

AUDIT COMMITTEE

11 March 2015

Report

Subject Heading:

Interim Audit Plan 2015/16

Report Author and contact details:

Vanessa Bateman, Internal Audit &
Corporate Risk Manager ext 3733

Policy context:

To inform the Committee of the proposed interim audit plan for Q1 of 2015/16 and of progress to develop the full year plan.

Financial summary:

N/a

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

Clean, safe and green borough	X
Excellence in education and learning	X
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

This report provides the Audit Committee with a proposed interim audit plan for 2015/16. At the time of producing this report the service review for internal audit had been completed, however, the restructure had not been launched for consultation.

In order to have an approved audit plan in place for April 2015 an interim oneSource audit plan has been developed, seeking where possible to exploit any possible economies of scale or other benefits of a joined up approach.

The days included in the interim audit plan are based on actual internal audit resources available at the time of developing the plan, which is obviously subject to

change as part of the restructure. A final plan for 2015/16, incorporating the contents of the interim plan, will be presented for approval by the Committee in June 2015.

The updated Terms of Reference and Audit Strategy which usually accompanies the plan to the March meeting will also be presented for approval in June 2015. Work to review these documents is part of the implementation phase of the new Audit Service.

RECOMMENDATIONS

1. To approve the 2015/16 interim 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 parent authorities and the structure required to deliver this service. It has made recommendations with regards how efficiencies can be achieved but these are yet to be implemented. A structure has been proposed but the change management process is yet to be concluded.
- 1.2 Work to develop the audit plan for 2015/16 is underway but without development of a new audit strategy and finalization of the audit structures the total audit days available can not yet be confirmed. As a result oneSource have focused on identifying the priorities for audit attention in quarter one based on the auditors available when the plan was compiled. The full year plan for 2015/16 based on the new audit strategy and structure will then be presented in June 2015 for approval.

2. Developing the 2015/16 Audit Plan

- 2.1 The methodology used for developing this interim plan is no different to that applied for the Annual Internal Audit Plan. The approach is 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 will be available during quarter one of 2015/16 and expected utilisation rates, as determined by the service review, the plan needs to be @ 650 days. 225 days have been allocated to Havering Audits.
- 3.2 Appendix A attached to this report contains the proposed interim audit plan for the first quarter of 2015/16.

IMPLICATIONS AND RISKS

Financial implications and risks:

The costs related to delivery of this interim plan will be met from within the 2015/16 budget for the Audit Service. The 650 days of resource 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 Interim Audit Plan 2015/2016

Council	Directorate /Service	Days	Audit name	Reason for inclusion	Type of audit
Newham	Adults	15	Client Affairs	Due to sensitivity, this is audited annually.	Corporate Governance
Newham	Adults	10	Care Act 2014 - consultancy	New legislation	Consultancy/Advice
Newham	Children's Safeguarding	15	Business Continuity Planning	Legislative duty to ensure that the council can continue to deliver its functions in an emergency	Strategic and Operational Risks
Newham	Children's Safeguarding	50	Schools census returns	Concerns were identified with the accuracy of data during an audit of excluded children	Strategic and Operational Risks
Havering	Learning and Achievement	10	Pupil Place Planning	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
Newham	Community and Environment	20	Capital Monitoring	Lack of forecasting identified in period 8 budget monitor	Procurement/Commissioning/Contracts
Newham	Community and Environment	20	Contract Management of Active Newham	Ensuring that the council has appropriate contract monitoring arrangements (PY)	Procurement/Commissioning/Contracts
Newham	Cross cutting	15	Grant claims	To carry out grant certifications	Compliance review
Havering	Cross cutting	5	Grant claims	Some returns require Internal Audit sign off	Assurance regarding accuracy and completeness of return and compliance with corporate approach
Newham	Cross cutting	10	Data Matching	Continuous audit	Strategic and Operational Risks
Newham	Cross cutting	15	Compliance with procurement rules	Service to be determined	Compliance review
Havering	Cross cutting	15	Compliance with procurement rules	Service to be determined	Compliance review
Newham	Cross cutting	20	Agency staff vetting	Compliance review	Compliance review
Havering	Cross cutting	15	NEPRO system	New system to control the engagement of consultants implemented 1415	Strategic and Operational Risks
Havering	Cross cutting	15	I Procurement	Issues with duplicate payments detected and new version implemented in 1415	Strategic and Operational Risks
Newham	Cross cutting	30	Consultancy/contingency	To respond to emerging risks.	Consultancy/Advice
Newham	Cross cutting	40	Follow up audits	All audit recommendations should be followed up to confirm they have been implemented.	Strategic and Operational Risks
Havering	Cross cutting	15	Follow up audits	Follow up of limited assurance reports from 1415	Strategic and Operational Risks
Havering	Cross cutting	5	Recommendation Monitoring	Progress to implement all audit recommendations is tracked and results are reported to CMT and audit committee	Strategic and Operational Risks
Newham	Cross cutting	33	Prior year audits	To complete prior year audits	Strategic and Operational Risks
Havering	Cross cutting	20	Car Pool	New policy implemented in 1415	Strategic and Operational Risks
Newham	Enforcement and Safety	15	Emergency Planning	Has not been audited for some years	Strategic and Operational Risks
Newham	Housing	15	Private Rented Sector	Timely cessation of payments when properties are handed back	Strategic and Operational Risks
Havering	Homes and Housing	15	Private Sector Leasing	New team/strategy established 1415	Strategic and Operational Risks

oneSource Interim Audit Plan 2015/2016

Council	Directorate /Service	Days	Audit name	Reason for inclusion	Type of audit
Newham	ICT (oneSource)	15	Remote access	Confirming that there are adequate security controls around remote access to the council's network.	IT audit
Havering	ICT (oneSource)	15	Remote access	Confirming that there are adequate security controls around remote access to the council's network.	IT audit
Havering	ICT /Procurement (oneSource)	15	Off Site Storage	Confirming that there are adequate arrangements for off site storage of records and management of these records.	Strategic and Operational Risks
Havering	ICT (oneSource)	10	Contingency	Scope yet to be determined	
Newham	Planning and Regeneration	15	Atherton Leisure Centre - capital monitoring	High value/high profile capital project	Procurement/Commissioning/Contracts
Newham	Asset Management (oneSource)	15	School expansions and new builds	High value/high profile capital project	Procurement/Commissioning/Contracts
Havering	Asset Management (oneSource)	20	Capital works in schools	High value/high profile capital project	Procurement/Commissioning/Contracts
Newham	Schools	35	Schools audits	Rolling programme of schools audits	Strategic and Operational Risks
Havering	Schools	25	School audits	Rolling programme of schools audits	Strategic and Operational Risks
Havering	School Audit Health checks	15	School audit Health checks	Traded Service with schools	Strategic and Operational Risks
Newham	Exchequer & Transactional Services (oneSource)	7	Employee advances	Confirming that advances are recovered (PY)	Fundamental Financial Systems
Newham	Exchequer & Transactional Services (oneSource)	20	Council Tax Collection	Review of processes for collection of Council Tax income and improving collection rates	Fundamental Financial Systems
Havering	Exchequer & Transactional Services (oneSource)	5	Governance Risk Control Compliance	This module is part of one oracle and has significant control possibilities if properly deployed and utilised	Consultancy/Advice

TOTAL INTERIM PLAN	<u>650</u>
HAVERING	225
NEWHAM	425