

December 2016

Isle of Wight Council
FINAL Audit Committee Internal Audit Progress
Report

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1) Introduction and Internal Audit Overview

Introduction

This report presents a summary of the activities of Internal Audit for the period September to December 2016. It provides executive summaries for the two reports issued as final since the last meeting of the Audit Committee, both rated as medium risk and details progress regarding the wider 2016/17 plan.

Internal Audit Overview

Summary of progress against 2016/17 plan

Two of our planned reviews have been rescheduled, to accommodate the availability of key contacts and to ensure that our work takes place when it is of greatest value to the Council; changes to the scheduling of our reviews is set out below:

	Planned	Actual
Adult Social Care – Savings Plans and Dynamic Purchasing System (DPS)	Q2	Q4
Communications	Q3	Q4

Fieldwork is largely complete for our quarter two reviews and is either underway or imminent for our quarter three reviews. We have also completed scoping for our quarter four programme of work. More detail regarding the three delayed quarter two reviews is given below:

- *Pan Meadows*: delay in agreeing scope led to this review not commencing until quarter three.
- *PCI DSS*: delay in agreeing scope led to this review not commencing until quarter three.
- *Procurement*: core fieldwork for this review is now complete. However as part of this review we are carrying out an online survey of key procurement users, which is not scheduled to be completed until mid-November.

One of our 2015/16 reports, on Adult Social Care, is still pending finalisation.

TrAction

Current internal audit agreed action status reported from our TrAction action tracking tool, is shown below:

	2014/15	2015/16
Open	68	88*
Completed	52	0

* Provisional total; one report from 2015/16 is pending finalisation.

The Council has responsibility for following up actions stemming from Internal Audit reviews. We recommend that additional resources are made available to ensure that findings are followed in a timely manner; this is under consideration by the Head of Internal Audit.

Planning for 2017/18

The first stage of the consultation to inform our 2017/18 programme of work commenced in September, when the Audit Committee were given the opportunity to identify areas they felt would benefit from Internal Audit review. We have now completed the second stage of our consultation, meeting with senior management across the Council during October and November 2016. The output from the 2017/18 planning process to date is the list of potential reviews set out in Appendix 3.

With the input of the Head of Internal Audit and Council senior management, the list of potential audits will be prioritised into core and optional reviews. Optional reviews relate to lower risk areas which are due for internal audit, however there is insufficient budget for work to be planned in 2017/18. These are most likely to substitute core reviews during 2017/18 where it does not prove possible to carry out a scheduled core review, for example due to a change in structures in place at the Council. The Draft 2017/18 Internal Audit Plan, including both core and optional reviews, will be presented for approval by Audit Committee in February 2017.

There are a number of reviews which are completed annually, these are set out directly below. Substantively these reviews cover core Council financial processes and controls providing annual assurance on these key areas of financial responsibility.

Audit Name	High level focus
Schools' Audits	The Council is ultimately responsible for ensuring that schools manage their finances appropriately. To help ensure this requirement is satisfied we carry out a rolling programme of audits across the Council's maintained schools, reviewing five schools each year. Schools to be reviewed each year are identified in consultation with responsible staff within the Council's corporate finance team.
Key Financial Systems	This audit reviews the design of controls which have changed since the prior year across key financial process, specifically: Cash and Bank, General Ledger, Payroll, Creditors and Debtors. For each area we will also carry out detailed substantive testing, to ensure that processes are being exercised consistently.
Benefit Payments	This audit focusses on the benefit application process, reviewing both the design of benefit application mechanisms and sample testing of processes and controls.
Local Taxation (Council Tax and NNDR)	This audit focusses on Local Taxation processes, reviewing both the design of Local Taxation mechanisms and sample testing of processes and controls.

The list of reviews set out in Appendix 3 is the output of our planning process to date. At a high level the key steps undertaken to arrive at the list are:

- Risk assessing each potential area where internal audit reviews could be carried out.
- Consulting (as covered above) to identify further areas which may benefit from Internal Audit review and sense checking reviews provisionally identified as due review from our risk assessment process.
- Reviewing potential audits, to identify synergies between areas, to identify reviews which could be combined to both make for a more effective review and make the most efficient use of available internal audit resource.

The list in Appendix 3 will be used as the basis for our proposed programme of work in 2017/18. As above, following further consultation with the Head of Internal Audit and Council's senior management team, this list will then be prioritised into core and optional reviews.

Summary of performance against key performance indicators


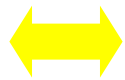
We have met the key performance indicators which were within internal audit's control in relation to providing a high quality internal audit service to the Council. We are pleased to report that our average customer satisfaction score for 2016/17, based on four returned Customer Satisfaction surveys, is 9.4 out of 10.

Full details of performance against key performance indicators for 2016/17 can be found in Appendix 2 within this report.

2) Executive Summaries from Internal Audit Reports

In this Section we provide the executive summaries for the two reports which have been issued as final since the Audit Committee last met in September 2016.

Executive summary – Workforce Development

Report classification  Medium Risk	Trend  Consistent with when this area was last reviewed in 2012/13.	Total number of findings					
			Critical	High	Medium	Low	Advisory
		Control design	0	0	2	2	0
		Operating effectiveness	0	0	0	0	0
		Total	0	0	2	2	0

Summary of findings:

This review was focussed on the Council’s workforce development plans, covering:

- *Framework*: a Strategy and supporting plans are in place to ensure the Council has the workforce it needs, as it transitions to a primarily facilitating organisation¹.*
- *Delivery*: plans are on track with schedule.
- *Oversight*: delivery is overseen by a formally managed forum, with appropriate membership and who are provided with sufficient information to fulfil their oversight role.
- *Workforce Continuity*: the Council has identified/has plans to identify the key individuals with knowledge of statutory requirements and internal processes to ensure that this knowledge is not lost as services are reorganised and key staff potentially leave the Council.
- *Golden Thread*: staff member personal objectives link through to the Council’s overarching strategic priorities.

While a work in progress, we did not identify any significant issues to date:

- High level strategic documentation is in place and has been approved by senior management; delivery is supported by an action plan with identified ownership for actions.
- Work is on track to date; we sample tested three actions on the Workforce Development Plan flagged as complete, with satisfactory evidence of completion being provided for all.
- An appropriate forum, with membership from senior councillors, Unison, Workforce Development and Learning and Development teams has met regularly over the last 18 months, both overseeing work to date and helping to shape the programme.
- High level plans are in place to identify key individuals throughout the Council and ensure that their knowledge is not lost.
- All sampled staff members (25, from across services) have at least one objective, many have multiple objectives, which clearly link to the Council’s overarching priorities.

However, the programme to transform the Council’s workforce to meet its future needs is ambitious and there are limited resources available to support the process. We also note that, although understood at a high level, the future shape of the workforce at a service level, to enable the Council to move to becoming a primarily facilitating organisation, is still being developed. This will primarily be informed by the forensic analysis of all services led by the Organisational Change Team, scheduled to be completed by the end of September 2016. We were informed by the Head of Resources that the purpose of the forensic reviews was to:

¹ Essentially this means pursuing the most cost effective means of providing the service, either retaining services in-house if this is likely to be the most cost effective option, or pursuing alternative forms of delivery, potentially delivered by third parties or in partnership.

- Confirm the elements of each service which are statutorily required.
- Identify the granular costs of delivering each element of services, including those which are statutorily required.
- Identify commonality between different services, specifically any areas where there are opportunities for efficiencies through closer working.

The output of this initiative being to identify options for elected members to consider in respect of how budget savings could be achieved. Once options have been appraised and selected, as part of the budget setting process for 2017/18 (scheduled to be completed by February 2017) this will give an indication of the direction the Council will be taking and the workforce necessary to support this direction. However it is important to highlight that the Council needs to continue to be flexible, particularly in the context of the May 2017 election – it will not be possible to definitively identify what the future shape of the Council will be even after the 2017/18 budget has been decided and workforce development effort will need to be flexible to accommodate changes/plans, as they continue to evolve.

We have raised four detailed findings, summarised below:

Plans and Delivery: high level documentation is largely in place (one document, the Organisational Development Strategy is marked as draft) and work is underway towards delivering the Strategy. To date the focus has largely been on Council wide initiatives, for example the leadership programme. At the service level, as above, this will not be known, even after the 2017/18 budget has been decided. However this will give an indication of future intentions and, while they will need to be flexible as intentions evolve, plans at the service level will need to be developed based on the decisions made as part of the 2017/18 budget setting process.

Transforming the Council’s workforce across all services will be a significant piece of work. To maximise the likelihood of success, initial plans, mindful of the need to be flexible, at the service level will need to be in place as soon after the budget for 2017/18 is agreed as possible and delivery will need to be robustly managed, primarily by the Workforce Plan Working Group. To support this, while it would be desirable to increase the frequency this Group meets, we note that in the council’s view, there are insufficient resources to enable this to happen. We have raised this area as a **medium risk** finding.

Workforce Continuity: to help ensure workforce continuity, the Council requires three months’ notice from all staff on Grade 16 and above, effectively strategic manager and above; this includes all statutory roles identified in the constitution and members of the Senior Management Team (SMT). To confirm this requirement is specified in employment contracts we reviewed three contracts for members of the SMT, including that for the Chief Executive; the requirements were specified in all sampled instances. In practice three months’ notice is ambitious, to appoint to the most senior levels, particularly if national recruitment is necessary. While it is not felt to be possible to increase notice periods, when senior managers indicate their intention to leave the Council it is vital that the recruitment process is launched as soon as possible and transitional arrangements put in place to cover any gaps which do occur. We also note that while the requirement to hold specific qualifications is identified in employment contracts, there isn’t currently an explicit central process to confirm that these are being maintained, for example through the completion of continuous professional development on an annual basis. While in the Council’s view there are not sufficient resources to put in place an appropriate process to ensure that statutory roles are appropriately qualified, we do note that professional bodies require qualified individuals to carry out sufficient continuing professional training in order to maintain their certifications.

Regarding the identification of and succession planning arrangements applicable to key staff in the wider Council we were informed that this will be supported by HR Partners (members of HR, who are now reporting to the Lead Officer - People Resourcing, to support delivery of the Workforce Development Strategy), with the process scheduled to be completed by April 2017; this process should continue as planned. We have raised this area as a **medium risk** finding.

Oversight and Reward: delivery of the Workforce Development Strategy has been overseen to date by the Workforce Plan Working Group, which has also helped to shape initiatives, for example how ‘employee rewards’ are best managed. The Group has membership from senior councillors, Unison, Workforce Development and Learning and Development teams, agreed terms of reference and has met regularly over the last 18 months, although not since April 2016.



Regarding the core remit of the Group we identified one issue, finalising the Group’s terms of reference, and a potential enhancement, separating out actions into a separate action tracker (currently these are embedded in minutes) to ensure no actions ‘drop off the radar’. One of the initiatives the Group has taken a

keen interest in is how employee rewards are best managed. We have highlighted a number of options which could further enhance this area, for example ensuring that employees are fully aware of the cash value of employment benefits in addition to core pay, including membership of the Local Government Pension Scheme (LGPS) and how this is best reported to staff, for example implementing a 'benefits landing page' on the Intranet or highlighting 'offers' to staff in the Vine. We have raised this area as a **low risk** finding.

Personal Development Reviews (PDRs): the Council has clear guidance covering the PDR process, published in the key documents section of the intranet and highlighted to staff through the in-house newsletters, Managers' Brief and The Vine. Our sample testing of PDR objectives agreed to date confirms that staff have at least one, in many cases multiple, objectives clearly linking to the Council's overarching objectives. However, as of the 26th August, the completion rate for agreeing objectives stands at 55%, against a target of 98% being agreed by the end of September 2016. While managers who have yet to agree objectives with their staff are being actively chased, this does mean that a significant proportion of the Council's staff will have had not agreed performance objectives in place for the first five months of the performance year. For future years the date by which managers are expected to have agreed performance measures in place for their staff should be brought forward, to as close to the beginning of the performance year as possible.

We also noted that, although guidance makes the need for measures to be SMART (Specific, Measurable, Achievable, Realistic and Timely) explicit, a large number of objectives use terms such as 'promote', 'explore' and 'support' with no clear identification of how successful achievement will be evidenced. This should be addressed in future years by requiring objectives to explicitly identify how successful achievement will be evidenced. We have raised this area as a **low risk** finding.

Executive summary – Property Management

Report classification  Medium risk	Trend  This is the first time we have reviewed property management.	Total number of findings					
			Critical	High	Medium	Low	Advisory
		Control design	0	0	3	5	0
		Operating effectiveness	0	0	0	0	0
Total		0	0	3	5	0	

Summary of findings:

This audit reviewed arrangements in place to manage the Council’s property portfolio, covering the following areas:

- *Framework*: roles, responsibilities, documentation and supporting mechanisms, for example an appropriate software system to underpin property management are in place.
- *Delivery*: checking that property is managed in line with documented expectations, including compliance with legislative requirements such as gas and water testing.
- *Oversight*: ensuring that appropriate forums are in place to oversee property management, with sufficient reporting to ensure that management have an accurate view of performance in this area.
- *Known Issues*: ensuring that the Council has appropriate plans in place to normalise known issues, specifically transferring freeholds/long leases to school academies, making it clear that they are responsible for property maintenance and addressing the high number of leases which are known to have expired.

The main issues identified through our review are the variable quality and consistency of the information held by the Council regarding its property portfolio and water monitoring arrangements, the fragmented approach the Council is taking towards managing its property portfolio and limited oversight in place over all areas.

We have documented our work in eight detailed findings, summarised below:

Sample Testing: Gas and Water Testing: gas safe testing and a risk based programme of water monitoring are required by legislation (gas requirements are covered in Gas Safety (Installation and Use) Regulations 1998 – these require gas equipment to be tested annually by a Gas Safe registered engineer. Water is primarily covered in Approved Codes of Practice (ACOPs), published by the Health and Safety Executive (HSE); the latest guidance is document L8, 4th Edition, published in 2013 – these require risk assessments of properties, with regimes of inspection/testing, based on the assessed level of risk; for example regular water temperature checks and tests for the presence of Legionnaires' disease). The Council has 57 properties where gas testing is required and approximately 60 where water monitoring is required. We sample tested 25 properties to ensure that gas safe certificates are in place and 25 properties to ensure that water monitoring is compliant with legislative requirements.

Our testing of samples of 25 properties for each area identified two properties where gas safe certificates are not held by the Council. However for one of these the work has been carried out and the contractor is being chased to provide a certificate and for the other a new boiler is in the process of being installed, for which a gas certificate will be sought once the work has been completed. We also identified 24 instances where water risk assessments are out of date, 22 properties where legionella testing is out of date and seven properties where water monitoring has not been carried out as required within the last month. However the requirement is for the water monitoring programme to be risk based and the issue is more one of data quality rather than explicit legislative requirements having not been met – it is likely that the level of monitoring in place with the current contractor goes above and beyond what is strictly necessary. We also note (covered further below) that the current contractor for water testing has given notice that they are no longer able to offer the service and, linked to this, there has been a marked drop off in performance over the last three months. The Council has responded by putting in place a recovery

contract with a local provider and is aiming to normalise the current situation within six months; this should continue as planned, ideally being accelerated if possible; as part of this process it will be necessary to source replacement software to manage water monitoring, the current system being provided by the existing contractor. We have raised this area as a **medium risk** finding.

Roles and Responsibilities: property related responsibilities are currently split between five teams. At least two of these teams carry out very similar roles; combining these teams should be considered, to make for a more efficient and potentially more effective service. One area of the Council's responsibilities, overseeing schools on property matters, is not currently assigned to any team; responsibility for this area should be assigned to a suitable team as soon as possible. There are two areas of the Council's property management responsibilities, gas and water testing, which are carried out by third parties. Regarding water testing the contractor has given notice and the contract needs to be re let; this should continue as planned. Regarding gas testing this is currently requested on an ad hoc basis; potentially putting a single contract in place to cover all gas testing would be more efficient and should be investigated. We have raised this area as a **medium risk** finding.

Sample Testing: Core Property Management: there are approximately 600 properties owned by the Council, managed primarily through the Technology Forge system. There are opportunities to use Technology Forge more fully, these are covered further below. Regarding the information maintained by the Council it was flagged by management during the scoping for this review that it is known there are a high number of expired leases; we requested a report during the fieldwork for this review, which identifies that there are 150 properties where leases have expired, however a significant proportion of these are likely to be peppercorn rent arrangements, for example land provided to local sports clubs for which a nominal rent of £1 per annum is payable. Many of these arrangements go back over 10 years and the leases are inconsistent, for example newer leases specify 'if demanded' next to the annual rent, the older ones do not, although in practice neither are actively pursued.

The data in Technology Forge should be improved but this work needs to be appropriately prioritised – there are likely to be properties where rents could be increased, for example one of our sample with a low annual rent has not been reviewed since 1995. Other issues identified through our sample testing of 25 are also largely linked to historic peppercorn rents, as below:

- Two leases not present, one of which is peppercorn.
- Four properties where the lease has expired, two of which are peppercorn.
- Six properties where the rent is overdue, four of which are peppercorn.
- Ten properties where the rent has not been reviewed, as specified in the lease, four of which are peppercorn.

To normalise all of the issues above, a prioritised action plan needs to be drawn up and addressed. We have raised this area as a **medium risk** finding.

Oversight: not all team meetings have minutes or equivalent produced, for example for the corporate Property Management Team, not all property matters are considered at relevant service boards and only limited, oral, reporting is in place covering performance reporting regarding property management. An action tracker should be implemented to address the lack of minutes and a suitable set of performance metrics should be defined, monitored and reported upwards by exception. Specifically these should include compliance with legal requirements for gas and water testing, renewal of leases and completion of rent reviews when due. We have raised this area as a **low risk** finding.

Documentation and Training: while all staff responsible for property management are long standing and have been in their roles for a number of years, the current level of documentation is limited, primarily linked to Technology Forge (the system used to manage the Council's property portfolio). To promote a consistent approach and address the overdependence on key members of staff, both teams primarily responsible for managing the Council's property portfolio should identify all of their processes, prioritise them and plan to document them over the next 12 to 18 months. Linked to this, training provided to date has been limited, although we do note that one of the Team Managers is a Chartered Surveyor and has to complete 20 hours of CPD (Continual Professional Development) per year to maintain this certification. More formal training should be investigated, potentially leading to a property specific qualification and provided to all team members. We have raised this area as a **low risk** finding.

Technology Forge: the system underpinning property management, Technology Forge, is generally well regarded. However a number of potential enhancements were identified during our fieldwork, which should be investigated; specifically enhanced reporting, automatic notification of key dates, such as leases due to expire, using Technology Forge to store gas certificates and other relevant documentation and integration with SAP, or any future financial system used by the Council. We have raised this area as a **low risk** finding.

Known issues: two issues were highlighted during the scoping for this review. The first of these, regarding a high number of expired leases, is covered under a separate finding above. The second of these, regarding the freehold of academy schools still being held by the Council, is planned to be addressed by the new post of Director of Economic Regeneration, recently approved by the Council's Employment Committee. This will potentially be through academies taking on 125 year leases with the Council retaining freehold. This is sensible and should continue as planned. We have raised this as a **low risk** finding.

Insurance: the terms of reference for this review identified that insurance details should be linked into Technology Forge. In practice this is only in place for public liability insurance and our sample testing identified that this is missing in some instances. Regarding wider insurance requirements, the requirement for lessees to have valid insurance needs to be made more explicit in leases, in line with the Council's approach to implement 'full repairing' leases as and when these are renewed, if not already in place. Although not explicitly covered in the terms of reference it was identified to us that there are not up to date valuations in place for all Council property, although a rolling programme of revaluations is in progress; if possible this should be accelerated. The Council's approach should be documented in policy, supported by appropriate process notes. We have raised this area as a **low risk** finding.

Management Response

The audit has been helpful in identifying a number of issues which have either been addressed (in particular a speedy resolution to the loss of the water hygiene contractor) or will need to be reviewed once the recruitment of a new property manager has been made. This will bring additional skills and capacity to the property team and enable long standing items such as the property asset strategy to be completed. It will also enable the review of the council wider property function to ensure it can assist both the regeneration function and increased income generation from the property estate.

Classification of report findings





Assessment rationale

Finding 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
Critical	<p>A finding that could result in a:</p> <ul style="list-style-type: none"> Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> 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 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Death of an individual or several people 	<p>A finding that could result in:</p> <p>All personal details compromised/ revealed</p>	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Litigation/claims/ fines from Department £250k + Corporate £500k + 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Costs over £500,000 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Complete failure of project/ extreme delay – 3 months or more
High	<p>A finding that could result in a:</p> <ul style="list-style-type: none"> 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 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Adverse publicity in professional/ municipal press, affecting perception/ standing in professional/local government community Adverse local publicity of a major and persistent nature 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Major injury to an individual or several people 	<p>A finding that could result in:</p> <p>Many individual personal details compromised/ revealed</p>	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Litigation/claims/ fines from Department £50k to £125k Corporate £100k to £250k 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Costs between £50,000 and £500,000 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Significant impact on project or most of expected benefits fail/ major delay – 2-3 months

Finding 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
Medium	<p>A finding that could result in a:</p> <ul style="list-style-type: none"> 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 <p>Service Disruption 2-3 Days</p>	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Adverse local publicity /local public opinion aware Statutory prosecution of a non-serious nature 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Severe injury to an individual or several people 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Some individual personal details compromised/ revealed 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Litigation/claims/ fines from Department £25k to £50k Corporate £50k to £100k 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Costs between £5,000 and £50,000 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Adverse effect on project/ significant slippage – 3 weeks–2 months
Low	<p>A finding that could result in a:</p> <ul style="list-style-type: none"> Brief disruption of important service area Significant effect to non-crucial service area <p>Service Disruption 1 Day</p>	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Minor injury or discomfort to an individual or several people 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Isolated individual personal detail compromised/ revealed 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Litigation/claims/ fines from Department £12k to £25k Corporate £25k to £50k 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Costs less than £5,000 	<p>A finding that could result in:</p> <ul style="list-style-type: none"> Minimal impact to project/ slight delay less than 2 weeks
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.						

Report classifications

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

Appendix 1 -Progress on the 2016/17 internal audit plan

Audit name	Fee	Current Status	Report classification for those audits completed
Adult Social Care – Savings Plans and Dynamic Purchasing System (DPS)	£10,500	Planning	-
Benefit Payments	£5,250	Fieldwork	-
Building Control	£5,250	Fieldwork	-
Cash Handling	£10,500	Planning	-
Communications	£8,400	Planning	-
Constitution*	£8,400	Draft Report	
Democratic Accountability*	£8,400	Suspended	-
Electronic Human Resources (E-HR)	£7,350	Final Report	Medium Risk
Environmental Health	£5,250	Planning	-
Fostering*	£5,250	Draft Report	
Highways PFI and Waste - Delivery Phase Client Relationships	£9,450	Fieldwork	-

Audit name	Fee	Current Status	Report classification for those audits completed
HR – Workforce management	£9,500	Final Report	Medium Risk
Insurance	£5,250	Planning	-
IT Strategy	£7,350	Final Report	Low Risk
Key Financial Systems:	£12,600	Planning	
o Cash and Bank	-	-	-
o Creditors	-	-	-
o Debtors	-	-	-
o General Ledger	-	-	-
o Payroll	-	-	-
Local Taxation (Council Tax and NNDR)	£5,250	Fieldwork	-
Pan Meadows	£9,450	Fieldwork	-
Payment Card Industry, Data Security Standard (PCI DSS)	£7,350	Fieldwork	-
Payroll and Pensions Administration	£7,350	Planning	-
Placements*	£5,250	Suspended	-
Procurement	£6,300	Draft Report	-
Property Assets	£7,350	Final Report	Medium Risk

Audit name	Fee	Current Status	Report classification for those audits completed
Schools' Audits	£5,250	Planning	-

* Subsequent to consultation with the Head of Internal Audit and senior management two substitutions have been made to our planned programme of work:

- A review of the Council's Constitution has substituted our planned review of Democratic Accountability. Following consultation with the sponsor for the Democratic Accountability review focussing on the Constitution was identified as of greater value to the Council.
- A review of Fostering has substituted our planned review of Placements. This is due to the Placements' initiative not progressing as quickly as projected at the time of our audit planning; Fostering was included in our 16/17 Internal Audit Plan as an optional review.

Appendix 2 - Internal audit performance against key performance indicators 2016/17

Key performance indicator	Adult Social Care	Benefit Payments	Building Control	Cash Handling	Communications	Constitution	Electronic Human Resources	Environmental Health	Fostering	Highways PFI and Waste	HR – Workforce management	Insurance	IT Strategy	Key Financial Systems	Local Taxation	Pan Meadows	PCI DSS	Payroll & Pensions Administration	Procurement	Property Assets	Schools' Audits
Scope agreed prior to fieldwork commencing?	-	Y	Y	Y	-	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Exit meeting held?	-	-	Y	-	-	Y	Y	-	Y	-	Y	-	Y	-	-	-	-	-	Y	Y	-
Draft report issued within 10 working days of completion of exit meeting?	-	-	-	-	-	Y	Y	-	Y	-	Y	-	Y	-	-	-	-	-	-	Y	-
Draft report issued within 10 working days of receiving documentation from auditee?	-	-	-	-	-	-	Y	-	-	-	Y	-	Y	-	-	-	-	-	-	Y	-
Management response received?	-	-	-	-	-	-	Y	-	-	-	Y	-	Y	-	-	-	-	-	-	Y	-
Final report issued within five working days of agreement of management response?	-	-	-	-	-	-	Y	-	-	-	Y	-	Y	-	-	-	-	-	-	Y	-
Client satisfaction survey score (if received)?	-	-	-	-	-	-	9.6	-	-	-	9	-	9.8	-	-	-	-	-	-	9.2	-

Appendix 3 – Potential 2017/18 Internal Audit Reviews

Audit Name	High level focus
Adoption and Other Forms of Permanence	This audit will review the design and operating effectiveness of processes associated with managing adoption and other forms of permanence, for example special guardianship agreements.
Adult Social Care Contracts	This review will focus on ensuring that Adult Social Care contracts are managed as specified within signed agreements. Specifically that charges levied by providers are in line with payment schedules.
Application System: Northgate Revenues & Benefits	This review will ensure that core IT processes applicable to the Northgate Revenues and Benefits system, for example access control and change management, are correctly managed, both from a design and operating effectiveness perspective.
Bereavement Service/Crematorium	This review will focus specifically on the management of income, for example the invoicing of funeral directors and associated recovery action to ensure that payment is received for services provided.
Better Car Fund (BCF)	This audit will review the management of the BCF on the Island. This is valued at £33 million, covering joint care initiatives between the Council and the NHS on the Island.
Beaulieu House and Riboleau House	A joint review of Beaulieu House and Riboleau House. This audit will focus on the financial management of these two establishments, covering both the design and operating effectiveness of arrangements.
Blue Badges	This audit will review arrangements for managing and overseeing the Blue Badge Scheme on the Island. We will review processes for approving and granting Blue Badges, including sample testing of a subset of Blue Badges granted in year.
Concessionary Fares	This audit will review processes in place to manage the Concessionary Fares Scheme. We will sample test scheme payments, to ensure these are correct and in line with the requirements of the Scheme.
Contact Centre: Business Process Re-engineering (BPR)	We will review the design of the highest volume process (to be confirmed) managed primarily in the Contact Centre, making recommendations as to how it could be enhanced for consideration by management.
Contracts/Grant Sourced Spend	This audit will focus on medium sized contracts; specifically that the Council has identified key expectations as to how these should be managed and that appropriate support/oversight is in place corporately to ensure these are correctly managed. Our work will also assess the degree to which benefits projected to be achieved by pending new arrangements in this area have been achieved. As part of this review we will also review the arrangements the Council has in place to oversee grant sourced spend, sourced through the prospectus based approach.
Corporate Governance/Service Planning	New arrangements regarding how core governance, for example risk and performance management and the service planning cycle, are supported and overseen are scheduled to come into effect during early 2017/18. This audit check that these are working effectively.
Development Control	Development Control is responsible for overseeing the Planning Process on the Island, to ensure that development is carried out lawfully. This audit will review the design of processes in place to manage the Planning Process, sample testing a subset of planning applications to ensure these have been managed in line with documented processes.

Audit Name	High level focus
Dinosaur Isle	Dinosaur Isle is the largest retail outlet still directly managed by the Council. This audit will review arrangements in place to manage income, including both parking and retail sales. We will also review management of stock control in the Dinosaur Isle shop.
Emergency Management: Business Continuity	This audit will review progress implementing revised corporate expectations for how services approach business continuity. As part of this review we will sample check plans in service areas, to ensure that they are fit for purpose.
Fleet and Facilities Management	A combined review of two areas which have recently moved under the management of the Business Centre. This audit will review both the design of processes, to ensure they are as effective and efficiently as possible and sample check that key expectations, for example management checks of driving licenses, are being carried out in line with corporate expectations.
Floating Bridge	Passenger charges have recently been introduced on the Floating Bridge. During 2017 new technology is scheduled to be implemented, to remove the need for payment to be made with physical cash. This audit will assess the degree to which projected benefits from this investment are being realised, specifically the achievement of income targets to justify the investment made and associated monitoring and reporting arrangements.
Fraud and Corruption	A new Anti-Fraud Policy is scheduled to be finalised during early 2017. This audit will review the process of implementing this policy, for example ensuring that its requirements have been appropriately highlighted to staff. We will also carry out sample checking of key expectations such as maintaining the gifts and hospitality register to ensure this is being correctly managed.
Housing / Safe & Secure Homes	Eligibility requirements regarding the housing list on the Island have recently been revised, to prioritise those with an Island connection. This audit will review the design of processes associated with managing the housing list, also including sample testing to ensure that the housing list is managed in line with documented processes.
Information Management/IG Toolkit	Due to the need to hold Social Care records the Council is classified as Hosted Secondary Organisation with regard to the NHS Information Governance Toolkit. This sets out specific requirements which the Council has to have in place. This review will check evidence available to support the assertions made in the Council's Information Governance Toolkit Self-Assessment, to ensure they are valid.
IT Change & Configuration Management/Asset Management and IT Governance arrangements	This audit will review the Council's approach to managing its IT asset portfolio, from acquisition to disposal. We will also review IT Governance arrangement, for example upwards reporting of performance management and corporate expectations of how services will manage their IT, to ensure this is being carried out in line with expectations.
IT: Alignment with Business Need	This review will focus on processes in IT to ensure it is aligned with business need. Specifically we will look at the processes for requesting work, to ensure that the benefits of requests are assessed objectively, with the focus on prioritised requests with the greatest projected business benefits. We will also review associated mechanisms to ensure that IT remains focussed on achieving business benefits as work progresses.
Joint Working With Health	This audit will review services provided in collaboration with the NHS against the expectations of the partnership agreement. The primary focus of the review will be on ensuring that funding for each element is assigned to the correct partner, with Council funding focussed on social care outcomes.

Audit Name	High level focus
Learning Disability	This audit will review a sample of personal budget plans, to ensure they are outcome focussed. We will also review progress implementing the action plan stemming from the recent peer review to ensure that actions are being completed in a timely manner.
Licensing	The Licensing Team are responsible for managing a number of statutory schemes, for example ensuring that taxi drivers on the Island are correctly licensed. This audit will review both the design of associated processes and sample a subset of licenses granted in year, to ensure these have been managed in line with documented processes.
Newport Harbour	Newport Harbour is the only statutory port operated by the Council. This audit will review arrangements for the collecting of fees, management of leases and licenses. We will review both the design of processes and carry out sample testing to ensure these are being managed in line with documentation.
Placements	This audit will focus on processes associated with managing external placements, for example at residential homes, within Children's Services. We will review the design of processes, specifically looking at mechanisms used to align the needs of children with the most appropriate form of permanence and sample test a subset of placements made in year, to ensure these have been made in line with the documented approach.
Project Management	With the Council continuing to go through a period of significant change this audit will review arrangement to ensure that this change is well managed. Specifically we will review corporate expectation regarding project management, central support arrangements and review a subset of projects to ensure these are being managed in line with corporate expectations.
Public Health	This audit will review progress implementing the new contract supporting Public Health services; specifically we will focus on the degree to which projected savings have been achieved and plans in place to ensure remaining savings will be achieved on schedule.
Recruitment	This review will focus on recruitment processes, covering both the design of processes, to ensure these are as effective and efficient as possible and that these are being carried out as documented, for example that DBS checks are carried out in a timely manner as and when required.
Regeneration/Strategic Support	This audit will review strategic level Planning Policy and Economic Strategy, to ensure these are aligned with and support the Council's regeneration plans.
Sickness absence	This audit will review corporate expectations as to how sickness absence is managed, including sample testing against corporate expectations in service areas and reporting and monitoring arrangements.
Trading Standards	Trading Standards are responsible for managing a number of statutory schemes on the Island, for example ensuring that retail outlets comply with legal requirements regarding weights and measures. This audit will review both the design of associated processes and sample a subset of inspections and enforcement actions carried out in year, to ensure these have been carried out in line with documented processes.