

June 2017

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 March to June 2017. It provides executive summaries for the six reports issued as final since the last meeting of the Audit Committee.

Two reports are rated as medium risk and two as low risk. Our schools report provides a risk rating for each of the five schools reviewed. One report, on the initiative to review and update the Council's constitution, is not risk rated. Our remaining 2016/17 reports will be presented to September's meeting of the Audit Committee.

As the Committee were informed in previous internal audit progress reports one of our reports from 2015/16, on Adult Safeguarding has not yet been finalised. Subsequent to the completion of our fieldwork for this review there have been a large number of changes within Adult Social Care, for example a new Director, multiple changes in senior management and the implementation of Paris, a new software system to manage care, including safeguarding. Due to these changes and the time which has now elapsed since the completion of our review it is likely that our report is no longer an accurate reflection of the design and operation of safeguarding arrangements. We have also been informed by the Director of Adult Social Care that a specialist third party review has recently been commissioned of adult safeguarding arrangements at the Council – this review will update and substitute internal audit's review in providing assurance regarding effective arrangements being in place over this area of the Council's responsibilities.

Following consultation with the Director of Adult Social Care and senior management at the Council further work towards finalising our 2015/16 review of Adult Safeguarding has been suspended. The Director has agreed that the results of the third party review of Adult Safeguarding will be shared with the Chief Internal Auditor. Dependent on the conclusion of this review we will either report this in summary form to the Audit Committee or, if necessary, schedule further internal audit review in 2018/19.'

This progress report also details progress regarding the wider 2016/17 plan.

Internal Audit Overview

Summary of progress against 2016/17 plan

We have now completed fieldwork for all of 2016/17 reviews, barring two reviews which have been postponed until 2017/18; detail regarding the postponed reviews is provided directly below, further information regarding the status of all 2016/17 reviews is set out in Appendix One:

Environmental Health: this review was originally scheduled for quarter four 2016/17. Due to delays with a major system replacement within Environmental Health our review has been rescheduled to quarter three 2017/18, to maximise the value of our work to the Council.

Adult Social Care – Savings Plans and Dynamic Purchasing System (DPS): this review was originally scheduled for quarter one 2016/17. It was initially delayed until quarter three, to enable time for the Service to develop cost savings plans. It has been subsequently postponed to quarter three/four 2017/18, due to the change in director over the service and to enable our review to focus on savings projected to be achieved during 2017/18.

Summary of progress against 2017/18 plan

Following presentation of our draft 2017/18 Internal Audit Plan to March's meeting of the Audit Committee, our Internal Audit Plan has now been finalised and work has commenced on our 2017/18 programme of work. The scopes have been agreed for all our quarter one reviews, with fieldwork either underway or due to commence shortly. Scoping for our quarter two programme of work is also in progress. Our first progress report covering 2017/18 reviews will be presented to September's meeting of the Audit Committee.

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 eight returned Customer Satisfaction surveys, is 9.1 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 six reports which have been issued as final since the Audit Committee last met in March 2017.

Executive summary – Benefit Payments

Report classification  Low Risk	Trend  Consistent with prior year risk rating.	Total number of findings					
			Critical	High	Medium	Low	Advisory
		Control design	0	0	0	0	0
		Operating effectiveness	0	0	0	2	0
	Total	0	0	0	2	0	

Summary of findings:

This review focussed on testing Housing Benefits (HB) and the Local Council Tax Subsidy (LCTS). These are processed by the Benefits team who are based at the Sandown office. Benefits are a key financial system and assessed by internal audit each year, with HB and LCTS payments representing a significant area of expenditure for the Council, for example for 2016/17 these payments are estimated to be approximately £48,815,893 (not including the Admin Grant of £600,525) and £11,185,328 respectively.

The key findings from this review are set out below.

(i) Processing of new claims

We found that the processing of new benefit claims system at the Council is well managed, with a variety of robust controls in place to ensure that benefits are only paid once the corresponding paperwork has been supplied. We performed testing over a sample of 25 new Housing Benefit and 25 new Local Council Tax Subsidy claims during the year, confirming that all applications from claimants had been signed and dated. We also found that the benefits team were practicing sufficient scrutiny, ensuring that all relevant information was received prior to processing the claim on the Northgate benefit system. Additional information is often requested by the team and only once this has been received and documented are the claims either processed or cancelled.

Across our sample, we found that on average Housing Benefit claims were processed within 14.92 days. This demonstrates good practise against the national average processing time which was 22 days for 15/16 Q4 and 24 days for 16/17 Q1 as per the Department for Work and Pensions 'Housing Benefit Speed of Processing' statistical results. Similarly, LCTS claims were processed on a timely basis taking on average 18.28 days across the sample. Through conversations with key personnel, it was identified that these quick processing times can be attributed to the Council's risk based verification system, which uses the 'Co Active' software to bucket claims into risk categories based on their underlying characteristics, effectively reducing Officer time on claims deemed as low risk. Risk based verification has been specifically tested, as below.

(ii) Extended payments, Back dated payments and Overpayments

The Council's prescribed policy for Housing Benefit backdated, extended payments and overpayments is described within the 'Benefits Procedure' document.

Extended payments (EP) help long term unemployed to find work by giving them an extra four weeks Housing Benefit. It is awarded from the Monday following the date of the change and employment must be expected to last for at least five weeks. It was noted that in two cases, out of the sample of 25, the claimant has been underpaid by one week. This is due to the end date of DWP benefit payment being a Sunday and an incorrect start date being added for the EP. This issue has been raised as a **low risk** finding. We also tested a sample of 25 back dated payments. This testing identified that back dated payments were being processed in line with the Council's prescribed policies, with no issues noted. Up to November 2016 there have been 99 backdated payments.

We tested a sample of 30 overpayments, six of which went through the sundry debtor process to be recovered by the Council's debtor team and 24 which were recovered through benefit deductions. We identified that overpayments had been processed in line with the Council's prescribed policies, however there was one instance where appropriate recovery action had not been undertaken. An overpayment of £922.44 was being clawed back at the rate of £23.60 per week, however the claimant was now in receipt of Working Tax Credit and therefore entitlement to housing benefit ceased and the claim was closed to nil entitlement. The overpayment should have been passed back to the Overpayments team for recovery, however no action was taken. This has been raised as a **low risk** finding.

(iii) Benefits system

Benefit payment runs are specifically checked by the Council prior to authorisation, with exception parameters run against the population to identify any unusual items which are subsequently investigated. Our testing of 20 check sheets confirmed that unusual items flagged on the exception reports had been investigated prior to benefit payment.

Like many other Councils, the Isle of Wight uses Northgate for its benefits system. Annual changes to benefit rates (annual up-ratings) are downloaded onto the system in advance through a Northgate software patch, with the rates being reviewed internally for accuracy against DWP circulars. Tax credit changes are transferred to the Council through the ATLAS system and are imported into Northgate once information is approved by the changes team. Reports from Northgate and ATLAS were requested with the content reviewed by internal audit on 6th December 2016 and 5th January 2017 to identify any long unprocessed items. The December screen print from ATLAS showed there were jobs outstanding only as far back as 22nd November 2016. The January reports showed that there were 85 outstanding ATLAS jobs outstanding dating back to 27/12/2016. In conclusion, the items outstanding related to the Christmas period, and therefore this is not considered to be a backlog of work.

(iv) Reconciliations

To record the value of benefit payments in the financial accounts, details are uploaded directly from the Northgate benefits system into SAP. A reconciliation between the general ledger and the benefits system is performed formally on a monthly basis. It was noted that no reconciliation had been prepared for April 2016. We were informed by management that this was undertaken as part of the May 2016 reconciliation due to competing priorities stemming from the end of year subsidy closedown and bulk housing benefit payment run. It was found that all other reconciliations were completed on a timely basis, and had been appropriately prepared and reviewed.

(v) Risk based verification (RBV) process for new claims



The Council apply a risk based verification process to all new HB and LCTS claims, based on the Risk Based Verification policy.

We evaluated this as part of our testing over 25 new Housing Benefit and 25 new Local Council Tax Subsidy claims, no exceptions were identified. The correct process is being followed in respect of RBV with appropriate supporting evidence obtained and retained based on the claim's rating as either low, medium or high. Compliance against the adherence to the verification standards is monitored by the performance of quality assurance checks which are carried out on a monthly basis by the Training and Subsidy Team. A sample of two quality checks from April and May were reviewed, no issues were noted.

(vi) Preparation for change

Through discussion with management, it was ascertained that changes in central government expectations are being appropriately responded to. Universal Credit (UC) went live on 07/12/2015. UC will only affect new applicants, but will replace several out of work, low-income benefits and tax credits with a single monthly payment. It is designed to make it easier to take temporary or part-time work while claiming additional support. It is planned that this will reduce the number of errors and fraud within the Council. Penalties for delays in reporting of a change of circumstances have also been implemented at the recommended rate of £70 for LCTS and £50 for HB. It was noted that the penalties are mostly related to changes from benefit reviews and also the Real Time Information (RTI) PAYE reporting system. There is a limit on the total amount of benefits that most people aged 16 to 64 can receive, known as the benefit cap, which went live on 07/11/2016. All software to support the benefit changes is in place and since then all relevant reports have been run with confirmation from management that the required exception list was sent to DwP on 04/11/2016.

Executive summary – Local Taxation

Report classification  Low Risk	Trend  Consistent risk rating with prior year.	Total number of findings					
			Critical	High	Medium	Low	Advisory
		Control design	0	0	0	1	0
		Operating effectiveness	0	0	1	2	0
		Total	0	0	1	3	0

Summary of findings:

The Council receives a significant amount of its income from Council Tax and Non-Domestic Rates (NDR), with the responsibility for the collection of both falling under the remit of the Revenues department. The Northgate system is used to record information on properties and individuals/businesses that are liable to pay Council Tax and Business Rates. Charges are revised on an annual basis and bills are raised using property bandings provided by the Valuation Office.

Contextual information is set out directly below:

Outstanding debts for Council Tax and Business Rates		
Year	Council Tax	Business Rates
2015/16	£1,097,109	£267,690
2016/17 to date	£3,545,992	£1,718,315

Amounts passed to bailiffs		
Year	Council Tax	Business Rates
2015/16	£2,309,820	£596,931
2016/17 to date	£1,959,672	£634,889

(i) **Debt Recovery and write-offs**

The Council have a defined process in place for recovering debtor balances. In order to test the operation of the controls in place for debt recovery, a sample of twenty five outstanding debtor balances were tested. It was noted that four, which were with the bailiffs, were not progressing as the Council had not received regular payments. Testing also identified one debt (£305.30) held with one Bailiff had been given a new unique reference number, the debt was not recovered and passed back to the Council (effectively the debt appeared to be 'new', hence recovery action for this debt was not carried out in a timely manner), however, the Collections team were unaware that this had happened until identified during testing. Two further cases were reviewed for this bailiff and no further issues were identified. Six of the thirteen Council Tax cases reviewed had not had the date of the last review updated on the file meaning there is a risk of duplication of debt collection activity on these cases and as a result, cases may not be reviewed regularly or monitored and progressed and investigated with the bailiff. These findings have been raised as a **medium risk** finding. Write offs have also been analysed, with no issues noted over the process and procedures undertaken by the Council. All write offs appear reasonable and valid, with appropriate authorisation.

(ii) **Billing**

Council Tax charges are based on a banding report that is updated and approved by the Council on an annual basis, with rates split by Council Tax bands and location. In order to agree these were charged accurately a sample of thirty properties were tested. NDR are billed based on the rates stated by the VOA (Valuation Office Agency), these are updated annually. In order to test if these had been accurately billed a sample of thirty were tested. No issues were noted in either test. In addition to billing, schedules of alterations were also tested to ensure alterations were timely. A sample of twenty five alterations were tested,

with one **low risk** finding being raised in relation to a delay in issuing a revised bill for two out of thirteen Council Tax customers, following the notification of an amendment.

(iii) Recording of income on Northgate

A daily reconciliation takes place between AXIS, Northgate and SAP for totals of daily income collections. AXIS records information from all local points of receiving income e.g. post offices. Every evening an interface file is created between AXIS and Northgate to record the daily cash intake, in doing so Northgate informs the cash officers of the posting to Northgate. A reconciliation between the three systems take place to ensure income is correctly and accurately recorded by the Council. The reconciliation procedure documentation has been obtained and agreed as accurate. A walkthrough of the process was completed to ensure accurate implementation of the controls, alongside sample testing of 20 income items, to ensure that income is accurately recorded. The testing identified no issues.

(iv) Suspense accounts

Unreconciled receipts are held in designated suspense accounts for both Council Tax and NDR. We noted that the volume of transactions going through the accounts was relatively small in size and volume (NDR: 16 transactions during the year; as of November 2016 the balance was £0. Council Tax: 112 transactions during the year; as of November 2016 the balance was £106.63) compared to the total taxation collected throughout the year. The Council Tax suspense account had a balance of £106.63 as at the time of review in November 2016. A total of 112 transactions had been processed through the account in the year to date, 56 of them being receipts, while the NDR suspense account had a balance of zero at the time reviewed in November 2016. The NDR suspense account had sixteen transactions in the year to date, eight of which were receipts. The suspense accounts are reviewed daily to match off unallocated receipts with payment information received. Although it is the aim, suspense accounts are not always cleared to zero by the month end if relevant information is not available. Given our review of the suspense accounts identified that receipts are promptly cleared, this approach appears reasonable.

(v) Reconciliations

A monthly reconciliation of both Council Tax and NDR is performed between Northgate and the general ledger, SAP. We noted that discrepancies are promptly resolved, however, both the July 2016 and September 2016 reconciliations had not been reviewed within a month of the period end. The delays are due to workload within the department, however this issue was also raised in the 2015/16 review, as such this has been raised as a **low risk** finding.

(vi) Cost effectiveness and business rates retention

Tax can be paid by the public through a variety of different payment methods, including direct debit, internet banking, over the phone and by using All Pay. In recognition of its cost effectiveness, the Council's preferred option of receipt is by direct debit. The public are encouraged to use this method, for example the Council's website lists seven reasons to change to direct debit. Monthly monitoring is also performed over the percentage, value and volume of receipts received by direct debit, detailing a total BACS cost per month.

Through conversations with key personnel, although the Council does participate in annual CIPFA benchmarking, which provides high level channel comparative information, it was noted that the Council have not calculated the individual cost of all receipt methods available to the public. Although direct debit is the preferred approach, calculating this information would assist with decision making in respect of shifting the public away, or suspending, ineffective methods. We have raised this as a **low risk** finding. This is a repeat finding from the 2015/16 internal audit as the agreed actions have not been implemented.



In establishing an accurate collectable business rates income figure for the financial year, it is important that appeal proceedings are carefully forecasted as losses have the potential to materially reduce income. Due to a safety net mechanism any business rate loss is capped at 7.5% which limits the level of financial risk to which the Council are exposed, however a level of volatility and uncertainty remains. As such, the Council have responded by performing monthly monitoring to forecast the outstanding appeals value. Through our testing, we confirmed that business rates retention has been kept under review, with levels monitored against expectations.

(vii) Follow up

As part of our current year work, we investigated whether the agreed actions from our 2015/16 Local Taxation internal audit review had been implemented.

Within the prior year review, we raised three low risk and one advisory finding. In summary, we identified that the agreed actions relating to one of the three low risk findings had been fully implemented, with the remaining agreed actions from the low risk and advisory findings not being implemented by the Council.

Executive summary – Insurance

Report classification  Medium risk	Trend  Consistent with risk ranking when Insurance was last reviewed in 2012/13	Total number of findings					
			Critical	High	Medium	Low	Advisory
		Control design	0	0	3	2	0
		Operating effectiveness	0	0	0	0	0
		Total	0	0	3	2	0

Summary of findings:

This audit reviewed the arrangements the Council has in place to satisfy its insurance requirements. Our work was structured as below:

- *Roles and Responsibilities*: confirming that policies, setting out the Council’s overarching approach to insurance, are in place, supported by documented processes.
- *Actuary*: confirming that actuarial reviews are carried out at appropriate intervals, informed by sufficient information and responded to appropriately.
- *Delivery*: confirming that information, for example how to make a claim, is readily available to interested parties and claims are responded to in a timely manner.
- *Performance Management and Oversight*: confirming that sufficient performance reporting is produced, considered by appropriate forums.

The Insurance Function has been subject to a number of changes over the last five years. Following a restructure in 2011 it moved organisationally under Procurement and Contract Management, more recently in 2015 it moved into the Legal Team. Associated with these changes the level of staffing has been reduced, with the Council now having a single member of staff to manage its insurance related needs. The remaining Insurance Officer has been in post for a number of years and has a good level of understanding of both his role and the historic insurance needs of the Council. However there is a general lack of overarching policies and documented processes, exacerbating the Council’s over reliance on this one member of staff. The key findings of our review are that the Council needs to set out its expectations in clear policies or equivalent, capture the Insurance’s Officer knowledge in documented processes and put in place formal succession planning, to ensure that its needs continue to be met long term.

The Council currently insures itself against a number of liabilities, processing insurance claims under an excess of £125,000 internally. Comparative figures for 2013/14, to 2015/16 and 2016/17 to date are set out below:

	Total claims	Open	Total paid to date	Total claimed	Insurer covered	Internally covered
2013/14	159	2	£248,865	£711,785	£3,512	£699,824
2014/15	125	4	£195,023	£249,798	£105	£242,865
2015/16	127	11	£2,925,799	£3,204,160	£2,680,000	£515,019
2016/17 to date	89	2	£28,796	£158,010	£0	£150,010

We have raised five detailed findings, summarised below:

Roles, Responsibilities and Performance Indicators: the Council does not currently have an appropriate set of policies setting out its high level requirements, approach and expectations regarding insurance, for example how various potential liabilities will be managed and the level of insurance which its tenants are expected to have. At a high level an appropriate set of policies and supporting, documented processes need to be developed. This will help to ensure expectations are clear, no gaps exist and processes are consistently executed. More generally we note that the Council has only one employee who is responsible for all insurance related activity. While some cross skilling has taken place, in addition to documenting processes, a more formal approach needs to be taken to succession planning, to ensure that the Council's insurance needs continue to be managed appropriately and that the Council has access to the skills it requires for an unbroken service to be maintained.

There are currently no performance indicators in place over the insurance function. While resources are limited (one FTE), information regarding the timeliness of claim handling, for example the time taken to respond to initial claims is available and can be reported on from the LACHs (Local Authority Claim Handling) system. To help ensure that claims handling is being effectively managed a realistic set of performance indicators, for example responding to initial queries within five working days, should be agreed and regular reports produced and shared with line management. We have raised this area as a **medium risk** finding.

Agreements with Third Parties: the two areas of the Council's responsibilities, Highways and Waste, which historically have been the source of a high volume of claims, are delivered on the Council's behalf by third parties. We were provided with the relevant sections of the agreements with Island Roads, for Highways and Amey for Waste, confirming that providers are responsible for handling and settling any claims within these areas.

Specific to the Highways PFI we were informed that the fee paid to the provider is considerably higher than that spent on responding to claims, linked to a reduced level of liability in the provider's policies than that effective when the service was managed in-house. While this is not prohibited by the agreement with Island Roads, the costs to the provider are potentially set to reduce further, as the Highway Network continues to improve. Regular meetings with the provider, to provide a degree of oversight from an insurance perspective, specifically regarding the Council's interest as the designated Highway Authority, started in April 2016. These meetings should be more formally managed, for example by implementing a simple shared action tracker, to ensure actions and the underlying issues are addressed in a timely manner. The potential for a gain share agreement with the provider should also be investigated, ideally to enable the Council to benefit financially should the provider make further savings regarding Highway related claims.

The Council also provides a small number of services under Adult Social Care in partnership with colleagues in Health. We were informed that, it did not prove possible to finalise a Section 75 Agreement covering these services during 2016/17. We were further informed that an agreement covering future services, including where responsibilities for liabilities will sit, is in the process of being finalised and is scheduled to be in place by April 2017. As part of finalising this agreement the Council's Insurance Manager should confirm that satisfactory insurance arrangements are in place. We have raised this area as a **medium risk** finding.

Actuarial Review: prior to the most recent actuarial review in September 2016 the previous review was in 2007. Actuarial reviews are carried out primarily to confirm that the risk level for the Council stemming from areas which are self-insured is appropriate, specifically that the Council is not taking on excessive risk and that self-insurance is the best value approach for the areas where it is used. Nine years is an excessive interval between reviews, we were informed that this has been recognised by the Council and it is planned to revert to the previous interval, of triennial review; this is sensible and should continue as planned.

Regarding the overarching process, this is currently informal and very reliant on the skills/experience of a single member of staff. To ensure that the process is exercised consistently and to address the current overreliance on a single member of staff, the process should be documented 'end to end'. For the initial assessment of areas where self-insurance is being considered, quantified criteria should be developed and evidence retained of assessments, to ensure that decisions are defensible. Due to the potential costs for the Council the level at which final decisions are approved should be reviewed, potentially requiring sign off from the Council's highest level of financial authority, the Section 151 officer. We have raised this area as a **medium risk** finding.

Specialist Support: information regarding the policies the Council has in place, contact information, frequently asked questions and the process of how to make

a claim are readily available, as relevant, on the Council's public facing website and corporate intranet. We also reviewed a sample of 25 claims processed since the 1st April 2016, to confirm that they had been processed in a timely manner, with no issues being identified.

We did identify that access to specialist insurance/legal advice is provided informally by solicitors with whom the Council has long standing relationships. While this is provided at minimal cost to the Council, putting in place a contractual relationship would provide the Council with more formal advice, which could be better relied on. The existing relationship with the in-house legal team should also be formalised, with a specific officer nominated and provided with suitable training. We have raised this area as a **low risk** finding.

Performance and VfM: to ensure sufficient high level visibility over insurance quarterly reports from LACHs should be produced covering the value of claims, value of unsuccessful claims, value of claim types, self-insured losses and the timeliness of claim handling. This reporting should be shared upwards, potentially including a member forum, for example the Audit Committee.

The most recent actuarial review confirms that the service is providing good value to the Council, specifically self-insuring is a cheaper option than purchasing specific policies to cover areas such as public liability. However we did note that the level of claims associated with vehicles used for Council business is higher than expected, £27,668 being claimed since the 1st April 2016, out of total claims of £244,947. Options to reduce costs in this area should be investigated, for example introducing an element of personal liability or otherwise incentivising staff. We have raised this area as a **low risk** finding.

Executive summary – Constitution

Summary of findings:

This audit was scheduled to support the Council's current initiative to review and update its Constitution. Our fieldwork was split across two phases:

- *Phase One, September 2016:* covering compliance with core legislative requirements and potential enhancements which could be considered in relation to the Council's current Constitution, drawing on good practice and comparisons with the content of statistical neighbour Constitutions (Torbay Council, Southend on Sea Borough Council, Bournemouth Borough Council, East Sussex County Council and Cornwall County Council); as part of this phase of work we also reviewed the internal consistency of the current Constitution. The output of this review was our Phase One internal audit report.
- *Phase Two, February 2017:* this phase reviewed the Council's response to the Phase One report and assessed progress being made regarding the wider review of the Constitution being carried out by the Council. The output of this review is this summary report.

Phase One was reported to the Head of Internal Audit and review sponsor in Quarter Two, allowing our findings to inform the wider initiative to review and update the Council's Constitution. In summary Phase One of this review identified:

- The Council's current Constitution complies with key legislative requirements, for example setting out the Council's standing orders and members' code of conduct.
- The wording and structure of the Constitution is broadly similar to the content of statistical neighbour Constitutions; this is due to all constitutions being largely based on the model constitution, made available by central government following the Local Government Act 2000.
- The Constitution has been continuously edited over the last 16 years, leading to elements being duplicated, for example with requirements duplicated in members' job profiles, articles specific to committees and procedures/rules. This increases the potential for requirements to be misinterpreted and would be best addressed by ensuring that key requirements are documented in a single location for each structure/forum, for example as identified terms of reference.
- Constitutions in the comparator group of statistical neighbours contain content/structures which could be of benefit replicating in the Council's Constitution. For example, making it clearer which officers are responsible for supporting the various structures/forums documented in the Constitution and how they can be contacted for further information.
- The approach to formatting and linking varies both between different sections of the Constitution and, in places, between different paragraphs on the same page. As part of revising the Constitution a consistent approach to formatting and linking should be agreed, implemented and enforced for any future changes made to the Constitution.

As noted above the Constitution is compliant with legislative requirements; as such only one of the findings in our Phase One report, regarding potential misinterpretation due to requirements being duplicated at multiple points in the Constitution, attracted a risk ranking (with a rating of low risk), other areas summarised above being raised as advisory recommendations.



The wider initiative to review and update the Constitution is, at the time of reporting, substantively complete. The Constitution Working Party (comprising of senior councillors from across political groupings, with meetings attended by senior officers as necessary) has met five times, to consider how different sections of the Constitution can be enhanced. This led to 78 suggestions from councillors as to how the Constitution and the various structures/forums should be revised, to maximise the effectiveness of the Constitution as the primary source of reference for the democratic workings of the Council.

Of the 78 enhancements suggested by the Constitution Working Party, our review confirmed that the vast majority have been either actioned directly, actioned implicitly by wider changes or are planned to be addressed. Where suggestions have not been implemented (nine out of 78) this is due either to changes not being possible, for example due to legislative requirements or due to decisions as to whether they should be progressed being postponed until after the May 2017 elections.

Regarding the findings raised in Quarter Two we are pleased to report that the finding which attracted a risk ranking, on the potential for misinterpretation of requirements due to these being documented in multiple locations, has been substantively addressed. Overall, out of 29 granular enhancements suggested, 21 have either been implemented, or are planned to be implemented as the revised Constitution is finalised. For clarity the proposed changes not progressed are summarised below:

- *Comprehensively referencing applicable legislation (two associated enhancements):* while the constitution does reference some legislation doing this more comprehensively would be an additional overhead which, with available resourcing, is not felt to be sustainable.
- *Listing/mandating knowledge/training requirements:* while training is provided for councillors, including additional training associated with committees, making this requirement explicit would require additional funding, a time commitment from committee members and is not legislatively required. As such this enhancement was not felt to be realistic.
- *Introduce a single glossary of terms/definitions as an appendix, referenced as necessary via footnotes:* while the value of this enhancement was accepted in the short term there are insufficient resources available to carry out the necessary work.
- *Graphical representations of how democratic processes work:* the Council's view is that democratic processes are too complex to present graphically and that this is already clear in the Constitution's narrative.
- *Identification of the Council's strategic priorities and how these are supported by democratic processes:* while the value of this enhancement was recognised it is likely that strategic priorities will change, subsequent to the May 2017 election. As such it will be revisited in future, once these are clear.
- *Revisiting if a standing Employment Committee is necessary:* this suggestion will be revisited after the May 2017 election.

Executive summary – Procurement

Report classification  Medium risk	Trend  We have not previously carried out a review of Procurement with an equivalent scope.	Total number of findings					
			Critical	High	Medium	Low	Advisory
		Control design	0	0	2	4	0
		Operating effectiveness	0	0	0	0	0
		Total	0	0	2	4	0

Summary of findings:

This review focussed on the Council’s approach to procurement, specifically the revised Procurement Strategy, underpinning action plan, compliance with Contract Standing Orders (CSOs) and oversight arrangements. Procuring goods and services from third parties is a significant area of expenditure for the Council and realising efficiencies from its future procurements will be central to making cost savings over the medium term; for context the Procurement Strategy identifies that the Council spends approximately £120m a year with suppliers and third parties.

In overview this review covered:

- *Procurement Framework*: an overarching action plan is in place, setting out how the Council’s Procurement Strategy and wider enhancements to Procurement will be progressed; this covers: consultation with stakeholders, streamlining processes, updating documentation, greater use of technology such as e-procurement, ongoing compliance with legislative requirements and enhanced performance management.
- *Organisational alignment*: processes are in place to identify and align with the procurement needs of the wider Council.
- *Delivery*: CSOs are being complied with and satisfactory progress is being made implementing actions on the action plan underpinning the revised Procurement Strategy and wider enhancements to procurement.
- *Oversight*: appropriate mechanisms are in place to maximise the performance of Procurement, identify and address at the earliest opportunity any underperformance.

At a high level the conclusion of our review is positive. We did not identify any noncompliance with CSOs, there are no significant gaps in the underpinning action plan and reasonable progress is being made realising the new Procurement Strategy and wider enhancements to the Procurement Function. Our review has identified a number of further enhancements which should be progressed, to ensure procurement is exercised consistently and that the Council maximises the value it receives from its contract spend. We have raised six detailed findings, summarised below:

- *Low value Procurement (under £25,000, total value)*: the revised Contract Standing Orders (CSOs) set out a number of expectations for procurements under £25,000 in value, for example the requirement to get three quotes for procurements between £10,001 and £25,000 and the need to achieve and evidence VfM. Currently there is limited involvement from the Procurement Team to either support or oversee procurements under £25,000 –this is limited to ad hoc querying of the SAP system to identify potential anomalies, with some follow-up investigatory work, responsibility for procurement at this level sits almost wholly with service areas, although further support can be requested from the Procurement Team if required. It is also worth noting that we have not been able to quantify the Council’s level of procurement spend at this level, due to the expenditure being spread across multiple cost codes. The current position represents risks with regard to undetected non-compliance with CSOs, poor value, unjustified spend and potentially undetected fraud.

The risks associated with the current position have been recognised by the Council and we were informed that enhanced resourcing for the Team has been agreed. Once this is in place there will be designated leads for the various areas of the Council and greater support will be available for lower value procurements – once this is in place a level of sample checking should be considered, to confirm that CSOs are being complied with for lower value

procurements. We were also informed that while automated reporting (based on trigger points, for example procurements just under authorisation levels) is available and the Procurement Team are automatically notified of all procurements over £20,000 in value, oversight below this threshold is limited. While potentially it may be possible for these to be run on a more regular basis it should be considered whether ownership for running these reports would better sit with another Team, for example corporate finance. Specific to VfM producing a simple form, with embedded guidance should be considered. We have raised this area as a **medium risk** finding.

- *Oversight/Performance Management*: oversight of the action tracker, underpinning the Procurement Strategy and of the wider performance of Procurement is currently provided through fortnightly Procurement Team meetings and one to one meeting between the Procurement Manager and the Head of Legal and Monitoring Officer; neither of these forums are currently minuted. While a ‘trial’ Procurement Service Update report was produced earlier in 2016 this is narrative in format, time consuming to produce and has not been produced again, subsequent to the trial version.

Subsequent to the completion of our core fieldwork an enhanced report, providing detailed, quantified information regarding procurement activity, for example the volume and value of procurements in each period, is now produced. This document is shared with senior management, via call over and with the Audit Committee. The key area currently missing from this report is a measure of customer satisfaction. The most straightforward way to address this would be to seek feedback from future, planned training sessions and include this in summary form in future reporting. We were also informed that enhanced, potentially automated reporting will become available when the contract monitoring module of the e-tendering system is implemented in 2018. As this functionality becomes available it should be implemented as planned. We have raised this area as a **medium risk** finding.

- *Procurement Strategy/Action Tracker*: we were provided with the Council’s new Procurement Strategy for our review. This document is a significant improvement on the previous version, specifically it now better aligns to the Council strategic objectives, for example maximising the number and value of contracts let to Island based companies. We were also informed that the Strategy has been supported by consultation with both the FSB (Federation of Small Businesses) and Isle of Wight Chamber of Commerce. While the document provided for our review was in draft, it has subsequently been approved by Executive at their meeting on the 10th November 2016.

The Strategy and wider enhancements to the Procurement Function are underpinned by a detailed action tracker. We sample tested five of the 15 actions marked as complete on the action tracker, with satisfactory evidence being provided in all instances. We did note that there are eight actions with detail, for example scheduled completion dates, missing. Detail should be added for these actions as soon as possible, with the highest priority actions (identifying enhanced performance measures and capturing the Procurement Team’s time spent on significant procurements) ideally in place by the May 2017. These two actions will help to maximise the performance of the Procurement Function. We have raised this area as a **low risk** finding.

- *Sample Testing: In year Procurements*: to confirm that Contract Standing Orders (CSOs) are being complied with we sample tested 15 out of the 52 procurements initiated since the 1st April 2016. While our sample testing did not identify any instances of non-compliance with CSOs we did note that only three out of 15 procurements sampled utilised framework contracts. The Team is actively identifying and progressing greater use of framework contracts, for example for service and maintenance of firefighting equipment; frameworks enable a more efficient approach to procurement and this initiative should continue as planned. We have raised this area as a **low risk** finding.
- *Contract Standing Orders (CSOs)/Procurement Process*: revised CSOs were approved by Full Council on the 25th May 2016 and are set out in the latest version of the Council’s constitution, dated June 2016. The revised CSOs set out banded expectations, dependent on the value of individual procurements. These vary from the requirement to gain multiple quotes for lower value procurements (between £10,000 and £25,000) up to full EU compliant expectations for high value procurements, for example advertising in the OJEU (Official Journal of the EU) and quantified assessment criteria for tenders submitted. Expectations are set out both in narrative and tabular formats. While we did not identify any inconsistencies between these two approaches the CSOs could be clearer, as key expectations could be missed as they are currently presented. For example the requirement to have a set period for tenders to be submitted is specified in the narrative but not the table, while the requirement to advertise in the South East Business Portal is set out in the table but

not the narrative.

All expectations should be set out in one place, in an easy to understand, ideally tabular format – this will help to ensure that no requirements are missed and the CSOs inadvertently not complied with. For some expectations, for example the requirement to ensure that no evaluators are personally involved with potential providers, pro-forma documents should be produced, to enable evidence of compliance to be better captured. Also, for higher value procurements, more formality should be introduced, for example setting out terms of reference for evaluation panels. We have raised this area as a **low risk** finding.

- *Organisational alignment and Training*: our review of this area was largely informed by a survey sent out to all recent users of the Procurement Team's services. 49 surveys were completed, a completion rate of 68%, with 84% of respondents self-identifying as either senior managers or managers. The majority of survey respondents were very positive about the Procurement Team and the quality of procurement and contract advice provided. 73% rated the knowledge of the Procurement Team and 68% of respondents rating contract advice as eight out of ten or above. However, there is a widely held view that the Team is under resourced, 83% agreeing with this statement with, potentially linked to this, 65% rating the timeliness of advice as seven out of ten or below. There is also a widely held appetite for the Team to provide more support across the procurement process, 95% of respondents agreeing with this statement.

Generally our survey shows that knowledge of CSOs is good, although VfM is an outlier, with 45% of respondents identifying at least one of the three VfM measures (Economy, Efficiency and Effectiveness) incorrectly. A number of training sessions have already been delivered, with more planned – VfM should be a particular focus of further training as this is provided. More widely, progressing further enhancements is limited by the current level of resourcing within the Team. It is worth recommunicating the purpose of the Team, i.e. to support rather than offer more hands on involvement in procurements. The other enhancement, identified through our survey, is putting in place mechanisms to help ensure that any inconsistent advice is identified and addressed at the earliest opportunity. We have raised this area as a **low risk** finding.

Executive summary – Schools

Overall risk rating per School:

School	Critical	High	Medium	Low	Advisory
Hunnyhill Primary School	0	0	✓	0	0
Niton Primary School	0	0	✓	0	0
St Thomas Primary School	0	0	✓	0	0
Carisbrooke Primary School	0	0	✓	0	0
Greenmount Primary School	0	0	✓	0	0
Total	0	0	5	0	0

Summary of findings:

Five Schools were selected for audit. The review focused on four key areas; Budgeting, Income, Management of Unofficial Funds and Expenditure Transactions. We have also assessed whether there are any major discrepancies from the results of our audit work and each school's submitted SFVS (School's Financial Value Standard) assessment. The five schools reviewed were:

- Hunnyhill Primary School.
- Niton Primary School.
- St Thomas Primary School.
- Carisbrooke Primary School.
- Greenmount Primary School.

While each school had localised financial control issues, there were a number of common control issues identified. The Council should consider addressing these across all Council schools via reminders and training. The main issues relevant to all schools are below:

- Pupil Premium Grant (PPG) – Not all schools meet explicit government guidance (*Pupil Premium: Funding and Accountability - 8th September 2016*) on producing a clear detailed pupil premium grant spend plan for 2016/17 with monetary values reported.
- Bad Debt Policy – Schools often failed to produce and clearly specify their bad debt procedures within an approved policy.
- Expenditure Process – Schools do not always implement a three way match process between a purchase order, invoice and goods received note. Where it is in place, it is not always applied correctly.
- Bank Reconciliations – Bank reconciliations are not always prepared and reviewed on a timely basis. We would expect this to be undertaken within a month of the relevant month end to ensure that any issues identified can be quickly rectified.
- Bank Mandates – Current bank mandates are not always held by the schools. On occasions it has been noted that inappropriate staff members were included on schools' bank mandates.

Alongside the issues applicable across Island schools, there were specific issues at each school reviewed, these are detailed at a high level within this summary. A separate finding for each school is contained within the detailed findings section of the full report. The specific findings have also been communicated to each school prior to the issuing of this audit report. Each of the schools met all the prescribed Council deadlines, filing their budget on time as well as meeting the national deadline in filing their SFVS. The minor exception to this was St Thomas, where the November 2016 plan was received by the Council in

December 2016. This had been agreed with the Council as the Local Authority School Improvement Manager was meeting the Full Governing Body on 29th November to discuss organisational proposals, the results of which would feed into the plan. This is accepted as reasonable. In summary:

Hunnyhill Primary School rated as medium risk

Hunnyhill had good budgetary control, with no significant variances from budget at the time the fieldwork was performed; detailed progress reports are used to inform the governors of the budget progress. Our main findings were as follows; Sample testing was performed over five expenditure transactions raised during the year. On each occasion, retrospective purchase orders were raised, with the expenditure invoice having already been received by the school prior to the creation of a purchase order.

There is a lack of segregation of duties between collecting cash and counting cash prior to the cash being recorded on the system and stored, although the school did highlight that this is not always possible, due to the level of staffing available. The same individual currently collects, counts and records the balance of cash received. A minimum of two individuals should be involved within the cash collection process. Further to this the school do not hold a current copy of the bank mandate as such inappropriate individuals could have access to the schools fund; while the school did provide us with a list of signatories from the bank the mandate does need to be updated at the earliest opportunity. An inappropriate individual has been defined as an individual with no financial authority to execute financial transactions.

Niton Primary School rated as medium risk

Niton had a good understanding of the financial requirements of a school, and were supported by an involved governing body, made up of individuals with previous financial experience. Our main findings concerned the following; Sample testing was performed over two bank reconciliations. On one occasion the reconciliation had not been prepared or reviewed on a timely basis. The bank reconciliation for May 2016 was performed on 13th July and reviewed on 15th July, six weeks from the month end.

Per the government guidance (*Pupil Premium: Funding and Accountability -8th September 2016*) schools maintained by the local authority must publish their strategy for the school's use of the pupil premium on their websites. The PPG report uploaded on the website relates to the prior year. However this was due to the school transitioning between websites at the time of our review – the new website had the correct information on, however the 'old' website (still live at the time of our fieldwork) had the information for the prior year.

There is also a risk of inappropriate expenditure occurring at the school. Sample testing was performed over five expenditure transactions raised during the year. Testing identified on three occasions that no purchase order was available and therefore no approval of this expenditure could be evidenced. The expenditure related to broadband services (£936), advertising in the county press (£245.23) and the hire of a vehicle (£111).

St Thomas Primary School rated as medium risk

St Thomas had an established finance team, who are knowledgeable about their roles within the school. Most significant financial controls are in place at an acceptable standard. Our main findings are as follows; Sample testing was performed over the four income transactions, all relating to lettings, raised during the year to date. We identified that no invoices had been raised for any of these lets, therefore there was no due date for payment of the fees. Income collected at the school is minimal with the cumulative value of this being valued at £120. A current bank mandate was not available to review. Through evidence provided by the school's bank, it was identified that an inappropriate individual is currently named on the mandate. Further to this there is a lack of segregation of duties between collecting cash and counting cash prior to the cash being recorded on the system and stored. The same individual currently collects, counts and records the balance of cash received. A minimum of two individuals should be involved within the cash collection process. An inappropriate individual has been defined as an individual with no financial authority to execute financial transactions.

Carisbrooke Primary School rated as **medium risk**

Carisbrooke had a strong awareness of the Councils' expectations of a school managing their financial obligations and duties. Our main findings identified are; There is no plan or strategy for Pupil Premium Grant (PPG) spend for 16/17 in place. Therefore the school are not compliant with guidance (*Pupil Premium: Funding and Accountability -8th September 2016*) in ensuring that a PPG plan is published on the school's website.

The school do not have a documented bad debt policy. Discussions with the school business manager also indicated there was no set procedure in the chasing and collection of outstanding debts. As of the time of testing there was no outstanding debts, however a formalised process would aid in the collection of debtor balances. Sample testing was performed over five expenditure transactions raised during the year. On two occasions purchase orders were not raised for expenditure. For the remaining three, no evidence of authorisation being sought prior to ordering could be found. The total expenditure value for non-raised Purchase Orders was £230.

Greenmount Primary School rated as **medium risk**

Greenmount demonstrated a good application of an effective three way match expenditure process. A relevant purchase order, delivery note and invoice was available to be evidenced, with appropriate approval applied to each supporting documentation.

Sample testing was performed over two bank reconciliations. On both occasions the reconciliation had not been prepared or reviewed on a timely basis (one month). As well as this the school do not hold a current copy of the bank mandate, as such an inappropriate individual could have access to the school funds.

Follow Up

We followed up the 15/16 schools review as to determine the progress of implementing the agreed actions. Management representation from each school was obtained in addition to evidence of the school implementing the findings. The review of actions undertaken has been given a rating of either fully implemented, partially implemented or not implemented the specific agreed action. A summary of results has been indicated below:

- Nine Acres – Two fully implemented, one partially implemented and three not implemented.
- Brading – Eight fully implemented, zero partially or not implemented.
- Brighstone – Four fully implemented, two partially implemented and one not implemented.
- St Helens – Three fully implemented, four partially implemented and zero not implemented.
- Nettlestone – Six fully implemented, one partially implemented and one not implemented.

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 <p>Service Disruption 3-5 Days</p>	<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 	<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
		major and persistent nature					
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 Service Disruption 2-3 Days 	<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 Service Disruption 1 Day 	<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	Postponed	-
Benefit Payments	£5,250	Final Report	Low Risk
Building Control	£5,250	Final Report	Low Risk
Cash Handling	£10,500	Draft Report	-
Communications***	£8,400	Suspended	-
Constitution**	£8,400	Final Report	N/A
Democratic Accountability**	£8,400	Suspended	-
Electronic Human Resources (E-HR)	£7,350	Final Report	Medium Risk
Environmental Health*	£5,250	Postponed	-
Fostering**	£5,250	Final Report	Medium Risk
Highways PFI and Waste - Delivery Phase Client Relationships	£9,450	Draft Report	-
HR – Workforce management	£9,500	Final Report	Medium Risk

Audit name	Fee	Current Status	Report classification for those audits completed
Insurance	£5,250	Final Report	Medium Risk
IT Strategy	£7,350	Final Report	Low Risk
Key Financial Systems	£12,600	Draft Report	-
Local Taxation (Council Tax and NNDR)	£5,250	Final Report	Low Risk
Pan Meadows	£9,450	Draft Report	-
Payment Card Industry, Data Security Standard (PCI DSS)	£7,350	Draft Report	-
Payroll and Pensions Administration	£7,350	Draft Report	-
Placements*	£5,250	Suspended	-
Procurement	£6,300	Final Report	Medium Risk
Property Assets	£7,350	Final Report	Medium Risk
Schools' Audits	£5,250	Final Report	N/A

Subsequent to consultation with the Chief Internal Auditor and senior management a number of changes have been made to our planned programme of work for 2016/17, summarised below:

* Postponed reviews:

- Adult Social Care – Savings Plans and Dynamic Purchasing System (DPS): this review is now scheduled for quarter one, 2017/18.
- Environmental Health: this review is now scheduled for quarter three, 2017/18.

** Substituted reviews:

- 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.

Suspended reviews:

Communications: due to ongoing changes to this service area, subsequent to our programme of reviews being agreed, this review was felt to be of limited value to the Council. The budget for this review was used to partially fund a supplementary, investigative review, currently in draft.

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	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Draft report issued within 10 working days of completion of exit meeting?	-	N	N	N	-	Y	Y	-	Y	N	Y	N	Y	N	N	N	Y	Y	Y	Y	N
Draft report issued within 10 working days of receiving documentation from auditee?	-	N	N	N	-	Y	Y	-	Y	N	Y	N	Y	N	N	N	Y	Y	Y	Y	N
Management response received?	-	Y	Y	Y	-	Y	Y	-	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Final report issued within five working days of agreement of management response?	-	Y	Y	-	-	Y	Y	-	Y	-	Y	Y	Y	-	Y	-	-	-	Y	Y	Y
Client satisfaction survey score (if received)?	-	9	-	-	-	8.4	9.6	-	-	-	9	8.2	9.8	-	-	-	-	-	9.6	9.2	-

Detail regarding reviews which have been postponed, suspended and substituted is set out in Appendix 1. The finalisation elements (from fieldwork completion, to issue of draft reports) has been delayed for a number of our quarter three and quarter four review, as above. This is primarily due to changes in senior staffing at the Council and consequent delays in reports being signed off, prior to issue to sponsors.