



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	3 February 2016
Classification:	For General Release
Title:	Internal Audit Plan 2016/17
Wards Affected:	All
Financial Summary:	The Council's budget
Report of:	Steven Mair, City Treasurer (Section 151 Officer)
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1. Executive Summary

- 1.1 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.
- 1.2 The draft Audit Plan for 2016/17 is contained in Appendix 1 to this report.

2. Recommendation

That the Committee review the internal audit plan for 2016/17 as set out in Appendix 1 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 has been provided by the Tri-borough Internal Audit Service with effect from 1 April 2015. Internal Audit is 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 2010/11 to more than 80% in 2014/15. A description of each level of assurance is shown below:

Assurance Level	Details
Substantial assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no significant errors or weaknesses were found.
Satisfactory assurance	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 assurance	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	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.

- 3.1 The draft Internal Audit Plan for 2016/17 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. The Audit Plan 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, where possible. 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).

- 3.2 It should be noted that this Plan is an early draft and will be subject to some amendment before the final plan is published in March 2016. 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.
- 3.3 With the implementation of Managed Services in April 2015, there have been significant changes to processes particularly around the Council's key financial systems. The draft Audit Plan for 2016/17 includes a number of audits which will review the key controls within the new managed services environment and the effectiveness of these controls.
- 3.4 A number of the audits in the draft Plan will be undertaken on a Shared Services basis with the majority of these being within Adult Social Care, Public Health and Children's Services, although a number of audits are also contained within the Corporate Services area of the Plan.
- 3.5 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.
- 3.6 We intend to meet with the Council's External Auditor to confirm the scope the work in areas of financial control, particularly in areas included in the Managed Services Programme, to ensure that they can place reliance on our work in 2016/17.
- 3.7 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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BACKGROUND PAPERS

Internal Audit Planning Files

Business Plans and Strategic Risk Registers

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Audit Coverage	Westminster Council Estimated Planned Audit Days	
	2016/17	2015/16
Adult Social Care* (Estimated 310 total audit days for service area)	120	160
Public Health* (Estimated 150 total audit days for service area)	80	100
Children's Services* (Estimated 440 total audit days for service area)	220	255
Corporate Services (including Finance)*	550	615
Policy, Performance and Communications	25	0
Growth, Planning Housing*	140	140
City Management & Communities*	110	95
Contingency	180	60
Audit Days	1,425	1,425

*These areas include Shared Services audits. The days for shared service audits are apportioned across the three councils. The table above shows the proportion of days chargeable to Westminster Council only.

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Adult Social Care:

Auditable Area	Last Audit	Type	Scope
e-Monitoring Home Care System	n/a	IT	Review of new e-monitoring system (Panztel) across shared services
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Homecare Service Delivery	cfwd 2015/16	Systems	Implementation phased in over 9 months following re-commissioning in 2015/16. Review applications, approvals, notifications to service supplier, monitoring of service delivery and performance and contract management.
Supplier Resilience	n/a	Systems	Identification of all contractors, prioritisation of contracts, resilience checking as part of procurement processes, collection and collation of financial/business performance data (regular reports plus market warning notices), effective evaluation of data and reporting of any impacts, contingency planning, proactive management of the market.
Commissioning Planning	n/a	Systems	Ernst & Young defining commissioning intentions and procurement plans which will be developed in early 2016. Review the implementation of the plans for tendering, delivery of benefits and review of plans.
Continuing Healthcare Funding	n/a	TBC	TBC
Customer Journey	n/a	Systems	Implementation of plans from April 2016, including the monitoring of performance and delivery of benefits
Better Care Fund	n/a	Systems	This may be undertaken as part of the Customer Journey audit. Timing to be kept under review. Would consider use of funds, monitoring and reporting on performance and budget management
Procurement: Selection of ASC contracts recently let	n/a	Compliance	Approval to procure, procurement governance arrangements, tendering. The audit title will be substituted with specific contract titles during the year
Contract Management: Selection of ASC contracts	n/a	Compliance	Contract governance, service delivery, monitoring and performance. To consider application of the Standard Operating Model for the re-structured ASC procurement service. The audit title may be substituted for specific contract titles
Mental Health Team Partnerships	n/a	Systems	Governance Arrangements; Service objectives and planning; Performance Management and Monitoring; Financial Management

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Auditable Area	Last Audit	Type	Scope
Information Governance & Exchange	2014/15 Satisfactory	Compliance	Dept information governance structure and organisation, policy and processes, dept oversight and reporting arrangements identification of data and responsible officers, data management, monitoring and reporting by responsible officers.
Commissioning & Contracts	TBC	Compliance	Identification of contract need, approval to procure, procurement governance arrangements, tendering and procurement in line with standing orders and council policy.
Walk Through Testing	2015/16 TBC	Compliance	End to end testing of a range of applications for services received by the council in 2016/17 year.
Continuing Healthcare Funding	n/a	TBC	TBC
Financial Assessments	TBC	TBC	TBC
Leaving Care	TBC	TBC	TBC
			Adult Services (WCC) 120 Days

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Public Health:

Auditable Area	Last Audit	Type	Scope
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Health & Wellbeing Strategy	cfwd 2015/16	Systems	Review collation of evidence, consultation, options assessment, production of reports, delivery of strategies
Partnership working with Health & CCGs	n/a	Systems	To cover priority setting & ensuring that the PH outcomes framework is used to inform this.
Commissioning Governance	n/a	Systems	Most of the current arrangements came from Dept of Health and are being reviewed at end of 2015/16
Joint Commissioning	n/a	Systems	Plans are currently being reviewed. Audit could include reviewing how the process inputs into the procurement plans at an early stage. Also include development of new contracting vehicles such as alliances.
Contract Management - GPS and Pharmacists	n/a	Contract Management	Currently circa 100 contracts managed under a light touch regime and performance information is not provided. Review whether outcomes are delivered to support the service funding
Contract Management - CLCH	n/a	Systems	Consider review of the management and governance arrangements in respect of the councils' relationship with CLCH.
Supplier resilience (non DH/NHS)	n/a	Systems	Not as high risk as ASC if service not delivered and most contracts are with the NHS/Dh but other contracts are increasing and it is important to ensure that certain services continue where possible (eg substance misuse, sexual health)
			Public Health (WCC) 80 Days

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Children's Services

Auditable Area	Last Audit	Type	Scope
All Souls CE Primary	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
Barrow Hill Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Burdett Coutts Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Christchurch Bentinck CE Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Essendine Primary	2013/14 Limited	Compliance	Agreed School Audit Programme
Hallfield Primary	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
Hampden Gurney CE Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
St Augustines CE High School	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
St Augustines CE Primary	2013/14 Satisfactory	Compliance	Agreed School Audit Programme
St Edward's RC Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
St Gabriel's CE Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
St Luke's CE Primary	2012/13 Limited	Compliance	Agreed School Audit Programme (cfwd from 2015/16)
St Peter's CE Chippenham Mews Primary	2012/13 Substantial	Compliance	Agreed School Audit Programme (cfwd from 2015/16)
St Vincent's RC Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme
Edward Wilson Primary	2013/14 Substantial	Compliance	Agreed School Audit Programme (cfwd from 2015/16)
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Procurement	n/a	Compliance	Contingency for reviewing individual Tri-borough and or sovereign procurements either the commissioning and procurement elements or the contract management arrangements
SEN Provision	cfwd 2015/16	Systems	Review of the arrangement for the assessment of SEN needs and determining the necessary level of provision in individual cases in compliance with legislation. Will examine the progress in implementing the recommendations from the Ernst Young review
SEN Procurement	n/a	Compliance	Review the contract management arrangements through the Intelligent Client Function arrangements

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Auditable Area	Last Audit	Type	Scope
Asylum Seekers - Unaccompanied Minors	2010/11 (WCC) Limited	Compliance	Review of the arrangements across the three councils for the assessment of individuals presenting as asylum seekers and the funding arrangements for their management and care provision
Personal Budgets - Disabled Children	n/a	Compliance	Review the arrangements for compliance with enabling legislation including assessments and management/monitoring arrangements in individual cases
School Improvement Services	n/a	Compliance	Review the arrangements for identifying issues at school and providing support to schools
Governors Support	n/a	Systems	Review the arrangements for supporting governors including: awareness; recruitment; training and compliance
Leaving Care	cfwd 2015/16	Systems	Review of the arrangements for preparing children for the transition out of council care and the ongoing overview and management of individual cases
Safeguarding Children	n/a	Compliance	Review of the arrangements for monitoring compliance with legislation and providing quality assurance over the councils' arrangements for safeguarding children
School Meals Contract	cfwd 2015/16	Compliance	Review the arrangements for managing the contract
Children & Families Act Implementation	cfwd 2015/16	Compliance	Review arrangements for managing the councils transition to full compliance (strong links to SEN provision)
Procurement of Placements	cfwd 2015/16	Compliance	Review the arrangements for procuring placements for higher needs and disabled children, including payment and budgetary controls
			Children's Services (WCC) 220 Days

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Corporate Services

Auditable Area	Last Audit	Type	Scope
Disaster Recovery and Business Continuity	2012/13 Satisfactory	IT Governance and Security	Review of DR and BR arrangements for business critical systems and network
ICT Service Contract with BT and Agilisys	n/a	IT System and Processes	Service review of BT and Agilisys contract for helpdesk and data network support
Business Rates NNDR (Academy) System	n/a	IT System and Processes	Review of the Academy application for BR/NNDR (outsourced to Capita in Erith)
Housing Benefits (Academy) System	n/a	IT System and Processes	Review of the Academy application for Housing Benefits (outsourced to Capita in Erith)
Transport Infrastructure - See also Highways & Infrastructure	n/a	Systems	Review how the council will account for a change in valuation of highways assets. (This audit will involve the service area as well as key contacts in the Finance Support area). The process for this change within the contractor's arrangements needs to be clear.
Procurement	2015/16 (all services) no assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Pensions Administration	n/a new provider	Systems	Change in provider now with Surrey CC for all three councils. Full systems review to include all aspects of the pension administration service taking into account issues resulting from interfacing with Agresso.
Demand Management	n/a	Systems	Review how the service manages demand/resource for legal services in line with the S113 agreement.
Trading Accounts	2012/13 Substantial	Systems	Review the systems in place to ensure that the service is capturing costs/billing/accounting for income across the shared service.
TFM	See GPH plan	See GPH plan	See GPH for WCC (Corporate Services in other Council's Plans)
Ethics, Declarations of Interest, Gifts & Hospitality	various	Compliance	Review of compliance by the service areas with the requirements of the council's code of ethics etc
Payroll	various	Systems	MS - Audit bfwd from 2015/16
DBS	various	Systems	Review process since MS implemented & service retained in house
Accounts Payable (P2P)	various	Systems	MS - Audit bfwd from 2015/16

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Auditable Area	Last Audit	Type	Scope
Accounts Receivable (O2C)	various	Systems	MS - Audit bfwd from 2015/16
Income Management (Cash & Bank)	various	Systems	MS - Audit bfwd from 2015/16
General Ledger/Budgetary Control	various	Systems	MS - Audit bfwd from 2015/16
Treasury Management	2012/13 various	Systems	Review of the systems in place for the shared treasury management service and compliance with agreed policies, strategies and procedures.
Networks & Telecommunication Service Contract	various	IT Governance and Security	Review of new service contract for network and telecommunications across shared services
Security Incident Management	various	IT Governance and Security	Tri-borough arrangements for incident management sharing of knowledge and lessons learned
ICT Contract Monitoring Arrangements	various	IT Governance and Security	Review of how central ICT service contracts are monitored and managed across shared services
Personal Commitment Statement/ Information Security Policy Compliance	various	IT Governance and Security	Review of compliance with personal commitment statements for network users
Security Incident & Data Management	various	IT Governance and Security	Review of security incident management and data management including prevention / loss of data
Office 365 Implementation	n/a	IT Governance and Security	Review of the implementation for Office 365 including security issues and costs
System Server & Admin Account Management	various	IT Systems & Processes	Review management of system servers and system administration accounts for networks
IT Asset Management & Disposal	various	IT Systems & Processes	Review of arrangements for management and disposal of IT assets / equipment across shared services
MSP - System Administration Access Organisation Hierarchy	n/a	IT Systems & Processes	Review of system administration, system access and organisation hierarchy set up for Agresso
MSP - Change Control Process	n/a	IT Systems & Processes	Review of how change controls is managed within the MSP environment
MSP - Interfaces with external systems	n/a	IT Systems & Processes	Review of Agresso interfaces with business critical systems how these are managed/controlled through Procserve (third party provider)

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Auditable Area	Last Audit	Type	Scope
MSP - Business Continuity and Disaster Recovery	n/a	IT Systems & Processes	Review of the DR and BR arrangements for Agresso
MSP - Contingency	n/a	IT Systems & Processes	Ad hoc audit work arising post implementation
			Corporate Services (WCC) 550 Days

Policy, Performance & Communications

Auditable Area	Last Audit	Type	Scope
Procurement	2015/16 (all services) no assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
Partnership Governance	n/a	Systems	Review of governance arrangements with partners (eg Cross River Partnership)
			Policy, Performance & Communications (WCC) 25 Days

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Growth, Planning & Housing

Auditable Area	Last Audit	Type	Scope
Property Database – Tech Forge	n/a	Systems	The Tech Forge system wasn't fully implemented at the time of the 2015/16 audit on asset management and valuation. Once the system is considered to be implemented a review on the controls in place to ensure that the system is maintained accurately and effectively is recommended.
Total Facilities Management	2014/15 Limited	Contract Management	This is a shared service and any audit in this area will be agreed with the three councils. It is likely to review contract performance and contract management.
Lessee Charges	2013/14 Satisfactory	Systems	Identification of chargeable lessees; estimated bills issued in accordance with S20 consultation process; process for the compilation of the final account robust and ensure bills are generated in a timely manner; final bills are accurate and issued in a timely manner; effective debt recovery in place; debts written off in accordance with procedures.
Right to Buy	2013/14 Satisfactory	Systems	Following on from previous audit this audit would include the application process but with a focus on fraud awareness and the impact of Money Laundering Regulations. Before doing audit work in this area, the Head of Fraud would like to meet with the Director of Housing to talk about how he can help housing staff to employ proactive measures to minimise the risk of fraud.
Housing Rents	2015/16 Satisfactory	Compliance	Although housing rents are being reviewed in the 2015/16 plan, a small review is planned of the process to reduce rents with effect from April 2016 to provide assurance on the accuracy and controls in place.
Gas Servicing	2010/11 Satisfactory	Compliance	Programme of suitable works are in place covering annual gas safety compliance checks for domestic and communal boilers, and the replacement of domestic boilers; Appropriate checks are in place for boilers owned by leaseholders; Systems are in place to manage the performance of the contractor, including appropriate checks on completion and quality of work; The arrangement for uploading and storing data of completed gas servicing tasks is sound and the data held is accurate and reliable.

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Auditable Area	Last Audit	Type	Scope
Planning Process (excluding Planning Enforcement)	n/a	Systems	Transformation of the service: reducing paper, increasing the use of on-line systems, access to records and applications fully managed through the case management system (Uniform) and workflow (Enterprise). The system is expected to be fully implemented by April 2016 with an audit of the transformed service included in the plan. The audit will not include the planning enforcement as this is already using the new processes and is due to be reviewed in Q4 of 2015/16.
Tenant Management Organisations (TMOs)	various	Compliance	To review compliance with the modular management agreement and the adequacy of governance and financial records at TMOs (budget for two as agreed with CWH).
Energy Performance of Buildings Directive	n/a	Systems	Identified as a new risk in the risk register – possible review of plans in place to ensure that the Council is compliant with the Energy Performance of Buildings Directive by 2018.
Procurement	2015/16 (all services) no assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing
New Property Investment Strategy	n/a	Systems	Committee approved new strategy (18/11/15 Housing, Finance and Corporate Services Policy and Scrutiny Committee). Maybe an area to review so contingency included.
Rationalisation of Operational Property Portfolio	n/a	Governance	The council is due to appoint consultants to review the operational property portfolio with an aim of developing a strategy to rationalise it.
Major Projects	n/a	Governance	Consider due diligence or governance processes around these projects.
			Growth, Planning & Housing (WCC) 140 Days

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City Management & Communities

Auditable Area	Last Audit	Type	Scope
Parking RingGo (payment by phone)	n/a	IT System and Process	Review of the parking pay by phone payment system
Waste Disposal	Systems review in 2013/14 Substantial assurance	Transition Controls	The re-let of the contract for waste disposal commenced in 2015/16. Contract for disposal of general refuse is due to commence in Sept 2017 and the new contract for recycling & food waste disposal is due to start in Sept 2016. Any contract management audit would be more appropriate in 2017/18 when both contracts are in place (post Q3). If there is a change in contractor, an audit around the transition of the service to the new recycling & food waste disposal contract could be undertaken in Q2 and would need to be scoped with the service.
Commercial Waste	2013/14 Limited	Systems	Although the last audit received limited assurance, significant effort was made to implement the required recommendations which were reviewed in 2014/15. This audit would review the charging, income and collection and debt recovery processes for the commercial waste service.
Registrar Service	2012/13 Satisfactory	Systems	To review the controls in place which enable the Registrars to provide an effective service for the registration of births, deaths and marriages and any non-statutory services offered including the efficient and effective collection of fees and charges for these services.
Waste Collection, Recycling, Street Cleansing and Ancillary Services	2013/14 Substantial	Systems	An audit on the contract management and performance is due in 2016/17. The audit would include: The effectiveness of the performance management framework, including reporting; • The relevance of the performance indicators; • The effectiveness of the remedies to address performance issues; • Payments in accordance with the contract; • Variations are in accordance with the Procurement Code and Financial Regulations.
Prevent Strategy	n/a	Systems	Responsibilities under Section 26 of the Counter Terrorism and Security Act 2015. Not previously audited. The audit would review: Governance arrangements (roles, responsibilities, reporting lines and information sharing); Risk assessment and Action Planning; Referral, assessment, monitoring and review; Funding, financial management, expenditure controls; Outcome monitoring.

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Auditable Area	Last Audit	Type	Scope
Food Safety	2008/09	Systems	This hasn't been reviewed since 2008 due to the timing of inspections by other regulators. The audit would review the controls in place to address the following key risks: Food businesses are not registered and this is not identified; Non compliance with legislation and codes of practice by food business is not identified and appropriate action taken; and Staff are not adequately trained and equipped to discharge their duties effectively.
Libraries	2013/14 Substantial	Systems	Different options for delivering the service are being explored (Dec 2015) and this may focus any future audit work. The scope of any audit activity will therefore need to be discussed with service prior to any work commencing.
Transport Infrastructure - See also Finance	n/a	Systems	Review how the council will account for a change in valuation of highways assets. (This audit will involve the service area as well as key contacts in the Finance Support area). The process for this change within the contractor's arrangements needs to be clear.
Parking Systems	n/a (new contract)	Contract Management	The management and performance of the service provided under contract by NSL has not been reviewed since the contract commenced and is due in 2016/17. The audit would include: The effectiveness of the performance management framework, including reporting; The relevance of the performance indicators; The effectiveness of the remedies to address performance issues; Payments in accordance with the contract; Variations are in accordance with the Procurement Code and Financial Regulations.
Leisure Centres	n/a (new provider)	Compliance	The contract for managing the council's 8 leisure centres is being re-tendered and should be in place with the appropriate provider from July 2016. A cyclical review of compliance with financial control has been identified at the leisure centres as this has an impact on the income expected from the service. Suggest 4 reviewed in 2016/17 and 4 reviewed in 2017/18.
Procurement	2015/16 (all services) No assurance	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEourcing
City Management & Communities (WCC)			110 Days