



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	4 February 2015
Classification:	For General Release
Title:	Internal Audit Plan 2015/16
Wards Affected:	All
Financial Summary:	The audits covered in this report cover the whole of the Council's budget.
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
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1. Executive Summary

The Internal Audit Plan has been reviewed to reflect the changes in the Council's structure and to ensure that our audit work addresses key risks during a period of change and general financial constraints. The Audit Plan includes sufficient audit coverage to enable us to provide an overall opinion on the Council's control framework and is sufficiently flexible to allow for additional reviews to be added in areas where support and/or advice may be required.

2. Recommendation

That the Committee review the internal audit plan for 2015/16 as set out in Appendix A and consider:

- Does the plan cover the organisation's key risks as they are recognised by the Members of the Audit & Performance Committee?
- Does the plan reflect the areas that the Members of the Audit & Performance Committee believe should be covered as priority?

- Are the Members of the Audit & Performance Committee satisfied that sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues / key risks not included in our annual plan?

3. Background, including Policy Context

- 3.1 The Council's internal audit will be provided by the Tri-borough Internal Audit Service with effect from 1 April 2015. Internal Audit are required to provide the S151 Officer, the Executive Management Team and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the audit work undertaken each year.

There has been a gradual improvement in the number of audits receiving a positive assurance opinion from 70% in 2009/10 to more than 80% in 2013/14. A description of each level of assurance is shown below:

Assurance Opinion	Positive or Negative	Description
Substantial	Positive	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no material errors or weaknesses were found.
Satisfactory	Positive	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited	Negative	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Negative	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

- 3.2 A draft Internal Audit Plan for 2015/16 has been prepared following discussions with Senior Managers at the Council. Balancing audit resources across the Council's activities takes into account change, priorities and risk with cyclical reviews planned in operational areas across a three-year period. Areas of high risk have been identified and included in the plan as well as cyclical reviews in areas of lower financial risk (eg schools).

- 3.3 The draft Audit Plan is attached as Appendix 1 to this report and this shows the individual audits that are planned across the Council's services for the coming financial year. It should be noted that this plan is an early draft which will be subject to some amendment before the final plan is published in March 2015. In addition, it is recognised that changes in priorities arise during the course of a year and the Audit Plan will be reviewed on a regular basis to reflect these changes.
- 3.4 In previous years, non-compliance with the systems and processes within the key financial systems has been of concern although this has improved gradually since the establishment of the Shared Service Centre. With the implementation of Managed Services in April 2015, there will be significant changes which will primarily affect the key financial systems. Therefore, a number of audits are planned in these areas in 2015/16.
- 3.5 In addition, a number of the planned audits will be undertaken on a Tri-Borough basis with the majority of these being within Adult Social Care, Public Health and Children's Services, although a large number of Tri-Borough audits are also contained within the Corporate Services area of the plan.
- 3.6 The Internal Audit Plan, once finalised, will include sufficient audit coverage to enable an opinion to be reached on the Council's control framework as well as including a contingency allowance for additional reviews in areas where support and/or advice may be required, as agreed with the Council's Section 151 Officer.
- 3.7 We intend to meet with the Council's External Auditor to confirm the scope of the work in the areas of financial control, particularly in areas included in the Managed Services Project, to ensure that they can place their level of reliance on our work in 2015/16.
- 3.8 The Audit & Performance Committee Members are reminded that internal audit is only one source of assurance and through the delivery of our plan, we will not, and do not, seek to cover all risks and processes at the Council. We will however, seek to work closely with other assurance providers, such as External Audit, to ensure that duplication is minimised and a suitable breadth of assurance obtained.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

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ADULT SOCIAL CARE:

Auditable Area & Timing	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Adult Social Care – Governance Planned: TBC	Tri-Borough	High	2013/14 (Satisfactory)	Coverage may include: - Structures; - Delegations; - Info sharing protocols; - Risk management & assurance; - Scrutiny by senior mgmt & Members. (may be some crossover with Public Health Governance)
Community Independence Service (aiming to reduce hospital admissions through intensive reablement programmes) Planned: Q4	Tri-Borough	High	n/a	Coverage may include: - New procedures & controls; - Outcomes & success against established criteria.
Transitions (the move from younger people to adults and the financial risks attached to this) Planned: TBC	Tri-Borough	Medium	n/a	Coverage may include: - Service funding; - Production of plans; - Decision-making.
Continuing Healthcare Funding Planned: TBC	Tri-Borough	Medium	n/a	This is supported by legislation & a national framework. Consider governance issues & how it is managed to achieve the appropriate outcomes.
Programme Management: Customer Journey Planned: TBC	Tri—Borough	High	n/a	Coverage may include: - Programme governance; - Monitoring; - Change control; - Benefits management; - Risk/issues management; - Demand management.
Homecare – Contracts Planned: Q3/4	Tri-Borough	High	2013/14 (Limited)	To include procurement and/or contract management arrangements of key contracts.
Homecare Electronic Monitoring System Planned: Q3/4	Tri-Borough	High	n/a	Review contract monitoring arrangements for new system for monitoring home care providers logging in and out of client homes.
Care Act – Projects (selection to be agreed with the service) Planned: TBC	Tri-Borough	High	n/a	Implementation from 1/4/15. Second phase 2016. Coverage may include: - Service delivery of elements due wef 1/4/15; - Review of key programmes & projects with gap analysis

ADULT SOCIAL CARE:

Auditable Area & Timing	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
				against aspects of the Care Act (second phase).
Mental Health Team Partnerships (West London MH Partnership for LBHF and Central London MH Partnership for WCC & RBKC) Planned: TBC	Tri-Borough	High	n/a	Coverage may include: - Governance arrangements; - Service objectives & planning; - Performance Management & Monitoring; - Financial Management.
Follow up Reviews				Follow up on the implementation of recommendations
Contingency: - Financial Assessments (recharging)	Tri-Borough			Review of system for recharging clients based on financial assessments to ensure income due is collected.
Contingency: - Direct Payments	Tri-Borough			Dependent on the implementation of the new system.
- Information exchange & governance	Tri-Borough			Compliance with information governance framework.
ADULT SOCIAL CARE TOTAL DAYS			TBC	

PUBLIC HEALTH:

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Public Health – Governance Planned: TBC	Tri-Borough	High	2013/14 (Limited)	Coverage may include: - Structures; - Delegations; - Info sharing protocols; - Risk management & assurance; - Scrutiny by senior mgmt & Members. (may be some crossover with Public Health Governance)
Public Health – Business Planning Planned: Q2	Tri-Borough	High	n/a	Scope to include: - Development & approval of plans; - Supporting information; - Links to Corporate objectives and savings targets; - Monitoring and review; - Risk management.
Public Health – Joint Strategic Needs Assessments Planned: Q2/3	Tri-Borough	High	n/a	Scope to include: - Collation of evidence; - Consultation; - Options assessment; - Production of reports; - Delivery of strategies.
Public Health Contracts Two audits planned each of which will review the procurement, commissioning and monitoring of deliverables/outcomes in key areas of Public Health spend (eg Obesity, sexual health, drugs & alcohol abuse). Planned: Q1	Tri-Borough	High	n/a	Scope to include: - Identification of procurement needs; - Compliance with the procurement code; - Commissioning of service; - Monitoring of deliverables & outcomes against objectives; - Reporting & decision-making .
Follow up Reviews				Follow up on the implementation of recommendations
Contingency: - Public Health – Joint Health and Wellbeing Strategies	Tri-Borough		n/a	Scope to include: - Collation of evidence; - Consultation; - Options assessment; - Production of reports; - Delivery of strategies.
PUBLIC HEALTH TOTAL DAYS			TBC	

CHILDREN’S SERVICES:

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Children’s Services – Governance Planned: TBC	Tri-Borough	High	2012/13 (Satisfactory)	Coverage may include: - Structures; - Delegations; - Info sharing protocols; - Risk management & assurance; - Scrutiny by senior mgnt & Members. (may be crossover with Public Health Governance)
Safeguarding Planned: TBC	Tri-Borough	High	2012/13- WCC (Limited)	Review changes in operational processes (Early Years, Single Front Door, Multi-Agency Safeguarding Hub).
Children & Families Act – Implementation of the requirements of the Act Planned: TBC	Tri-Borough	High	n/a	Review key programmes and projects and gap analysis against aspects of the Children & Families Act requirements.
Adoption & Fostering Services Planned: TBC	Tri-Borough	High	n/a	Areas to consider: - Service objectives; - Governance; - Statutory compliance; - Stakeholder engagement/ multi-agency working; - Marketing/ awareness; - Casework; - Data protection; - Assessments; - Financial assessments and controls over payments; - Budgetary control; - Cost apportionment & management.
Leaving Care Planned: TBC	Tri-Borough	Medium	n/a	Areas to consider: - Funding; - Planning & decision making.
Troubled Families (Phase II commences in April 2015 with a significant increase in numbers expected to be included in the Troubled Families Programme) Planned: TBC	Tri-Borough	High	2013/14 (Limited)	Areas to consider: - Identifying and recording families for inclusion; - Qualitative and quantitative Reporting against objectives - Budget management - Management of risk - Retention of records - Verification of collected and reported
School Meals Contract Planned: TBC	Tri-Borough	Medium	2008/09 (Substantial)	Areas to consider: - Commissioning; - Performance; - Monitoring ;

CHILDREN’S SERVICES:

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
				- Reporting.
Procurement or Thematic Contract Management Planned: TBC	Tri-Borough	High		To consider: - Vertical review of one procurement contract; - Contract management.
Schools – see Annexe 1	WCC Only	Low	Various	Schools Audit Programme
Follow up Reviews				Follow up on the implementation of recommendations
Contingency - WCC Only: - School Cash and Bank Arrangements-	WCC Only	Medium	n/a	
*Contingency: - School Funding - Cost & Savings Apportionment	Tri-Borough	Medium	n/a	
Contingency: -Schools Admissions	LBHF Only			
Contingency: -Transformation of Play Services	RBKC Only			Changes to service delivery and funding
Contingency: - School Summer Works/ Asset Strategy	RBKC Only			Areas to consider: - Service objectives; - Stakeholders engagement; - Horizon watching; - Prioritisation; - Governance; - Financial planning & budgetary control; - Work programme & management; - Procurement arrangements & legislative compliance; Management information.
CHILDREN’S SERVICES TOTAL DAYS			TBC	

CORPORATE SERVICES (Incl Legal, Communications, Finance, Corporate IT & HR):

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Tri-Borough Governance, Decision Making & Communications Planned: TBC	Tri-Borough	High	n/a	To consider: - Structure & organisation of boards; - Terms of reference of Boards and decision making; - Reporting to boards.
Partnership Governance (will be undertaken at each of the three boroughs) Planned: TBC	WCC Only	Medium	2007/08 (Substantial)	Coverage to be confirmed.
Legal Services – Governance Planned: Q3	WCC Only	High	n/a	Changes in Legal Services wef April 2015 including trading with other local authorities.
Corporate Recharges Planned Q1	WCC Only	High	n/a	Project in hand to review corporate recharges. Since property recharges are being reviewed in would be appropriate to to undertake this in Q1.
Risk Management (will be undertaken at each of the three boroughs) Planned: TBC	WCC Only	Medium	2011/12 (Advisory)	To consider: - Roles & responsibilities; - Risk identification, classification & Evaluation; - Risk Mitigation; - Monitoring & Reporting; - Assurance Framework.
Procurement (sample of procurements – where possible Tri-Borough) Planned: TBC	Tri-Borough	High	Various	Select up to 3 recently let contracts to review: - Strategic assessment & business justification; - Contract strategy; - Market Building; - Delivery/procurement strategy; - Selection off contractors/ service providers; - Procurement and award of contract; - Form of contract and contract conditions.
Contracts Register Planned: Q1	Tri-Borough	Medium	Various	To consider: - Policies & Procedures; - Identifying contracts for inclusion; - Quality of information and completeness of the contracts register; - management reporting.

CORPORATE SERVICES (Incl Legal, Communications, Finance, Corporate IT & HR):

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Staff Performance Planned: TBC	Tri-Borough	Medium	n/a	To consider: - Policies & Procedures; - Review / monitoring processes; - Reporting.
Grants (review of grant returns/ claims) Planned: TBC	Tri-Borough	Medium	Various	Dependent on grant conditions.
NNDR Planned: Q2/3	WCC Only	Medium	2012/13 (Substantial)	Key controls testing.
Council Tax Planned: Q2/3	WCC Only	Medium	2012/13 (Substantial)	Key controls testing.
Housing Benefit Planned: Q2/3	WCC Only	Medium	2012/13 (Substantial)	Key controls testing.
Managed Services - Asset Management Planned: Q3/4	WCC Only	High	n/a as a managed service	System overview and key controls testing.
Managed Services – Income Management Planned: Q3/4	WCC Only	High	n/a as a managed service	System overview and key controls testing
Managed Services – Accounts Receivable Planned: Q3/4	Tri-Borough	High	n/a as a managed service	System overview and key controls testing.
Managed Services – Accounts Payable Planned: Q3/4	Tri-Borough	High	n/a as a managed service	System overview and key controls testing.
Managed Services – General Ledger Planned: Q3/4	Tri-Borough	High	n/a as a managed service	System overview and key controls testing.
Managed Services – Budgetary Control & Financial Management Planned: Q3/4	Tri-Borough	High	n/a as a managed service	System overview and key controls testing.
Managed Services: – Intelligent Client Function Planned: TBC	Tri-Borough	High	n/a as a managed service	To consider: - Governance and oversight structures within the service.
HR – Payroll Planned: Q2/3	Tri-Borough	High	n/a as a managed service	Variable pay elements (overtime, honorariums, shift allowances, weekend working etc)
HR – Recruitment & Selection Planned: Q2/3	Tri-Borough	Medium	n/a	Systems overview & compliance testing.

CORPORATE SERVICES (Incl Legal, Communications, Finance, Corporate IT & HR):

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
HR – Sickness Absence Management Planned: Q2/3	Tri-Borough	Medium	n/a	Systems overview & compliance testing.
HR – DBS Checks Planned: TBC	WCC & LBHF Only	High	2010/11 (WCC, CRB- (Satisfactory))	Systems overview, monitoring and compliance
Internet Monitoring (non technical) Planned: TBC	Tri-Borough	Medium	n/a	Controls over internet usage.
IT – Information Governance/ Data Risk & Loss Prevention Planned: TBC	Tri-Borough		2014/15 (TBC)	Review measures taken to limit data loss and use of third party tools/ external email.
IT – Security Incident Management Planned: TBC	Tri-Borough			Tri-borough arrangements for incident management, sharing of knowledge and lessons learned.
IT – Cyber Security Planned: TBC	Tri-Borough			Approach to cyber security, utilise checklist provided to assess level of compliance.
IT – Managed Services Planned: TBC	Tri-Borough			Various IT audits related to MSP programme
Follow up Reviews				Follow up on the implementation of recommendations
Contingency: - Spot Purchasing	Tri-Borough			To consider: - Analysis of needs; - Contracting; - Purchasing; - Payment; Monitoring of benefits.
Contingency: - Business Intelligence	Tri-Borough			TBC
Contingency: - Section 113 Agreements	Tri-Borough			Application of S113 agreements and reporting on non-compliance.
Contingency: - Corporate Procurement (if established as a shared service)	WCC Only			To consider: - Policy & procedures, structure & organisation; strategy & plans, progress monitoring; reporting on delivery
Contingency: - Registrar Service	WCC Only		2012/13 (Satisfactory)	To consider: - income management
CORPORATE SERVICES TOTAL DAYS			TBC	

GROWTH, PLANNING & HOUSING (Incl Adult Education):

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Planning – Planned: TBC	WCC Only	High		Changes in Planning – Scope to be discussed with the Director of Growth, Planning & Housing.
Property - Investment Portfolio Planned: Q3	WCC Only	Medium	2013/14 (Satisfactory)	New contract with provider wef April 2014. Review of arrangements in place for rent collection & debt management and contract management.
Property - Asset Management & Valuation Planned: Q1	WCC Only	High	n/a	Review controls within the new Tech Forge system to provide assurance on the accuracy and completeness of data.
Property – Total Facilities Management Planned: TBC	Tri-Borough	High	2013/14 (Limited)	To consider: Management of LINK and management of the AMEY contract.
Housing (CWH) – Management of TMOs Planned: Q1/2	WCC Only	Medium	n/a	Effective management of TMOs by CWH.
Housing – Housing Renewal Programme Planned: Q1/2	WCC Only	High	n/a	Review use & accounting for funding affordable housing to provide assurance on compliance with statutory requirements.
Housing (CWH) – Rents Planned: Q2/3	WCC Only	High	2012/13 (Satisfactory)	Key controls testing.
Housing - Procurement of major works Planned: Q2/3	WCC Only	High	2012/13 (Limited)	Review compliance with the procurement code, e-sourcing, S20 requirements.
Housing – Service Charges Planned Q1/2	WCC Only	High	n/a	Review system for identifying and allocating service charges.
Housing - Repairs Service Planned: Q2/Q3	WCC Only	Medium	n/a	Review system controls to ensure that charges to the Council are accurate.
Follow up Reviews				Follow up on the implementation of recommendations
Contingency: - Temporary Accommodation	WCC Only			Review of process and controls over purchase of properties to be used as temporary accommodation.
GROWTH , PLANNING & HOUSING TOTAL DAYS			110	

CITY MANAGEMENT & COMMUNITIES:

Auditable Area	Tri or Single Borough Audit	Risk	Date of Last Audit (Assurance)	Potential Scope
Mayor for London Grant Claim Planned: Q2	WCC Only	Medium	n/a	Qtrly grant claim, review of the grant claim process has not been undertaken previously and the service welcomes a review to provide assurance to the Ccl that the claims are appropriate.
Leisure Services – Procurement Planned: Q2/3	WCC Only	Medium	n/a	A procurement exercise is taking place for the provision of leisure services (go live due spring 2016). It is proposed that a review is undertaken of the procurement strategy to ensure that it is appropriate and compliant with the Council's procurement policy.
Licensing Planned: Q3/4	WCC Only	Medium	2014/15 (Satisfactory)	New fee structure to be introduced – review process for ensuring fees are correct, promptly paid and accounted for.
Parking Planned: Q2/3	WCC Only	High	various	Income reconciliation processes for various income streams to include review of controls in the provider's systems (RingGo) for accounting for the Council's income correctly.
Enforcement - Sanctions Planned: Q1/2	WCC Only	Medium	n/a	Review processes for progressing sanctions resulting from enforcement action.
Road Management Planned: Q2/3	WCC Only	High	n/a	Review of controls in the system for income generated within road management.
Freedom Passes: Q1/2	WCC Only	Medium	n/a	Review of controls in the system for issuing Freedom Passes.
IT – Parking System Planned: Q2/3	WCC Only	Medium	n/a	New parking system introduced in 14/15. Review of application controls.
Follow up Reviews				Fup on the implementation of recommendations
Contingency: - Libraries Procurement				
CITY MANAGEMENT TOTAL DAYS			90	

Annexe 1

Type of School	Name of School	Date of Last Audit	Risk	Last Audit
				Opinion (RAG)
Primary	Edward Wilson	2012/13	Low	Substantial (Green)
Primary	St George's Hanover Square	2012/13	Low	Satisfactory (Green)
Primary	St James' & St Michael's	2012/13	Low	Limited (Amber)
Primary	St Luke's CE	2012/13	Low	Limited (Amber)
Primary	St Peter's Chippenham Mews	2012/13	Low	Substantial (Green)
Primary	St Peter's Eaton Square	2012/13	Low	Satisfactory (Green)
Primary	St Stephen's CE	2012/13	Low	Limited (Amber)
Primary	St Vincent de Paul RC	2012/13	Low	Substantial (Green)
Primary	Soho Parish CE	2012/13	Low	Substantial (Green)
	Schools contingency - advice	On-going	n/a	n/a
			Days	60