non-serious nature	Severe injury to an individual or several people	Some individual personal details compromised/ revealed	Litigation/claims/ fines from Department £25k to £50k Corporate £50k to £100k	Costs between £5,000 and £50,000	Adverse effect on project/ significant slippage – 3 weeks– 2 months
3	Brief disruption of important service area Significant effect to non-crucial service area Service Disruption 1 Day	Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit	Minor injury or discomfort to an individual or several people	Isolated individual personal detail compromised/ revealed	Litigation/claims/ fines from Department £12k to £25k Corporate £25k to £50k	Costs less than £5,000	Minimal impact to project/ slight delay less than 2 weeks
2	Minor impact on the Council's operational performance	Minor impact on the reputation of the Council	-	-	Minor breach in laws and regulations with limited consequences	Minor monetary or financial statement impact	-
1	Insignificant impact on the Council's operational performance	Insignificant impact on the reputation of the Council	-	-	Insignificant breach in laws and regulations with little consequence	Insignificant monetary or financial statement impact	-

Likelihood Rating Assessment

Likelihood rating	Assessment rationale
6	Has occurred or probable in the near future
5	Possible in the next 12 months
4	Possible in the next 1-2 years
3	Possible in the medium term (2-5 years)
2	Possible in the long term (5-10 years)
1	Unlikely in the foreseeable future

The impact and likelihood scores above are then combined, as below, to arrive at the inherent risk:

Determination of Inherent Risk

Impact Rating	Likelihood Rating					
	6	5	4	3	2	1
6	6	6	5	5	4	4
5	6	5	5	4	4	3
4	5	5	4	4	3	3
3	5	4	4	3	3	2
2	4	4	3	3	2	2
1	4	3	3	2	2	1

Programmes, projects & change initiatives

Change related activity has a unique risk profile. To better reflect this we have adopted a project specific risk assessment methodology, based on guidance produced by ISACA (Information Systems Audit & Control Association). The inherent risk score for each auditable entity is assessed as below:

Inherent Risk Assessment

Key variables	Scored from 1 (low) to 5 (high), assessment informed by	Significance Weighting (score in column 2 is multiplied by weighting)
Project budget	Not explicitly quantified, scored relatively, as above.	5
Transaction volume	Not explicitly quantified, scored relatively, as above.	2
Character of activity	Core 4 to 5 Business unit (service area) 2 to 3 Local system 1	8
Executive management interest	Major interest = 4 to 5 Moderate interest = 2 to 3 Minor interest = 1	6
Fall-back arrangements	Not explicitly quantified, informed by alternative arrangements, should the project/change initiate not progress, or be delayed.	7
Changes in procedures	Major reengineering = 4 to 5 Moderate reengineering = 2 to 3 Minor reengineering = 1	8
Complexity of system	Not explicitly quantified, informed by the number of staff/users, the number of functions dependent, directly or indirectly, on the project/change	7

Key variables	Scored from 1 (low) to 5 (high), assessment informed by	Significance Weighting (score in column 2 is multiplied by weighting)
Project management	Not explicitly quantified, a view of the quality/experience of the project team. Informed by their skills and experience, governance arrangements and the timeframe of the initiative.	7

The scores for each of the key variables above added together to arrive at the inherent risk for the project/change initiative.

Applications/Computer systems

Applications have a unique risk profile. To better reflect this we have adopted an application specific risk assessment methodology, based on guidance produced by ISACA (Information Systems Audit & Control Association). The inherent risk score for each auditable entity is assessed as below:

Inherent Risk Assessment

Key variables	Scored from 1 (low) to 5 (high), assessment informed by	Significance Weighting (score in column 2 is multiplied by weighting)
Effect of system failure (criticality)	No immediate effect = 1 Inconvenience to users = 2 Loss of goodwill = 3 Loss of revenue = 4 Loss of business/revenue/goodwill = 5	5
Financial exposure	None = 1 Small = 2 Moderate = 3 High = 4 Very high = 5	5
Scope of the system	Part of a department = 1 Service area = 2 Multiple service areas = 3 Organisation wide = 4 Organisation and external = 5	2
Age of the application	Less than one year = 1 1–3 years = 2 4–6 years = 3 7–10 years = 4 Over 10 years = 5	1
Size of the application (number of programs/sub systems)	Below 25 = 1 25–50 = 2 50–100 = 3 100–250 = 4 Above 250 = 5	3
Changes in environment/staff	No changes = 1 Moderate changes/low turnover = 2 Significant changes/low turnover = 3 High turnover = 4 Significant changes and high turnover = 5	1

Key variables	Scored from 1 (low) to 5 (high), assessment informed by	Significance Weighting (score in column 2 is multiplied by weighting)
Number of locations implemented	1 = 1 2 = 2 3 = 3 4 = 4 5+ = 5	1

The scores for each of the key variables above added together to arrive at the inherent risk for the application.

Step 3: Assess the strength of the control environment

In order to effectively allocate Internal Audit resources we need to understand the strength of the control environment within each auditable unit. This is assessed based on:

- Our knowledge of your internal control environment, for projects/change initiatives this includes our view of the project management in place, for example governance arrangements.
- Information obtained from other assurance providers.
- The outcomes of previous Internal Audit reviews.

Step 4: Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas of with high reliance on controls or a high residual risk.

Inherent Risk Rating	Control design indicator					
	1	2	3	4	5	6
6	6	5	5	4	4	3
5	5	4	4	3	3	n/a
4	4	3	3	2	n/a	n/a
3	3	2	2	n/a	n/a	n/a
2	2	1	n/a	n/a	n/a	n/a
1	1	n/a	n/a	n/a	n/a	n/a

The methodologies used to assess inherent and controlled risk for application and project units results in scores on a different scale than those arrived at through the methodology used for general auditable units. To produce the integrated universe scores for projects and applications are mapped to the audit requirement, as per the tables below:

Applications

Controlled Risk Score	Audit Requirement
< 30	n/a
30 to 39	1
40 to 49	2
50 to 59	3
60 to 69	4
70 to 100	5
> 100	6

Projects

Controlled Risk Score	Audit Requirement
< 100	n/a
100 to 129	1
130 to 159	2
160 to 189	3
190 to 209	4
210 to 220	5
> 220	6

Step 5: Determine the audit plan & Step 6: Other considerations

Consultation with service management

The Council's internal environment and risk profile are constantly evolving. Once the process above is completed we carry out a series of meetings with key service leads, as agreed with the Head of Internal Audit, to help ensure that our initial assessment accurately reflects the auditable entities and their risk profile for each service area.

These meetings are also an important opportunity to carry out horizon scanning, identifying upcoming changes, for example as a result of legislation, where our involvement can add value.

Both the Audit Universe and Internal Audit Plan are refined, as necessary, following our meetings with service leads.

Consultation with Audit Committee

Our reports are presented to and considered by the Council's Audit Committee. The Audit Committee play an important role in moderating the Internal Audit Plan resulting from the process above, helping to ensure that it will provide adequate assurance for the Committee over the Council's corporate risks and support the process of achieving the objectives set out in the Corporate Plan.

Both the Audit Universe and Internal Audit Plan are refined, as necessary, following our consultation with the Audit Committee.

Distribution to Senior Management

Once refined through the steps above, the Internal Audit Plan is shared with the Council's senior management.

Presentation of the Draft Plan to Audit Committee, approval and issue as Final

The final step in the production of the Internal Audit Plan is presentation to Audit Committee. By this stage the Audit Universe should be an accurate record of all auditable entities within the Council, the Internal Audit Plan should provide the Committee both with the assurance they need over the Council's control environment and over emerging requirements, for example change necessary to realise the Council's objectives as set out in the Corporate Plan.

Appendix 6: Key Performance Indicators

KPI Description	Method of calculating service delivery/measurement period	Target KPI
Planned audits completed relative to the agreed profile of the annual audit plan	Percentage of final audit reports issued of those planned for the year. (Monthly)	90%
Percentage of customer satisfaction results which achieve a score of eight or more out of ten	The percentage of customer satisfaction surveys which achieve a score of eight or more out of ten	90%
Percentage of draft audit reports issued within 15 working days of completion of fieldwork	Percentage of draft audit reports issued within 15 working days of completion of fieldwork	90%
Percentage of final audit reports issued within 30 working days of completion of fieldwork	Percentage of final audit reports issued within 30 working days of completion of fieldwork	90%
Percentage of audit recommendations followed up within 30 working days of their due date	Percentage of audit recommendations followed up within 30 working days of their due date	90%

Appendix 7: Schools

Below are listed all of the Island's schools, for which the Council is responsible, when they were last audited and the risk ranking awarded.

School	Last Audited
All Saints Primary School	Last audited in 2013/14, rated as medium risk.
Arreton St George's Primary School	Not previously audited.
Barton Primary School	Last audited in 2014/15, rated as medium risk.
Bembridge Primary School	Not previously audited.
Binstead Primary School	Not previously audited.
Brading Primary School	Last audited in 2015/16, risk rating pending finalisation.
Brighstone Primary School	Last audited in 2015/16, risk rating pending finalisation.
Broadlea Primary School	Not previously audited.
Carisbrooke CE Primary School	Not previously audited.
Carisbrooke College	Last audited in 2014/15, rated as low risk.
Chillerton & Rookley Primary School	Not previously audited.
Christ the King College	Last audited in 2010/11, rated as medium Risk.
Cowes Enterprise College	Last audited in 2010/11, rated as medium Risk.
Cowes Primary School	Not previously audited.
Dover Park Primary School	Last audited in 2012/13, rated as medium Risk.

School	Last Audited
Gatten and Lake Primary School	Last audited in 2011/12, rated as medium Risk.
Godshill Primary School	Last audited in 2013/14, rated as high risk.
Greenmount Primary School	Last audited in 2012/13, rated as medium Risk.
Gurnard Primary School	Last audited in 2012/13, rated as medium Risk.
Haylands Primary School	Last audited in 2013/14, rated as medium risk.
Holy Cross Catholic Primary School	Not previously audited.
Hunnyhill Primary School	Last audited in 2014/15, rated as medium risk.
Lanesend Primary School	Last audited in 2011/12, rated as medium Risk.
Medina College	Last audited in 2013/14, rated as low risk.
Nettlestone Primary School	Last audited in 2015/16, risk rating pending finalisation.
Newchurch Primary School	Not previously audited.
Newport Primary School	Last audited in 2014/15, rated as high risk.
Nine Acres Primary School	Last audited in 2015/16, risk rating pending finalisation.
Niton Primary School	Last audited in 2014/15, rated as medium risk.
Northwood Primary School	Not previously audited.
Oakfield Primary School	Not previously audited.
Queensgate Foundation Primary School	Not previously audited.
Shalfleet CE Primary School	Not previously audited.

School	Last Audited
Shanklin Primary School	Not previously audited.
St Georges School	Not previously audited.
St Helens Primary School	Not previously audited.
St Mary's Catholic Primary School	Last audited in 2010/11, rated as medium Risk.
St Saviour's Primary School	Not previously audited.
St Thomas of Canterbury Catholic Primary School	Not previously audited.
St. Francis Catholic & CE (Aided) Primary School	Not previously audited.
Summerfields Primary School	Last audited in 2013/14, rated as medium risk.
The Bay CE Primary School	Last audited in 2012/13, rated as medium Risk.
Wootton Primary School	Not previously audited.
Wroxall Primary School	Not previously audited.
Yarmouth CE Primary School	Last audited in 2011/12, rated as medium Risk.