

## APPENDIX 1: INTERNAL AUDIT PLAN 2014/15

Dept	Audit Activity	Work type *	Status as at 22 August 2014	Corporate Risk No #
<b>Managing the Business</b>				
<b>Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community</b>				
All	<b>Ethical Governance</b> To assess whether the council has appropriate policies and guidelines communicated to staff to uphold required ethical standards	Fraud Risk	Terms of Reference being agreed. Work scheduled to start in December 2014.	3
All	<b>Management Information Quality</b> To assess the accuracy and usefulness of information on which management rely to make decisions		Work scheduled for October to December 2014.	3
All	<b>Corporate Assurance Groups</b> To assess whether key groups receive robust updates on delivery of key programmes and effectively challenge delivery		Draft report being produced.	1 & 11
<b>Key Financial Systems</b>				
<b>Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community</b>				
	To assess whether the key controls in each of the key financial systems effectively prevent or detect material errors on a timely basis to ensure that the financial statements are not materially incorrect.	Fraud Risk	Work scheduled for October 2014 to April 2015.	1 & 5
CS	Council Tax			
CS	National Non-Domestic Rates			
CS	Housing Benefit			
CS	General Ledger (Main Accounting)			
CS	Accounts Receivable: General Debtors			
PE	Accounts Receivable: Social Care Debtors			

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CS	Accounts Payable (Creditors)			
CS	Payroll			
CS	Cash and Banking (Income)			
CS	Treasury Management			
CS	<b>Payroll</b> To work with officers as they re-vamp payroll administration processes	In year risk	Interim feedback to be provided in September 2014.	See above
CS	<b>Teachers' Pensions</b> To work with newly-appointed Payroll staff to ensure they fully understand the required controls and actions recommended by external audit	New In year risk	Completed August 2014.	1 & 3
CS	<b>Housing Benefit</b> To work with officers as the quality assurance processes are strengthened	New Core	Strengthened processes are being introduced in August 2014. Internal Audit will meet with Housing Benefit staff before their meeting with the Department for Work and Pensions on 15 September 2014. Feedback will be provided as part of the initial control design evaluation stage of the annual Housing Benefit audit.	1 & 5
<b>Implementing Recommendations</b>				
<b>Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community</b>				
All	<b>Reports to be followed up</b> To check that recommendations made have been implemented, properly, in a timely manner.	Core	Disabled Facilities Grants: Testing completed. Draft report with officers.	1 & 3

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<b>Managing Service Delivery Risks</b>				
<b>Safe: Continue to reduce crime, disorder and anti-social behaviour</b>				
PL	<b>Licensing</b> To assess whether licence applications are effectively and promptly processed and all due income is received	Core (R1) Fraud Risk	Terms of Reference being agreed. Work scheduled for October to December 2014.	3 & 8
PL	<b>Parking Enforcement</b> To provide an independent challenge to the service review of how the contract in this area is being managed in preparation for retendering the work. <i>(Focus of the review amended)</i>	Core (R2) Fraud Risk	Terms of Reference being agreed.	3
<b>Clean: Ensure a well maintained and attractive street scene, parks and open spaces</b>				
CS	<b>Asset Management</b> To assess whether there is robust management of counter parties to leases to ensure they adhere to lease terms and conditions	Core (R1) Fraud Risk	Work scheduled for September to December 2014.	1 & 3
PL	<b>Bridge Maintenance, Ad Hoc Footways and Carriage Maintenance, and Highways New Works Contracts</b> To assess whether a sample of contracts are being effectively managed in the Transport and Highways team.	<b>New</b> Core (R2) Fraud Risk	Work in progress.	1 & 3
<b>Clean: Where possible minimise our impact on the natural environment</b>				
PL	<b>Waste Management</b> To assess the effectiveness of contract management arrangements <i>Refer Contract Management audit below</i>	Core (R1) Fraud Risk	Work scheduled for January to March 2015.	3

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<b>Healthy: Continue to improve outcomes for vulnerable children and adults</b>				
PE	<p><b>Social Care Packages: Panel Decisions</b></p> <p>To assess whether decisions by officer panels on whether to award social care packages are robust</p>	Core (R1) Fraud Risk	Work scheduled for October to December 2014.	3, 5 & 6
PE	<p><b>Social Care Packages: Direct Payments</b></p> <p>To assess whether direct payments made are:</p> <ul style="list-style-type: none"> <li>• accurate</li> <li>• used for their intended purpose</li> </ul>	Core (R2) Fraud Risk	Work scheduled for January to March 2015.	3, 5 & 6
PE	<p><b>OFSTED inspections of Children's Social Care Services and schools</b></p> <p>To assess whether any required improvements required by OFSTED inspections are effectively managed</p>	Core (R1)	Terms of Reference agreed. Testing to start 24 September 2014.	10
PE	<p><b>Children's Social Care Services</b></p> <p>To understand and assess the effectiveness of internal quality assurance and challenge processes</p>	Core (R1)	Terms of Reference being produced. Work scheduled for September and October 2014.	3, 5 & 6
PE	<p><b>Pupil Premium</b></p> <p>To assess whether schools have robust strategies and plans to effectively use pupil premium money and report on its use and outcomes</p> <p><i>Sample of schools covered selected on a risk basis, and delivered through separate schools audit programme (below)</i></p>	In year risk	To be included in schools audits scheduled between September 2014 and March 2015.	10
PE	<p><b>Child and Early Intervention Services</b></p> <p>To assess whether service areas are effectively working together to develop newly required Education and Health Care Plans (that replace Special Educational Needs statements)</p>	Core (R2)	Work scheduled for January to March 2015.	5 & 6

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PE	<b>Troubled Families Intervention</b> To challenge Troubled Families Grant returns in line with Department for Communities and Local Government requirements	Grant Claim	Claims reviewed: <ul style="list-style-type: none"> <li>August 2014, unqualified opinion</li> </ul>	5
PE	<b>Safeguarding Reviews, Action Planning Workshop</b>	<b>New</b>	Completed July 2014. Workbook produced for, and training provided to support, staff when writing action plans following a serious case review.	3
<b>Healthy: Support Southend to be active and alive with sport and culture</b>				
PL	<b>Library Services</b> To assess whether the new model of delivery is working effectively including recruiting and retaining sufficient volunteer capacity and managing branch libraries	In year risk (R3)	Work scheduled for January to March 2015.	3
PL	<b>The Forum Governance Arrangements (2013/14 audit)</b> To assess whether appropriate arrangements, processes and agreements are in place or being developed, to establish and then manage the new shared central library building known as the Forum	In year risk	Draft report agreed with Head of Service, August 2014.	1 & 3
<b>Healthy: Reduce inequalities and increase the life chances of people living in Southend</b>				
PE	<b>Re-enablement and Occupational Therapy</b> To assess whether there is a robust re-enablement strategy and processes to manage its delivery	Core (R1) Fraud Risk	Work scheduled for January to March 2015.	3, 5 & 6
PH	<b>Public Health</b> To assess whether there are robust controls to ensure Patient Group Directives: <ul style="list-style-type: none"> <li>are properly developed and authorised for use</li> <li>payments are accurate</li> </ul>	Core (R2) Fraud Risk	Terms of Reference agreed. Detailed field work in progress.	6

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CS	<p><b>Essential Living Fund (2013/14 audit)</b></p> <p>To assess whether there are robust procedures in place for the accurate, consistent, timely and appropriate award of grants from the Essential Living Fund and that arrangements to monitor expenditure against the fund are effective</p>	Core	<p>Testing complete.</p> <p>Draft report being produced.</p>	1 & 5
<b>Prosperous: Encourage the education, economy and prosperity of Southend and its residents</b>				
All	<p><b>Welfare Reform</b></p> <p>To assess whether there is clear understanding and management of the impacts of welfare reforms introduced to date and readiness for future reforms</p>	In year risk	<p>Prior to starting the audit, the Scrutiny Committee project action plan will be evaluated to see if it provides a robust basis to identify and manage risks emerging from reforms to welfare rules and benefits.</p> <p>This will inform the work to be completed during the audit.</p> <p>Work scheduled for October to November 2014.</p>	1 & 5
PE	<p><b>Schools Audit Programme: Finance Management and Governance</b></p>	Fraud Risk	<p>See below for details.</p> <p>This programme of work is funded by schools directly and resourced through the framework contract.</p>	10
<b>Prosperous: Enable well-planned quality housing and developments that meet the needs of Southend's residents and businesses</b>				
PL	<p><b>Development Control or Building Control</b></p> <p>To assess whether planning applications are effectively and promptly processed and all due income is received</p>	<p>Core (R1)</p> <p>Fraud Risk</p>	<p>Terms of Reference being produced.</p> <p>Work scheduled for October to December 2014.</p>	7
PL	<p><b>Building Control – Proposed Essex-wide Community Interest Company (CIC)</b></p> <p>To work with officers to assess the potential financial and operational benefits and risks for the Council joining the proposed community interest company.</p>	<p><b>New</b></p> <p>In year risk</p>	<p>Start date to be confirmed based on the timing and progress of the CIC proposal.</p>	1 & 11

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PL	<b>Traffic Regulation Orders</b> To assess whether Traffic Regulation Orders are developed in line with statutory requirements and implemented effectively	Core (R2)	Work scheduled for October to December 2014.	1 & 3
PL	<b>Capital Programme</b> To assess whether there robust arrangements to deliver capital projects effectively on time, on budget and to the required outcome	Core (R1) Fraud Risk	Terms of Reference agreed. Testing to start in October 2014.	1 & 7
<b>Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community</b>				
All	<b>External Grant Funding</b> To assess whether grant terms and conditions are complied with	Cross Cutting Fraud Risk	Work scheduled for January to March 2015.	3 & 5
All	<b>Continuous Auditing and Assurance</b> To further develop and embed computer assisted processes that provide ongoing audit and management assurance		Terms of Reference and audit approach developed. This work will be integrated into the key financial system audits undertaken between October 2014 and March 2015.	1
All	<b>Contract Management</b> To assess whether a sample of contracts are being effectively managed	Cross Cutting Fraud Risk	Refer to Parking Enforcement, various contracts in Transport and Highways services and Waste Management jobs.	1 & 3
All	<b>Corporate Procurement Team</b> To assess whether the Corporate Procurement Team is appropriately staffed and operating in a manner that complies with statutory requirements and recognised good practice.	<b>New</b> Core	Terms of Reference being agreed.	1
All	<b>Contract Procedure Rules / Procurement Toolkit</b> To contribute to the update of the Contract Procedure Rules and Procurement Toolkit as required	<b>New</b> Cross Cutting	Work scheduled for September 2014.	1

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PE	<p><b>Procurement Review Group Requests</b></p> <p>To consider requests to grant exceptions to tendering requirements in line with the criteria set out in Contract Procedure Rules</p>	Cross Cutting	Responded to three requests since June 2014.	1 & 3
PL	<p><b>Local Transport Plan &amp; A127 Grant</b></p> <p>To certify, in all significant respects, that the conditions attached to the grant have been complied with</p>	Grant Claim	Completed September 2014.	3
PL	<p><b>Corporate Repairs and Maintenance</b></p> <p>To assess the effectiveness of the new arrangements to corporately manage repairs and maintenance work of the council's buildings and whether these will deliver the in year savings target</p>	Core	Testing complete. Draft report being produced.	1
CS	<p><b>ICT procurement of equipment and software</b></p> <p>To assess whether the procurement of ICT equipment and software is well planned to ensure value for money</p>	Core Fraud risk	Terms of Reference being agreed. Detailed work scheduled for October to December 2014.	1
CS	<p><b>ICT capital works and infrastructure</b></p> <p>To assess whether the programme of ICT-related capital works and ongoing management of ICT assets ensures the ICT infrastructure meets the Council's service needs</p>	Core	Terms of Reference being agreed. Detailed work scheduled for January to March 2015.	1
CS	<p><b>Benefits realisation from ICT Service re-design</b></p> <p>To assess whether there is evidence the new structures and processes are at an early stage delivering the required improvements in service outcomes</p>	Core	Terms of Reference being agreed. Detailed work scheduled for January to March 2015.	1&11



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CS	<p><b>End User Devices (2013/14 audit)</b></p> <p>To assess the robustness of design and implementation of the IT End User Device Strategy framework designed to ensure key risks are managed.</p> <p><i>(Takes account of the assurance provided by certified compliance with central government's Public Sector Network requirements)</i></p>	Core	<p>Work delayed to take account of the service's capacity to support the audit given the recent implementation of new ICT structures and processes and the significant number of key staff vacancies.</p> <p>Work scheduled for October to December 2014.</p>	1
All	<p><b>Working with the Counter Fraud and Investigations Team</b></p> <p>To follow up the work of the Counter Fraud and Investigations Team where investigations may identify the need for a subsequent audit</p>	Cross Cutting	<p>Supported one investigation by gathering and analysing information relating to a contract.</p> <p>Supported one planned proactive fraud jobs on contracts by analysing payments to third parties to provide a focus for further work.</p>	1 & 3
<b>Managing Delivery of the Audit Plan</b>				
	Audit Planning, Resourcing			
	Managing Contractor Work			
	Reporting to Management Team and Audit Committee			
	Contingency			
<b>Schools Audit Programme</b>				
PE	<p><b>Full Audits covering finance, management and governance</b></p> <p>To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the specified activities</p>	Fraud Risk	<p>23 schools to be audited in 2014/15 of which:</p> <ul style="list-style-type: none"> <li>• 10 schools scheduled for September to December 2014</li> <li>• 12 schools scheduled for January to March 2015</li> <li>• one draft audit report issued to a school in July 2014.</li> </ul>	10

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PE	<p><b>Reports to be followed up will be determined on the conclusion of the full audit undertaken at each school in the 2013/14 audit plan.</b></p> <p>To check that recommendations made have been implemented, properly, in a timely manner.</p>		<p>10 schools are to have a follow up visit in 2014/15, of which:</p> <ul style="list-style-type: none"> <li>• six schools scheduled for September to December 2014</li> <li>• three schools scheduled for January to March 2015</li> <li>• one follow up audit completed in September 2014.</li> </ul>	10
PE	<p><b>Schools buying and selling using eBay and PayPal</b></p> <p>To provide advice on the controls needed to ensure purchases and sales through eBay and associated financial transactions using PayPal are secure, appropriate and value for money</p>	Fraud Risk	<p>Completed August 2014.</p> <p>Feedback provided to the Schools Finance Manager on the proposed arrangements. This feedback will form part of guidance issued to all schools.</p>	1, 3 & 10
<b>Ad Hoc Work</b>				
	None undertaken			
<b>Consultancy Work Accepted</b>				
	None planned			
<b>South Essex Homes</b>				
PE	<p><b>Annual Audit Plan</b></p>		<p>16 audits scheduled for 2014/15, of which:</p> <ul style="list-style-type: none"> <li>• three audits have been completed</li> <li>• three audits are in progress.</li> </ul>	3

## Audit Plan Definitions

### Departments:

- CS: Corporate Services
- PE: People
- PH: Public Health
- PL: Place

\* **Core work** means those service activities that score as high risk (i.e. risk level 1 or 2 out of 4) from an audit perspective based on the criteria set out in the Internal Audit Strategy.

### # **Corporate Risk Numbers (where numbers are missing, no planned audit coverage in 2014/15)**

- 1 Balanced budget
- 3 Reputational damage
- 5 Financial implications of legislation and policy changes
- 6 Impact of health service reforms
- 7 Stalling regeneration
- 8 Change of Police and Crime Commissioner focus and resources
- 10 School inspection regime results
- 11 Service reviews