

REPORT TO: Audit and Governance Committee
MEETING DATE: 15 September 2015
BY: Depute Chief Executive – Resources & People Services
SUBJECT: Internal Audit Progress Report 2015/16

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit's progress against the annual audit plan for 2015/16.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Internal Audit Progress Report 2015/16.

3 BACKGROUND

- 3.1 This report is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan.
- 3.2 The progress made to date is outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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| DESIGNATION | Internal Audit Manager |
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| DATE | 3 September 2015 |

INTERNAL AUDIT PROGRESS REPORT 2015/16

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|-------------------------------------|---|-------------------------------|---------------|
| Fuel Management | We will review the adequacy and effectiveness of the controls operating in respect of Fuel Management. | September 2015 | Completed |
| Exceptional Needs Funding | We will review the arrangements in place for the allocation of Exceptional Needs Funding to Schools. | September 2015 | Completed |
| Fisheries Local Action Group (FLAG) | We will examine the arrangements in place for the payment of grants by East Lothian Fisheries Local Action Group (FLAG). | September 2015 | Completed |
| Risk Management | We will evaluate the effectiveness of the Council's risk management processes in place including risk appetite, risk identification and the mitigation of risks. | September 2015 | |
| Schools Audit | We will examine the internal controls operating within one primary school in East Lothian. | November 2015 | |
| Waste Management | We will review the Council's waste collection arrangements, focusing on whether value for money is being obtained and how efficiency savings are being achieved and will be achieved in the future. | November 2015 | |

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|--|---|-------------------------------|---------------|
| Funding – Third Sector Organisations | We will review the partnership arrangements in place with Third Sector Organisations and assess if the Council is getting value for money from grants awarded to Third Sector Organisations. | November 2015 | |
| Employee Expenses | We will examine the internal controls in place for employee travel and subsistence claims. | November 2015 | |
| Review of Previous Years' Work | Internal Audit will review the outcome of our previous years' work to ensure recommendations have been actioned as agreed and that risks accepted by Management have been properly managed. | November 2015 | |
| Bad Debt Write-offs | We will examine the systems in place for the write-off of Bad Debts and Credit Balances. | November 2015 | |
| Self-Directed Support – Children's Wellbeing | We will continue our review of Self-Directed Support by reviewing the progress being made within Children's Wellbeing. | January 2016 | |
| Out of Authority Placements | We will review the way the Council manages the delivery of services to children with special education needs – the audit will focus on planning, budgeting, commissioning and the monitoring of service delivery. | January 2016 | |

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|----------------------------------|--|------------------------|--------|
| Section 75 Payments | Section 75 payments (developer contributions) bring significant funds to the Council for infrastructure projects. We will examine all aspects of the section 75 process and seek to provide management with assurances that the controls in place are operating effectively. | January 2016 | |
| National Fraud Initiative | The 2014/15 National Fraud Initiative data matching exercise was undertaken by the Audit Commission in 2014. The results of the matches were provided to the Council in January 2015. We will investigate all recommended matches. | January 2016 | |
| Review of Performance Indicators | Internal Audit will review the systems in place for the preparation and reporting of Performance Indicators. | January 2016 | |
| Housing Repairs – Shared Costs | We will review the arrangements in place for charging mutual repairs and shared costs to private owners. | March 2016 | |
| Universal Credit | We will review the Council's arrangements for dealing with the impact of Universal Credit and Direct Payments. | March 2016 | |
| Home to School Transport | We will examine the procurement process for the provision of Home to School transport – our review will focus on the tendering, evaluation and awarding of contracts to operators. | March 2016 | |

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|--------------------------------|---|------------------------|--------|
| Contracts Audit | We will examine payments made to suppliers in respect of specific contracts. | March 2016 | |
| Review of Previous Years' Work | Internal Audit will review the outcome of our previous years' work to ensure recommendations have been actioned as agreed and that risks accepted by Management have been properly managed. | March 2016 | |
| Internal Audit Plan 2016/17 | Internal Audit will present the detailed operational Audit Plan for 2016/17 for approval by the Audit and Governance Committee. | March 2016 | |
| Payroll | We will undertake a risk based review of the Payroll system, examining in particular controls relating to starters and leavers. | May 2016 | |
| Council Tax | We will review the internal control arrangements in place for Council Tax income – our audit will focus on Council Tax collection. | May 2016 | |
| Other Income | Our audit will focus on the internal controls in place for sundry income received by the Council. | May 2016 | |
| Agency Staff | We will examine the arrangements in place for the engaging and use of agency staff – the review will include the monitoring and payment arrangements in place. | May 2016 | |

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|--------------------------------------|--|-------------------------------|---------------|
| Managing Capital Projects | We will review the Council's management of significant capital projects that are underway. The review will also examine the whole approach that the Council takes to property management. | May 2016 | |
| Annual Internal Audit Report 2015/16 | We will present the Annual Internal Audit Report based on Internal Audit activity undertaken for financial year 2015/16, as required by the Public Sector Internal Audit Standards. | May 2016 | |
| Controls Assurance Statement 2015/16 | Internal Audit will provide an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the financial year 1 April 2015 to 31 March 2016. | May 2016 | |