

## APPENDIX A

### Internal Audit Activity during 2015/16

The table below provides a summary of audit activity during 2015/16.

<u>Audit Title</u>	<u>Position of Review</u>	<u>Opinion</u>
<b>Carry Over Work:</b>		
<b>Completion of reviews in progress as at 31<sup>st</sup> March 2015</b>		
Accounts Payable 2014-15 Phase 2	Final report issued	Adequate (as Phase 1)
Asset Management 2014-15	Final report issued	Adequate
Council Tax 2014-15 Phase 2	Final report issued	Adequate (as Phase 1)
NDR 2014-15 Phase 2	Final report issued	Adequate (as Phase 1)
Payroll Phase 2	Final report issued	Adequate (as Phase 1)
Housing Rents Phase 2	Final report issued	Adequate (as Phase 1)
Housing Benefits 14-15 Phase 2	Final report issued	Adequate (as Phase 1)
ICT Contract Management	Briefing Note issued	n/a
Domiciliary Care Framework Agreement	Draft Report issued.	Adequate*
SWIFT Financials	Final report issued	Adequate
Information Governance - Transparency Code	Final report issued.	Adequate
Customer First	Briefing note currently being drafted.	
Compliance- Assets	Deferred to 2016/17	
Integrated Asset Management System (IAMS)	Final report issued	Adequate
School Transport	Deferred to 2017/18	n/a
Direct Payments	Draft report issued	Adequate*
Housing Tenancy Management	Final report issued	Adequate
Residential Care Homes - Review opening balances on clients' funds	Final report issued	Limited
Residential Care Homes - Payroll Due Diligence	Work finalised	n/a
Care Homes - Accreditation Scheme for Dementia	Final report issued.	Adequate

\* indicates provisional opinion

<b><u>Audit Title</u></b>	<b><u>Position of Review</u></b>	<b><u>Opinion</u></b>
Public Health compliance with best practice: Obesity Management	Final report issued	Adequate
Proactive Anti- Fraud Care Homes Amenity Funds	Final report issued	Adequate
Proactive Anti- Fraud Review 14-15: Timesheets	Fieldwork in progress	
Proactive Anti- Fraud Review 14-15: Expense Claims	Scoping agreed.	
Maple Tree Lower	Final report issued	Adequate
Robert Peel Lower Follow up	Final report issued	Satisfactory progress
Manshead Upper	Final report issued	Adequate
Russell Lower Follow up	Final report issued	Satisfactory progress
<b>2015-16 Plan</b>		
<b>Fundamental Systems</b>		
Accounts Payable/Purchase Ledger (including feeder systems)	Final report issued	Adequate
Accounts Receivable/Sales Ledger	Final report issued	Adequate
Asset Management (incl. Asset Register)/Capital Accounting	Fieldwork completed.	Adequate*
Council Tax (including Council Tax Support Scheme)	Final report issued	Full
Housing Benefits	Final report issued	Adequate
Main Accounting Systems (MAS)	Final report issued	Adequate
National Non Domestic Rates NNDR	Final report issued	Adequate
Payroll	Final report issued	Adequate
SWIFT Financials	Fieldwork complete.	
Treasury Management	Final report issued	Full
Housing Rents including tenant arrears	Final report issued	Adequate
Cash And Banking (Non Invoiced Income)	Final report issued	Adequate
<b>Improvement and Corporate Services</b>		
Data Quality	Fieldwork in progress.	
Information Governance - application of framework	Fieldwork complete.	
Corporate Governance Reviews	Internal Audit to participate in End of Project Review	n/a
IT Disaster Recovery	Final report issued	Limited

\* indicates provisional opinion

<b><u>Audit Title</u></b>	<b><u>Position of Review</u></b>	<b><u>Opinion</u></b>
SAP Support and Security	Fieldwork in progress	
Third Party Hosting	Scoping agreed	
IT Network Management and Security	Scoping agreed	
IT Governance Follow Up Audit	Fieldwork complete. Report being drafted.	
<b>Finance</b>		
Financial Procedures	Final report issued	Adequate
NNDR1 and 3 return - processes for assurance on compilation	Final report issued	Adequate
VAT audit	Final report issued	Adequate
Grants audit	Report currently being drafted.	
<b>Children's Services</b>		
Schools General - School Improvement	Rolling programme. 7 reports finalised to date. See below	
Tithe Farm Lower	Final report issued	Adequate
Church End Lower	Final report issued	Adequate
Shelton Lower	Final report issued	Adequate
Brewers Hill Middle	Final report issued	Adequate Adequate
Thornhill Lower	Final report issued	Adequate
Sandy Upper	Final report issued	Limited
Greenleas Lower School Follow Up	Final report issued.	Good Progress
Children's Centres	Fieldwork complete.	
Supporting Families Grant (Troubled Families)	Briefing Note issued for Consultancy work on Outcome Plan.	n/a
<b>Social Care Health and Housing</b>		
Framework/Mosaic	Fieldwork in progress	
Housing Repairs	The timing of this review is subject to progress on implementation of recommendations i.e. interface(see Recommendation Tracking report)	n/a

\* indicates provisional opinion

<b><u>Audit Title</u></b>	<b><u>Position of Review</u></b>	<b><u>Opinion</u></b>
Residential care homes	Report currently being drafted	
Supporting delivery of new housing	Currently being scoped.	
Care Act/Better Care Fund integration	Deferred to 2017/18	n/a
Client Charging		
<b>Community Services</b>		
Car Parks	Final report issued	Adequate
Review of Leisure Centres Outcomes	Deferred until 2016/17	n/a
<b>Regeneration and Business Support</b>		
European Social Fund	Draft Report issued	Adequate*
S106	Fieldwork in progress	
<b>Contracts and Partnerships</b>		
Contract Management	Scoping agreed	

<b>Public Health</b>		
Public Health - Follow-up on Data Quality, Health checks offered to 40-74	Fieldwork Complete	
Information Management – Public Health	Briefing note issued	n/a
<b>Special Investigations</b>		
National Fraud Initiative (NFI)	On-going throughout year	n/a
Special Investigations	Ongoing throughout year	n/a
Pro Active Anti Fraud:		
Financial assessment & charging processes for residential care	Scoping agreed	
Cash income	Fieldwork in progress	
Bank Imprest Accounts	Fieldwork complete.	
Use of purchasing Cards	Fieldwork complete.	
<b>Consultancy etc.</b>		
Major projects - Consultancy	See par 27 of report	n/a
Risk Management Activities	On-going throughout year	n/a
Supporting Annual Governance Statement	14/15 AGS finalised 15/16 to be presented to June Audit Committee	n/a

\* indicates provisional opinion

<b><u>Audit Title</u></b>	<b><u>Position of Review</u></b>	<b><u>Opinion</u></b>
Audit of Individual Grants	On-going throughout year	includes Broadband claim and Flood Resilience Grant, S256 and Local Transport Grants
General Advice	On-going throughout year	n/a
Head of Audit Chargeable Against Plan	On-going throughout year	n/a
Benchmarking Exercise	Completed	n/a
Contingency	This has been used to supplement the general advice and consultancy budget and audits where additional work was required.	n/a

\* indicates provisional opinion

## **Key Issues arising from finalised reviews**

### **1. 2015/16 Accounts Payable**

This review covered policies and procedures, and the Accounts Payable processes, including ordering, goods receipting, authorisation of invoices, reconciliations and controls over master data. The review also considered material supporting systems, covering agency recruitment, Amey, Waste Services and project bank accounts. Although the overall audit opinion was adequate, the change of provider for agency staff effective from November 2014 resulted in interim control procedures being introduced with a reduction in the control environment for a significant area of activity for the latter half of 2014/15 and the first half of 2015/16. A detailed audit review is scheduled for 2016/17.

### **2. 2015/16 Accounts Receivable**

This review covered policies and procedures, and the Accounts Receivable processes, including invoicing, amendments, accounting arrangements, debt monitoring and write offs. The overall audit opinion was adequate.

### **3. 2015/16 Main Accounting System**

This review covered policies and procedures, accounting for financial transactions, journal entry controls, transfers from feeder systems, controls to ensure accuracy, and reporting mechanisms. The overall opinion was adequate.

### **4. 2015/16 Cash and Banking**

This review covered policies and procedures and the processes for ensuring transactions are recorded and supported by appropriate documentation. It also reviewed the access controls and the contract for the provision of the Capita income system. The overall audit opinion was adequate.

### **5. 2015/16 Payroll**

The review covered policies and procedures, controls over standing data, the accuracy of payments and deductions, controls over payments to and received from statutory agencies, the accurate posting of data, and compliance with legislative requirements. The overall audit opinion was adequate. Work on Phase 2 is in progress; however, there are no significant findings to date.

### **6. 2015/16 Housing Rents**

This review covered policies and procedures and the processes to support the calculation, receipt and recording of amounts due, including tenant arrears. The audit opinion was adequate.

**7. 2015/16 Treasury Management**

This review covered policies and procedures, compliance with existing statutory and best practice guidance, performance monitoring, authorisations, accounting treatment, cash flow, investment and borrowing controls and separation of duties. The overall audit opinion was full assurance.

**8. 2015/16 NDR**

This review covered the NDR processes including the identification and recording of commercial properties, amendments to accounts, discount and exemption processes, overdue account monitoring and recovery action, write offs, the recording of transactions within the authority's accounts, billing processes and business continuity procedures. The overall audit opinion was adequate.

**9. 2015/16 Council Tax (including Council Tax Support Scheme)**

The scope of this review was similar to the above, but covering Council Tax and therefore domestic properties. The review included a review of the Council Tax Support Scheme controls. The overall audit opinion was full assurance.

**10. 2015/16 Housing Benefits**

This review covered processes from the receipt of correspondence, assessment of claims, supporting evidence, payment processes, fraud detection, system security arrangements and compliance with DWP requirements. It also gave assurance on the resolution of issues that have been raised by external auditors in relation to the Council's Housing Benefit Subsidy Claim. The overall audit opinion was adequate.

**11. SWIFT Financials**

SWIFT financials provides key accounting functionality to directorates providing social care services. This review covered input processing and output controls, data back up arrangements, and the audit trail. Although the report has not yet been finalised, no significant issues of concern have been identified

**12. Asset Management**

The review covered policies and procedures, capital expenditure, depreciation, disposals, impairments and security of assets. Although the report has not yet been finalised, no significant issues of concern have been identified.

**13. ICT Contract Management**

This exercise reviewed the procurement and management of the SAP 3<sup>rd</sup> line support and consultancy services contract. Some areas for improvement were identified for future procurement exercises, including the need to retain supporting documentation.

**14. Domiciliary Care Framework Agreement**

The scope of this review considered the operation of the Domiciliary Care Framework agreement and included an assessment of whether care packages were being allocated to providers in line with the Framework, and the performance monitoring arrangements. A draft report has been issued with an adequate opinion.

**15. Information Governance – Transparency Code**

The purpose of this audit was to determine whether the Council meets the 2015 Transparency Code's publishing of information requirements and to provide assurance to senior management that there are arrangements in place to ensure that published information is maintained in an accurate, complete and timely manner. This comprehensive review covered governance and monitoring arrangements, information which must be published, information recommended for publication criteria and method of publication. Although instances were found where the Council was not fully compliant with the requirements at the time of the audit, action has been agreed to address the gaps and the overall audit opinion was adequate. Internal Audit is monitoring progress.

**16. Integrated Asset Management System (IAMS)**

The Integrated Asset Management System is an externally hosted web based system which manages the Council's property and asset portfolio. The purpose of the audit was to provide assurance to management that key controls associated with the confidentiality, integrity and accuracy of information within IAMS were operating effectively to mitigate, or minimise, risks associated with fraudulent activity within the system and its processes. The review considered security, input and output controls. The overall audit opinion was adequate.

**17. Direct Payments**

A Direct Payments audit was undertaken during 2013 and a number of areas for improvement were identified. The purpose of this follow up review was to ensure that key controls associated with the Direct Payments for Care System were operating effectively. The review covered policies and procedures, monitoring and challenging of client usage of Direct Payment funds, expediting and checking of returns/supporting paperwork and recovery of overpayments made. The audit found that there had been a significant improvement in controls since the previous review. A draft report has been issued with an adequate audit opinion.

**18. Housing Tenancy Management**

The purpose of the audit was to provide assurance to management that key controls associated with Housing Tenancy Management are operating effectively and the requirements of the Localism Act 2011 are being adhered to. In doing so, the audit examined the Housing Tenancy Strategy and mechanisms for monitoring its effectiveness, adherence to relevant policies, procedures and statutory requirements in order to ensure tenancies are not obtained fraudulently, the setting up and monitoring of new tenants, changes in tenancies, and the accurate and timely reflection of these changes in the Housing Management system (QL). The overall audit opinion was adequate assurance.



- 19. Residential Care Homes – Review opening balances on clients’ funds**  
Each care home maintains a separate bank account for holding the personal allowances balances with a cash float being held locally for day to day expenses and spreadsheets are used to record individual balances. The primary focus of this audit exercise was to review the opening balances on client funds (personal allowances) transferred from BUPA and to provide assurance to management that key controls associated with the administration and management of these funds are operating effectively to mitigate, or minimise, risks associated with erroneous, or fraudulent, activity within the system and its processes. The overall audit opinion given was limited assurance. A number of recommendations were made, aimed at improving the mechanisms for accounting for the funds, and ensuring that there is a clear audit trail and separation of duties.
- 20. Residential Care Homes – Payroll Due Diligence**  
Ongoing assurance work has been undertaken on the records and data transferred relating to Older People’s Care Homes. Internal Audit has been working with Human Resources to resolve any outstanding issues. No significant issues were identified.
- 21. Care Homes – Accreditation Scheme for Dementia**  
The purpose of the audit was to provide assurance to management that key controls associated with the Accredited Scheme for Dementia (Dementia Quality Mark Framework) for Care Homes are operating effectively. This involved a review of processes for awarding the Dementia Quality Mark (DQM) accreditation to the homes and for making the resulting premium payments to the home providers. The overall audit opinion given was adequate assurance.
- 22. Public Health Compliance with Best Practice – Obesity Management**  
The scope of the audit was the provision of lifestyle weight management services to overweight or obese patients. The purpose of the audit was to provide assurance to management on the extent of the service’s compliance with the recommendations of NICE Guidance 53: Managing Overweight and Obesity in Adults – Lifestyle Weight Management Services. Compliance with the NICE recommendations should help the service meet a range of Public Health goals. The overall audit opinion given was adequate assurance.
- 23. Proactive Anti- Fraud Care Homes Amenity Funds**  
Amenity funds are mechanisms for raising additional funds for the benefit of residents in social care establishments; this audit focussed on those Amenity funds operating in the 7 Residential Care Homes transferred to the Council in August 2014 previously managed by BUPA. The review included policies and procedures, bank account administration and reconciliation arrangements, and the systems for recording transactions. The overall audit opinion given was adequate assurance.

## **24. IT Disaster Recovery**

The purpose of the audit was to provide assurance to management that key controls associated with IT Disaster Recovery (including back up and restore arrangements) are operating effectively. There are a number of fundamental systems including Main Accounting, Payroll, Accounts Payable, Accounts Receivable, Asset Management, Council Tax, NNDR and Housing Rents which rely upon the robustness of the underlying ICT infrastructure and the organisation must ensure that effective and adequate controls are in place and that all financial transactions are managed, recorded and reported and that fraud is minimised. The review covered the identification of critical systems, risk assessments, roles and responsibilities, disaster and escalation procedures, salvage and relocation procedures, recovery and back up arrangements. The audit identified that a comprehensive IT DR plan has still to be finalised, and the overall audit opinion was limited assurance.

## **25. Financial Procedures**

The purpose of the audit was to provide assurance to management that key controls associated with drafting and up-dating Financial Procedures are operating effectively. The overall audit opinion was adequate assurance.

## **26. NNDR 1 and 3 Return – Processes for Assurance on Compilation**

This audit reviewed the processes in place for the compilation of the NNDR 1 and 3 returns. The NNDR 1 return is completed to provide the Department for Communities and Local Government with forecast figures, and the NNDR3 return reflects the actual figures. The overall audit opinion was adequate assurance.

## **27. VAT Audit**

The purpose of the audit was to provide assurance to management that key controls associated with the VAT – Output Tax system are operating effectively and in doing so examined relevant procedures, master data records for material codes, the VAT treatment of “sales” invoices, non invoiced income, credit notes and bad debts and the monthly VAT Returns to HMRC. The audit also included a review of the annual partial exemption calculation. The overall audit opinion was adequate assurance.

## **28. Schools**

The audit reviews for schools focus on the main systems, including purchasing, financial management, payroll, financial returns, governance, asset management and data management, bank accounts and the administration of the school fund. Consideration is also given to any concerns raised by the Schools Finance Team, or the Head Teacher.

Following each audit, an action plan is prepared and agreed with the school. Where any significant weaknesses are identified, a follow up audit visit is undertaken to provide assurance that the agreed actions have been implemented.

## **29. Supporting Families Grant (Troubled Families)**

Internal Audit has been involved in various stages of the Supporting Families (Troubled Families) Programme. The DCLG Financial Framework for the Expanded Troubled Families Programme sets out the aims and requirements of the programme and these include the principles for identifying families, measuring and reporting success and claiming results funding. Local authorities are required to develop descriptions and definitions of the outcomes and measures that constitute and demonstrate significant and sustained progress for all troubled families. These measures are agreed locally and set out in a Troubled Family Outcomes Plan. The Outcomes Plan for Central Bedfordshire is called the Supporting Families Outcome Plan. Internal Auditors are also required to be consulted on the plan and should jointly agree with the Troubled Families Coordinators the evidential expectations required to claim results. Audit work undertaken this year has included a review of the Supporting Families Outcome Plan to ensure that it meets DCLG requirements. No audit opinion has been given for this work, but a number of recommendations were made to enhance the plan and to ensure that the evidence for future claims is robust.

## **30. Car Parks**

The purpose of the audit was to provide assurance to management that key controls associated with Car Parks – Cash Collection are operating effectively and in doing so examined the contract, policies and procedures, charges, regularity of collections and banking, cash security, accounting for VAT and performance management reporting. The overall audit opinion was adequate assurance.

## **31. European Social Fund**

The purpose of the audit was to provide assurance to management that key controls associated with the European Social Fund and the European Regional Development Fund are operating effectively and in doing so examined governance arrangements, payments to providers, quarterly returns, procurement and match funding. ESF and ERDF funding within Central Bedfordshire is likely to increase significantly over the next few years. It was agreed that the audit would review the current governance arrangements and systems and processes with a view to identifying any learning points that would add value to future arrangements. A draft audit report has been issued with an adequate audit opinion.

## **32. Information Management – Public Health**

This review considered information management within Public Health, focussing on personal data. At the audit scoping meeting it was determined that very little personal data was held and the review would therefore focus solely on information management within the Teenage Pregnancy Support Pathway service and a briefing note would be prepared. No significant issues were identified.