



AUDIT COMMITTEE

24 June 2015

Subject Heading:	Audit Plan 2015/16
CMT Lead:	Deborah Hindson Acting Managing Director oneSource
Report Author and contact details:	Vanessa Bateman, Internal Audit & Corporate Risk Manager Tel 01708 433733 vanessa.bateman@onesource.co.uk
Policy context:	To inform the Committee of the proposed audit plan for 2015/16.
Financial summary:	N/a

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	X
People will be safe, in their homes and in the community	X
Residents will be proud to live in Havering	X

SUMMARY

This report provides the Audit Committee with a proposed audit plan for 2015/16. It includes the interim plan which was presented in March 2015 and notes any minor changes to that plan that have occurred in quarter one.

At the time of producing this report the service review for internal audit had been completed however the restructure had not been implemented therefore the Audit Strategy is pending review once the resources available to deliver the plan are confirmed.

RECOMMENDATIONS

1. To approve the 2015/16 audit plan.
2. To raise any issues of concern and ask specific questions of officers where required.

REPORT DETAIL

1. Introduction

- 1.1 The Internal Audit Service is part of oneSource and was identified in the first year of service reviews. The service review is complete and this has considered the audit service required by the two partner authorities and the structure required to deliver this service. It has made recommendations regarding how efficiencies can be achieved but these are yet to be implemented. A structure has been proposed but the change management process has not yet been completed.
- 1.2 An interim plan covering the first quarter of 2015/16 was presented and approved by the Committee at the previous meeting in March. A full year plan had not been produced due to the fact that work to review the strategy and number of days of resource available were dependent on the restructure which had yet to be implemented
- 1.3 Implementation of the new structure will take place over the coming months. Pending that implementation, an audit plan for the remainder of the year has been prepared based on existing levels of resources and is presented for the Committee's approval. As always, the audit plan will be responsive to changing risks and priorities during the year. It may be necessary to present a revised plan to the Committee later in the year, once details of the resources that will be available under the new structure have been finalised and the audit strategy has been reviewed.
- 1.4 Work to deliver the 2015/16 interim audit plan commenced in April 2015 and the work delivered against the plan will be presented to the September Committee in line with the quarterly reporting cycle.

2. Developing the 2015/16 Audit Plan

- 2.1 The methodology used to develop this plan focused on the quantification of the risks associated with the London Borough of Havering's objectives in consultation with key officers. The process has identified a number of audit areas that will require attention in year but focused on highlighting the areas where priority is needed.
- 2.2 As part of the planning process, assurances planned or available from other sources are considered and some risk areas have been proposed for inclusion in the proactive audit plan which will be delivered by the Fraud Team, whose auditors will be a link between the two teams in the new structure helping ensure that the objectives of both the audit and fraud strategies are achieved in an efficient and effective manner.
- 2.3 In addition, for the development of the 2015/16 audit plan there have been meetings with colleagues working in Newham to discuss shared and converging systems and processes and the opportunity to provide increased assurances with reduced audit input. Although opportunities are evident, as expected the two organisations are very different and levels of risk vary so the majority of the audit plans remain separate. However even for these audits, sharing of expertise will be beneficial.
- 2.4 The draft plan has been circulated to senior management for comment.

3. Proposed Plan

- 3.1 The audit plan has been developed to provide maximum assurance using the internal audit resource available. Considering the resources that are available during 2015/16 and expected utilisation rates, the full oneSource plan contains 2,148 days. 560 days have been allocated to Havering Audits and 110 days to auditing oneSource services across both authorities.
- 3.2 Appendix A attached to this report contains the proposed audit plan for 2015/16. The complete oneSource audit plan, including Newham audits, is presented for information.

IMPLICATIONS AND RISKS

Financial implications and risks:

The costs related to delivery of this audit plan will be met from within the 2015/16 budget for the Audit Service. The resources available are sufficient to review all the high risk areas identified in the planning process as well as allowing the team to undertake some probity work. There are risks associated with not having an adequate audit provision to provide assurance and protect the organisation from loss.

Legal implications and risks:

None arising directly from this report.

Human Resources implications and risks:

None arising directly from this report. Risk relating to the change management process within the service will be managed under the relevant policy and procedure.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

None

oneSource Audit Plan 2015/16

Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
oneSource LBN/LBH	ICT	25	Data Centre	2	Audit intelligence	IT audit
oneSource LBN/LBH	ICT	25	Disaster Recovery	3	Has not been audited recently	IT audit
oneSource LBN/LBH	Exchequer & Transactional Services (oneSource)	30	NNDR	4	Has not been audited recently	Fundamental Financial Systems
oneSource LBN/LBH	Exchequer & Transactional Services (oneSource)	30	Council Tax Collection	2	Has not been audited recently.	Fundamental Financial Systems
Havering	Asset Management (oneSource)	20	Capital works in schools	1 -> 3	High value/high profile capital project	Procurement/Commissioning/Contracts
Havering	Cross Cutting	20	Assurance on mitigations identified for Corporate Risks	Q3	TBC - following next review of the CRR and the review of Service Risk Registers in Service Plans in May/June 2015.	Strategic Risk
Havering	Cross cutting	20	Car Pool	1	New policy implemented in 1415	Strategic and Operational Risks
Havering	Cross cutting	15	Complaints	4	New approach 2015/16	Strategic and Operational Risks
Havering	Cross cutting	15	Compliance with procurement rules	1 -> 3	Service to be determined	Compliance review

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Havering	Cross cutting	10	Declaration of Interests	4	Issues of failure to declare interests and lack of awareness of responsibilities identified in 2014/15 actions by Governance Group but need to ensure effective.	Compliance review
Havering	Cross cutting	15	Follow up audits	1	Follow up of limited assurance reports from 1415	Strategic and Operational Risks
Havering	Cross cutting	5	Grant claims	1	Some returns require Internal Audit sign off	Assurance regarding accuracy and completeness of return and compliance with corporate approach
Havering	Cross cutting	15	I Procurement	1	Issues with duplicate payments detected and new version implemented in 1415	Strategic and Operational Risks
Havering	Cross cutting	15	NEPRO system		New system to control the engagement of consultants implemented 1415	Strategic and Operational Risks
Havering	Cross cutting	20		2	New system implemented, new oneSource approach. Some Governance issues in 2014/15.	Strategic and Operational Risks

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Havering	Cross cutting	5	Recommendation Monitoring	1	Progress to implement all audit recommendations is tracked and results are reported to CMT and audit committee	Strategic and Operational Risks
Havering	Cross cutting	20	Savings Programme	3	Assurance required that processes around benefits realisation are robust. Overall governance but detailed review of two savings areas.	Strategic and Operational Risks
Havering	Exchequer & Transactional Services (oneSource)	5	Governance Risk Control Compliance	1	This module is part of one oracle and has significant control possibilities if properly deployed and utilised	Consultancy/Advice
Havering	Exchequer & Transactional Services (oneSource)	20	Council tax collection	3	Has not been audited recently	Fundamental financial system
Havering	Homes and Housing	15	Private Sector Leasing	1	New team/strategy established 1415	Strategic and Operational Risks
Havering	ICT (oneSource)	15	Remote access	1	Confirming that there are adequate security controls around remote access to the council's network.	IT audit
Havering	ICT (oneSource)	11	Prior year IT audits		To complete prior year audits	

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Havering	ICT (oneSource)	24	Contingency	2,3&4	Scope yet to be determined	Strategic and Operational Risks
Havering	ICT (oneSource)/ Asset Management (oneSource)	15	ID Smart Cards	1	This was a 14/15 audit not started prior to April 2015	Operational Risks
Havering	ICT /Procurement (oneSource)	15	Off Site Storage	1	Confirming that there are adequate arrangements for off site storage of records and management of these records.	Strategic and Operational Risks
Havering	Learning and Achievement	15	Catering Services	4	In 2014/15 there was a investigation that identified significant failings in this area. Management have requested assurance that the new system of internal control implemented is efficient and effective.	Strategic and Operational Risks
Havering	Learning and Achievement	10	Pupil Place Planning	1	To ensure that a robust approach is applied to forecasting the demand for school places in the Borough in future years.	Strategic and Operational Risks

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Havering	oneSource Human Resource	15	TALENT LINK	15	New system in 14/15 N.B. In the proactive plan there is also some days allocated to recruitment fraud.	Strategic and Operational Risks
Havering	School Audit Health checks	15	School audit Health checks	1	Traded Service with schools	Strategic and Operational Risks
Havering	School Audit Health checks	50	School audit Health checks	2,3 & 4	Traded Service with schools	Strategic and Operational Risks
Havering	Schools	25	School audits	1	Rolling programme of schools audits	Strategic and Operational Risks
Havering	Schools	50	School audits	2,3 & 4	Rolling programme of schools audits	Strategic and Operational Risks
Havering	Service TBC	5	Governance Review of one service area to inform Annual Governance Statement	4	Assurances required by s151 as part of the governance framework. Requests have been received from Heads of Service to give independent assurance on how they operate and compliance with rules. Outcome would inform AGS and also good practice and lessons learned would be shared with others.	Corporate Governance
Havering	ICT (oneSource)	5	Follow Up Audit Recommendations	2,3&4	From Limited or Nil Assurance Audits	

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Newham	Adults	10	Care Act 2014 - consultancy	1	New legislation	Consultancy/Advice
Newham	Adults	2	Newham Health Protection Sub-Committee	1,2,3 & 4		Consultancy/Advice
Newham	Adults	15	Client Affairs	1	Due to sensitivity, this is audited annually	Corporate Governance
Newham	Adults	20	Mental Health Safeguarding	2	At request of service.	Strategic and Operational Risks
Newham	Adults	15	Brokerage	4	Not audited before	Strategic and Operational Risks
Newham	Adults	20	Scheduled reviews	3	Part of operating model that has not been examined	Strategic and Operational Risks
Newham	Adults	15	Home Adaptation and Independent Living Team – Disabled Facilities Grant	2	Transferred to Adults in 2013	Strategic and Operational Risks
Newham	Adults	15	Managed Account Service – management and monitoring of pre-paid cards	2	Service taken back in house from outsourced provider.	Strategic and Operational Risks
Newham	Adults	5	Azeus case management system	4	New application.	IT audit
Newham	Adults	20	Independent Living Support Services	3	Not audited before	Procurement/Commissioning/Contracts
Newham	Adults	10	Better Care Fund	4	New activity	Strategic and Operational Risks

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Newham	Adults	15	Access Team – application of the ordinary residence policy	2	At request of service.	Strategic and Operational Risks
Newham	Asset Management (oneSource)	15	School expansions and new builds	3	High value/high profile capital project	Procurement/Commissioning/ Contracts
Newham	Children's Safeguarding	15	Business Continuity Planning	1	Legislative duty to ensure that the council can continue to deliver its functions in an emergency	Strategic and Operational Risks
Newham	Children's Safeguarding	15	No recourse to public funds (NRPF)	1	In consultation with service.	Strategic and Operational Risks
Newham	Children's Safeguarding	50	Schools census returns	1	Concerns were identified with the accuracy of data during an audit of excluded children	Strategic and Operational Risks
Newham	Children's Safeguarding	10	Troubled Families payments by results return	1,2,3 & 4	To carry out certification.	Compliance review
Newham	Children's Safeguarding	20	Children in Need Section 17 payments	2	Risk of overspend	Strategic and Operational Risks
Newham	Children's Safeguarding	20	Disabled Children and Leaving care placements	3	Audit intelligence	Strategic and Operational Risks
Newham	Children's Safeguarding	20	Emergency Duty Team	4	Requested by Service (Adults)	Strategic and Operational Risks
Newham	Children's Safeguarding	20	Panel processes	4	Audit intelligence	Strategic and Operational Risks

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Newham	Children's Safeguarding	15	Amber contact EBU	3	Audit intelligence	Strategic and Operational Risks
Newham	Children's Safeguarding	15	Childview application	3	IT application review	IT audit
Newham	Community and Environment	20	Capital Monitoring	1	Lack of forecasting identified in period 8 budget monitor	Procurement/Commissioning/ Contracts
Newham	Community and Environment	20	Contract Management of activeNewham	1	Ensuring that the council has appropriate contract monitoring arrangements	Procurement/Commissioning/ Contracts
Newham	Community and Environment	15	Stores	4	Audit intelligence	Fundamental Financial Systems
Newham	Community and Environment	15	Repairs on Local Space equity properties	2	Audit intelligence	Strategic and Operational Risks
Newham	Children's Safeguarding	15	Library buildings - contract management	2	Refurbishment expenditure planned.	Procurement/Commissioning/ Contracts
Newham	Community and Environment	15	Traffic Management Orders	4	These are essential for collection of parking income.	Strategic and Operational Risks
Newham	Children's Safeguarding	20	Community Hubs - contract monitoring	4	Ensuring that the council has appropriate contract monitoring arrangements	Strategic and Operational Risks
Newham	Human Resources/Organisational Development (oneSource)	10	Talentlink	3	New application.	IT audit
Newham	Cross cutting	20	Agency staff vetting	1	Compliance review	Compliance review
Newham	Cross cutting	15	Compliance with procurement rules	1	Service to be determined	Compliance review

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Newham	Cross cutting	20	Overtime	3	Compliance review	Compliance review
Newham	Cross cutting	15	Interface	2	Rolling programme of interface reviews	Fundamental Financial Systems
Newham	Cross cutting	100	Consultancy/ contingency	1	To respond to emerging risks.	Consultancy/Advice
Newham	Cross cutting	40	Data Matching	1	Continuous audit	Strategic and Operational Risks
Newham	Cross cutting	150	Follow up audits	1	All audit recommendations should be followed up to confirm they have been implemented.	Strategic and Operational Risks
Newham	Cross cutting	15	Grant claims	1	To carry out grant certifications	Compliance review
Newham	Cross cutting	75	Prior year audits	1	To complete prior year audits	Strategic and Operational Risks
Newham	Cross cutting	25	Legal re-charges	3	Intelligence	Strategic and Operational Risks
Newham	Enforcement and Safety	15	Emergency Planning	1	Has not been audited for some years	Strategic and Operational Risks
Newham	Exchequer & Transactional Services (oneSource)	7	Employee advances	1	Audit intelligence	Fundamental Financial Systems
Newham	Exchequer & Transactional Services (oneSource)	40	Housing Benefits audits (2)	2,3 & 4	Complex area, with significant expenditure.	Fundamental Financial Systems

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Newham	Exchequer & Transactional Services (oneSource)	15	BACS transmission files	3	Risk that BACS transmission files can be tampered with if access is not strictly controlled	Fundamental Financial Systems
Newham	Exchequer & Transactional Services (oneSource)	30	Council Tax Collection	2	Has not been audited recently.	Fundamental Financial Systems
Newham	Exchequer & Transactional Services (oneSource)	15	Northgate Revenues and Benefits application review	4	Has not been audited recently	IT audit
Newham	Finance (oneSource)	4	Newham People's Trust Fund	1	Yearly examination	Corporate Governance
Newham	Finance (oneSource)	10	1Oracle Ops Board	1,2,3 & 4	Attendance at the 1Oracle operational board	Fundamental Financial Systems
Newham	Housing	15	Shared equity scheme	4	New	Strategic and Operational Risks
Newham	Housing	15	Houses in multiple occupation licensing	3	Intelligence	Strategic and Operational Risks
Newham	Housing	20	Clienting the Repairs and Maintenance Service	4	Intelligence	Strategic and Operational Risks
Newham	Housing	15	Housing Register	4	Intelligence	Strategic and Operational Risks
Newham	Housing	15	Capital Monitoring	2	Intelligence	Strategic and Operational Risks
Newham	Housing	15	Leaseholder charges	2	Intelligence	Strategic and Operational Risks
Newham	Housing	15	Online housing register	3	Intelligence	IT audit

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Council	Directorate /Service	Days	Audit name	Quarter	Reason for inclusion	Type of audit
Newham	Human Resources/ Organisational Development (oneSource)	10	Mediation	1,2,3 & 4		Consultancy/Advice
Newham	ICT (oneSource)	15	Remote access	1	Confirming that there are adequate security controls around remote access to the council's network	IT audit
Newham	ICT (oneSource)	20	Software licences	4	Has not been audited recently	IT audit
Newham	ICT (oneSource)	15	Private Branch Exchange	3	Audit intelligence	IT audit
Newham	Corporate Services	15	Customer complaints system	4	Application review	IT audit
Newham	Planning and Regeneration	15	Atherton Leisure Centre - capital monitoring	1	High value/high profile capital project	Procurement/Commissioning/ Contracts
Newham	Planning and Regeneration	20	Community Infrastructure Levy	4	New activity	Strategic and Operational Risks
Newham	Schools	140	Schools audits	1	Rolling programme of schools audits	Strategic and Operational Risks