

**REPORT TO:** Audit and Governance Committee  
**MEETING DATE:** 17 May 2016  
**BY:** Depute Chief Executive – Resources & People Services  
**SUBJECT:** Internal Audit Progress Report 2015/16

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**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 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **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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<b>DATE</b>	5 May 2016

**INTERNAL AUDIT PROGRESS REPORT 2015/16**

<b>AUDIT REPORTS</b>	<b>SCOPE OF THE AUDIT</b>	<b>TARGET COMPLETION DATE</b>	<b>STATUS</b>
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
Schools Audit	We will examine the internal controls operating within one primary school in East Lothian.	November 2015	Completed
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	Completed
Employee Expenses (Travel & Subsistence)	We will examine the internal controls in place for employee travel and subsistence claims.	November 2015	Completed

<b>AUDIT REPORTS</b>	<b>SCOPE OF THE AUDIT</b>	<b>TARGET COMPLETION DATE</b>	<b>STATUS</b>
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	Completed
Bad Debt Write-offs	We will examine the systems in place for the write-off of Bad Debts and Credit Balances.	November 2015	Completed
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	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	Completed
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	Completed
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	Completed

<b>AUDIT REPORTS</b>	<b>SCOPE OF THE AUDIT</b>	<b>TARGET COMPLETION DATE</b>	<b>STATUS</b>
Review of Performance Indicators	Internal Audit will review the systems in place for the preparation and reporting of Performance Indicators.	January 2016	Completed
Housing Repairs – Shared Costs	We will review the arrangements in place for charging mutual repairs and shared costs to private owners.	March 2016	Completed
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	Completed
Contracts Audit	We will examine payments made to suppliers in respect of specific contracts.	March 2016	Completed
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	Completed
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	Completed
Payroll	We will undertake a risk based review of the Payroll system, examining in particular controls relating to starters and leavers.	May 2016	Completed

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	Completed
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	In Progress
Universal Credit	We will review the Council’s arrangements for dealing with the impact of Universal Credit and Direct Payments.	May 2016	Interim report completed
Council Tax	We will review the internal control arrangements in place for Council Tax.	May 2016	Completed
Other Income	Our audit will focus on the internal controls in place for sundry income received by the Council.	May 2016	Completed
Agency Workers	We will examine the arrangements in place for the engaging and use of agency workers – the review will include the monitoring and payment arrangements in place.	May 2016	Completed
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	Completed

<b>AUDIT REPORTS</b>	<b>SCOPE OF THE AUDIT</b>	<b>TARGET COMPLETION DATE</b>	<b>STATUS</b>
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	Completed
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	To be completed