

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Head of Audit & Risk Management – Audit Lincolnshire and the Finance Manager (S151)

To: Governance & Audit Committee – 25 September 2014

(Author: Lucy Pledge – Head of Audit & Risk Management – Audit Lincolnshire
Mark Finch – Finance Manager (S151))

Subject: Internal Audit Update Report

Purpose: To update the Committee on progress with the Audit Plan May 2014 to August 2014

Recommendation:

1) That Members consider the content and outcomes of Internal Audit work and identify any action required

1.0 BACKGROUND

The purpose of this report is to:

- Advise of progress being made with the 2014/15 Audit Plan
- Provide details of the audit work during the period
- Provide details of the current position with agreed management actions in respect of previously issued reports
- Update the committee on any changes to the 2014/15 Audit Plan and any other matters that may be relevant to the Governance and Audit Committee role.

2.0 OPTIONS

2.1 Consider the content and outcomes of Internal Audit work and identify any action required.

3.0 REASONS FOR RECOMMENDATION

3.1 To monitor Internal Audit progress including the results of Audit work.

4.0 EXPECTED BENEFITS (AND MAIN REPORT)

4.1 To meet the Audit Committees terms of reference in monitoring the work of Internal Audit.

Key Messages

- 4.2. Work is progressing on the 2014/15 plan. There several jobs about to commence and the plan completion percentage will improve during quarter 3.
- 2 Audits complete 10% of jobs (includes HB)
 - 7 Audits at the scoping/client brief stage 36% of jobs
 - 1 Audit at fieldwork stage 5%

Actual progress to date is less than expected however the majority of audits were planned towards the latter half of the year. There were some deferrals (CSU / HRA business plan) but these have now been brought forward again. There has been some discussion on the use of the emerging risk contingency but no formal agreement as yet. CMT are due to discuss the 14/15 audit plan and possible revisions in September 2014.

- 4.3. We have issued three final reports since the last Committee. One of these, Recruitment and Retention received “Some Improvement Needed” Assurance and one, a 2013/14 Business Continuity Audit, received Limited Assurance which is included at Appendix 2 below. The 2013/14 Accounts Payable Audit received Substantial Assurance.
- 4.4. The assurance levels provided for 2014/15 have been amended in response to the introduction of other UK Public Sector Internal Audit Standards and are based on the Institute of Internal Auditors professional practice. The changes help auditors focus on the significance and importance of the activity in their opinions and recognise that auditors cannot give absolute (Full) assurance. The new levels of assurance are as follows (Appendix 1 outlines the definitions):-
- Effective
 - Some improvement needed
 - Major improvement needed
 - Inadequate

Internal Audit work completed from May 2014 to August 2014

4.4. The following audit work has been completed and a final report issued:

Effective	Some improvement needed	Major improvement needed	Inadequate
	<ul style="list-style-type: none"> • Recruitment and Retention • Accounts Payable (*13/14 Substantial Assurance) 	<ul style="list-style-type: none"> • Business Continuity* (*13/14 Audit Limited Assurance)	

Note: The Governance & Audit Committee should note that the assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. Definitions levels are shown in Appendix 1.

We are reporting one Limited* assurance audit in this period: Business Continuity. There is one remaining 2013/14 audit at draft report stage, Payroll, which is provisionally Substantial Assurance. For the Business Continuity Audit the key messages are:

- Completion of all Business Continuity Plans required
- Promotion and embedding of processes with greater emphasis placed on BCM at senior management level
- Regular exercising of the Business Continuity Plans
- Training on Business Continuity for all staff

**This report would have been included under the new criteria as “major improvement needed”.*

- 4.5. Progress with the implementation of agreed management action on recommendations for previous audits resulting in ‘No’ or ‘Limited’ assurance (and now “Major Improvement Needed” or “Inadequate”) is followed up and reported in Appendix 3 (summary). A more robust follow up is undertaken for audits with Limited Assurance or Major Improvement Needed.
- 4.6. In the audits given “Some improvement needed” or “Effective” Assurance, we confirmed that the Council has sound processes in place as follows:

Recruitment and Retention Internal Audit

Our review was carried out to give independent assurance that:

- There are robust systems and procedures in place to ensure that staff are recruited in accordance with Council policy and that potential employees are treated equitably
- There are policies/procedures in place to retain staff at an optimum level as well as an effective management handover when officers leave.

During the review we considered:

- Policy and guidance
- Staffing, including roles and responsibilities and training
- Vacancy management
- Staff retention initiatives and handover arrangements.

In general recruitment and retention at SHDC is working well. Managers are aware of their recruitment responsibilities and many have received training. The HR team are available to offer assistance as necessary. We found evidence that procedures have been followed when recruiting staff.

Treating applicants equitably is a key part of the recruitment and selection policy and process. There are arrangements in place to retain key staff including a policy for market supplements, career graded posts and the Authority is also working towards recruiting Apprentices. Further benchmarking with other Councils may help identify other opportunities for staff retention. From our internal audit work in 2013/14 we are aware that some key HR policies, such as the Workforce Strategy are currently being developed with a target date of December 2014; completion of these policies will aid workforce

development including retention and succession strategies. Handover arrangements are dealt with by the relevant manager; there is also a leavers checklist which is part of standard CPBS HR documentation.

We did find some areas which could be strengthened. These include:

- Ensuring signed contracts and evidence of qualifications are always received and placed on file
- Reporting details of the exit questionnaire to management including the number returned and reasons for leaving.
- Introduce reporting of performance in relation to recruitment.
- Update the recruitment and retention policy to include current practice and the fact that CPBS now provide the HR service.

These recommendations have been accepted and actions agreed to address these areas.

Welfare Reform Follow up

A follow-up of the 2013/14 Welfare Reform audit has been performed. The report was issued in April 2014 with actions agreed by the CPBS Revenues & Benefits Transformation Manager, Business Operations Manager (Transaction Processing) and Team Leader Benefits.

Testing was undertaken in order to assess action taken in respect of the recommendations made in the final report. Three recommendations have been implemented, one partially and one remains outstanding:

Council Tax Support Scheme – CTS claims are yet to be checked for accuracy but this will take place once HB Subsidy testing is complete.

Discretionary housing payments (DHP) required further work to confirm the expenditure total; a review has been undertaken, and reconciliations are being carried out on a monthly basis. There are a number of discrepancies that are still being investigated and system reports are being amended.

A further follow up review will take place prior to December 14.

Accounts Payable Internal Audit

The Accounts Payable function is provided by Compass Point Business Services (CPBS) for both East Lindsey District Council (ELDC) and South Holland District Council (SHDC). Council officers raise purchase requisitions, request supplier set ups, and record goods received within the portal area of the AX system.

Accounts Payable processes are, overall, well controlled. In particular:

- Payments to suppliers are being made promptly and accurately
- Purchase requisitions over £500 are being approved by a budget manager
- Control reconciliations are carried out regularly and supporting documentation is retained Manual payments are fully recorded and authorised

We found two areas for improvement specifically around Authorised Signatories and Refunds which have been accepted by management and improvements agreed.

Audits in Progress

4.7. The following 2014/15 audits are currently in progress:

Housing Benefit Subsidy

The Council submits an annual subsidy return in support of benefit payments made during the previous financial year. Internal Audit undertake detailed testing on the Council's housing benefit subsidy claim which feeds into External Audit's certification work on the Council's grants and returns. This work has almost been fully completed, subject to final queries and assessment by External Audit.

CPBS Corporate Governance

This is a joint review with East Lindsey Internal Audit team and covers performance management, Board roles, Company agreements, year end surpluses /deficits, changes affecting company activities, capital investment.

The audit is looking to provide assurance on the effectiveness of performance management information; managing the twin roles of Board Director and Council Officer; ensuring that agreements are up to date and fit for purpose and that there are clear processes for work beyond the scope of the contract; year end surpluses and deficits are treated appropriately; there are appropriate arrangements in place to manage changes that may impact on the Company and that there are effective arrangements for continued capital investment where required.

ICT

This is a joint audit review with East Lindsey Internal Audit team and also uses an external ICT audit specialist. The audit is looking to provide assurance on the arrangements for IT security (infrastructure follow up, public service network accreditation, data protection agreements), the secure use of mobile devices, arrangements for disaster recovery (this is a follow up review), software management and licensing compliance, ICT strategies and the effectiveness of programme/project management.

Remaining 2013/14 work

There is one remaining 2013/14 audit at draft report stage, Payroll, which is provisionally Substantial assurance. We are currently working with management to agree actions and finalise this report.

Performance Information

4.8. Our current performance against targets is shown below:

Performance Indicator	Target	Actual @ 31 st May 2014
Percentage of 14/15 plan completed.	100% (revised plan)	19% (See comments in

Performance Indicator	Target	Actual @ 31 st May 2014
Number of Audit Jobs: 19 Completed: 2		para 4.2 above)
Percentage of key financial systems completed.	100%	Annual Indicator
Percentage of recommendations agreed.	100%	100%
Percentage of recommendations implemented (13/14 audits and 14/15 audits falling due)	100% or escalated	2013/14 – 81%* 2014/15 – N/A *Mainly Information governance recommendations falling due
Timescales	Draft report issued within 10 working days of completing audit. (target 100%) Final report issued within 5 working days of closure meeting / receipt of management responses. (target 100%) Audit completed to draft report stage within two months of starting fieldwork (target 80%)	100% 100% One audit 2.5 months
Client Feedback on Audit (average)	Good to excellent	Feedback awaited

Other matters of interest

4.9 CIPFA Better Governance Forum – Audit Committee Update Issue 14 - helping audit committees to be effective

This update contains articles on;

- The current arrangements for overseeing the quality and independence of external auditors
- CIPFA's work on developing a counter fraud code of practice
- Recent consultation around local audit regulations

Plus information on general developments in the fields of governance, risks and counter fraud.

Understanding External Audit Quality and Independence

The audit opinion from external audit is one of the most important elements of assurance that the audit committee receives. It is helpful therefore for audit committee members to understand some of the professional standards, guidance and oversight arrangements that are in place to safeguard the quality of that audit opinion and auditor independence. It is also helpful for audit committee members to understand the role they can play to support an efficient external audit and to help ensure good working relationships between their organisation and the auditors.

There are three main areas that are of importance to an audit committee;

1. That auditor independence is safeguarded
2. That a satisfactory quality of audit is provided
3. That the customer service provided and client relationships operate well

The role for the audit committee in these areas is to;

- Review the assurances from your external auditor over independence
 - Understand the quality mechanisms that underpin the work of external audit (these are usually outlined in the audit plan report to the committee)
 - Consider the annual reports from the relevant regulator that provide assurance on audit quality (all audit organisations will operate their own quality mechanisms and the appointing body of the external auditor will also have arrangements in place to monitor the performance of firms undertaking audits on their behalf)
 - See the published quality inspection reports relevant to your external audit firm (where available)
 - Have a good relationship with the nominated lead of the external audit team (to help the committee to better understand the audit plan, team roles and their approach to the audit)
-

Consultation on New Counter Fraud Code

Managing the Risk of Fraud guidance was developed in 2005 and updated in 2008 and CIPFA has decided to give the guidance a higher status as a code, although adherence to it is voluntary, and to make it suitable for application across all parts of the public services.

The draft code was out for consultation in May – July and the comments are now being analysed.

Government Consultation on Local Audit Regulations

DCLG has issued a consultation on regulations relating to the implementation of the Local Audit and Accountability Act 2014. The draft regulations cover a number of different topics. As well as matters relating to the implementation of the Act there also updated Accounts and Audit Regulations which directly impact on the work of finance and internal audit.

A few of the key areas of interest to the audit committee are;

Collective auditor procurement

The regulations set out how the secretary of state will nominate “an appointing person” to operate a collective procurement on behalf of authorities. Authorities will have the option of choosing a collective procurement which, if exercised, will replace the requirement to establish an auditor panel to oversee and recommend an appointment.

Accounts and Audit Regulations (England)

From the accounts for the financial year 2017/18 the government proposes to bring forward the existing dates of 30 June and 30 September to 31 May and 31 July for accounts being signed and certified by the responsible financial officer and then approved and published – this means that audit committees will be reviewing the audited accounts in July rather than September

There are also changes to the rules on the exercise of the public’s rights to inspect the accounting records

The requirement for internal audit has been amended to explicitly include risk management, control and governance. The annual review of effectiveness is no longer needed.

CIPFA has responded to the regulations.

Other general development information

There are reports, recommendations and guidance on;

- International Framework: Good Governance in the Public Sector
 - Ethical Standards for the Providers of Public Services
 - Ethics in Practice: Promoting Ethical Standards in Public Life
-

- Implementation of the Single Fraud Investigation Service and Accessing Funding for Counter Fraud Activities
- Government Response on Whistleblowing
- The National Audit Office's Role in Local Audit
- Government Response on Local Government Procurement

It is important for audit committees to have an appreciation of these areas and a full copy of the update is attached.

4.10 **County-Wide bid for Government Counter Fraud funding**

Audit Lincolnshire is working with the Finance Directors of all the Lincolnshire Districts to submit a joint bid to the Government for additional one-off counter fraud funding. The bid deadline is early September and an update will be provided when the results are known

4.10 **Effective Audit Committee Workshop – 7th November 2014**

Lincolnshire County Council has arranged for CIPFA to provide their Effective Audit Committee development workshop in Lincolnshire. The day is designed to improve the focus and impact of audit committees and extend the knowledge and skills of audit committee members. It includes:

- Briefings on recent and emerging governance matters
- Identifies how the audit committee can fulfil its purpose and improve its impact.
- Balanced Work plan
- Assurance Planning
- Getting the most out of members knowledge and skills

The County Council is opening up the session to all Lincolnshire Districts Audit Committees – for a small fee of £100. A copy of the agenda for the day is attached in Appendix 5 below.

5.0 **IMPLICATIONS**

5.1 **Carbon Footprint / Environmental Issues**

5.1.1 *It is the opinion of the Report Author that there are no implications.*

5.2 **Constitution & Legal**

5.2.1 *It is the opinion of the Report Author that there are no implications.*

5.3 **Contracts**

5.3.1 *It is the opinion of the Report Author that there are no implications.*

5.4 **Corporate Priorities**

5.4.1 *It is the opinion of the Report Author that there are no implications.*

5.5 **Crime and Disorder**

5.5.1 *It is the opinion of the Report Author that there are no implications.*

5.6 **Equality and Diversity / Human Rights**

5.6.1 *It is the opinion of the Report Author that there are no implications.*

5.7 **Financial**

5.7.1 *It is the opinion of the Report Author that there are no implications.*

5.8 **Risk Management**

5.8.1 *It is the opinion of the Report Author that there are no implications.*

5.9 **Staffing**

5.9.1 *It is the opinion of the Report Author that there are no implications.*

5.10 **Stakeholders / Consultation / Timescales**

5.10.1 *It is the opinion of the Report Author that there are no implications.*

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 Not applicable

7.0 **ACRONYMS**

7.1 Report authors must list the definitions of all acronyms used.

Background papers:- None

Lead Contact Officer

Name/Post: Lucy Pledge - Head of Audit & Risk Management, Audit Lincolnshire

Telephone Number: 01522 553692

Email: lucy.pledge@lincolnshire.gov.uk

Officers who will be attending the Meeting:

Lucy Pledge – Head of Audit & Risk Management – Audit Lincolnshire;

Mark Finch – Finance Manager (S151)

Appendices attached to this report:

Appendix 1 – Assurance Definitions

Appendix 2 – Audits with Limited Assurance

Appendix 3 – Outstanding Recommendations as at 12//06/14

Appendix 4 – Internal Audit Plan & Schedule

Appendix 5 – Effective Audit Committee Workshop Agenda

Appendix 1 - Assurance Definitions

Appendix 1 - Assurance Definitions¹

Effective	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
Some improvement needed	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low. A few specific control or risk issues identified.</p> <p>As a guide there are low to medium risk / priority actions arising from the review.</p>
Major improvement needed	<p>Our critical review or assessment on the activity identified numerous concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.</p> <p>As a guide there are numerous medium and a few high risk / priority actions arising from the review.</p> <p>Our work did not identify system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements
Inadequate	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>Our work identified system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements <p>There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.</p> <p>As a guide there are a large number of high risks / priority actions arising from the review.</p>

¹ These definitions are used as a means of measuring or judging the results and impact of matters identified in the audit. The assurance opinion is based on information and evidence which came to our attention during the audit. Our work cannot provide absolute assurance that material errors, loss or fraud do not exist.

Appendix 2 – Audits where assurance is assessed as ‘Major improvement needed’ or ‘Inadequate’

Business Continuity (Limited Assurance)*

**13/14 definition*

Introduction and Scope

Business Continuity is the process that ensures that the council’s critical services can continue to operate in the event of a disruption or incident. All authorities should have a procedure in place that is effective, has been thoroughly exercised, is regularly reviewed, and is operated by trained staff. This ensures the council can meet its responsibilities under the Civil Contingencies Act 2004.

We have completed our audit review to provide independent assurance on the Business Continuity arrangements in place and that they are being managed and maintained appropriately. We have:

- examined the Business Continuity plans and procedures currently in place
- assessed how this process is exercised and reviewed
- checked that key staff are aware of their roles and responsibilities

South Holland District Council (SHDC) has shared management arrangements with Breckland District Council and is taking a joint approach to developing policies and plans going forward. SHDC also receive support and advice on Business Continuity arrangements from Lincolnshire's Joint Emergency Management Service (JEMS).

Note that our Audit has not reviewed the capacity arrangements in place regarding the use of JEMS and whether this is sufficient. We would recommend that Senior Management consider and assess this based on the findings and recommendations presented in this report. We have also not specifically looked at ICT Disaster Recovery as part of this review, but we have been informed that the process has been recently reviewed.

Executive Summary

Assurance Opinion – Limited Assurance

At present, we are only able to provide limited assurance on SHDC's Business Continuity arrangements as there are a number of key areas that still need to be fully developed and completed. Whilst these remain outstanding, there is a risk that staff will not know how to respond to an incident, or that the response will not be well co-ordinated and disruption to services will be for longer than necessary.

The areas to address include:

- Completion of all Business Continuity Plans with regular reviews and updates scheduled
- Promotion and embedding of processes with greater emphasis placed on BCM at senior management level
- Regular exercising of the Business Continuity Plans
- Training on Business Continuity for all staff

With changes in roles, responsibilities and management arrangements in recent years, including the formation of Compass Point Business Services and links with Breckland, it is clear that focus on the BCM framework and testing for resilience has 'dipped' and plans have not been kept up to date. Our discussions and review of documentation confirmed that, with the involvement of JEMS, steps are now being taken to progress service area plans and determine training requirements. A business continuity exercise has been scheduled for 2014/15.

Direction of Travel



Improving

Work is currently ongoing to get the Business Continuity procedures for SHDC updated. Arrangements will be strengthened as new plans become embedded and further tested.

At present there is a Business Continuity Management (BCM) Framework in place for SHDC and Breckland that serves as a Business Continuity Policy. This is detailed and sets out the responsibility for BCM, aims, objectives, the BCM cycle and how robust arrangements will be delivered. We could not identify that this document had been signed off by Senior Management and it still appears to be in draft form (there is no version control or any review dates noted on the document). The document should be reviewed, finalised and approved by CMT and version control added so that staff know they are looking at the most recent document. We also noted that there are a number of requirements set out in the framework that are not yet in place. Senior management need to monitor that these are completed to ensure appropriate BCM arrangements are in place and strengthen the embedding process.

The Corporate Business Continuity Plan has recently been updated and refreshed, but it is not clear that it has been formally approved by CMT. This Plan is supported by Business Impact Analysis and Business Continuity Plans for each service area. Whilst the BIAs have been completed, the plans we examined were not always fully populated and some service areas have yet to complete a plan. This is currently main focus of refresh work at SHDC.

We were able to confirm that training needs of staff have been identified and some guidance for staff has been recently updated. However, actual training is not in place and there is limited communication about BCM. It is important that Senior Management promote Business Continuity arrangements and ensure that all staff have a clear understanding of the importance of this process. This should be followed up with training and guidance for all staff, and an awareness of business continuity should be a standard part of the induction process for new staff. Information on business continuity should be available to staff on SHINE, the council's intranet.

Our discussions established that a full Business Continuity role-play exercise or any desktop exercises to test plans have not been completed at SHDC since October 2008. We understand that a BCM exercise is scheduled for 2014/15 once plans and training are completed.

We would like to thank Sue Whitton, JEMS, for her time and help with this audit.

Management Response

Post audit questionnaire response:

The Audit provided the opportunity for the senior management at SHDC to focus on BC and provide some much awaited response to questions posed. We are testing the Corporate BC and Service BC Plans as part of the national Exercise Cygnus in October and as exercise planning team of SHDC staff are due to have their 2nd meeting on 21st August.

Management Actions	No	All to be completed by:
High Priority	4	1 st November 2014
Medium Priority	3	1 st August 2014

END OF APPENDIX 2

Appendix 3 - Outstanding recommendations as at September 14

Audit Area	Date	Assurance	Number of Recs	Implem'd	Outstanding			Due date not yet reached
					H	M	L	
Asset & Property								
Asset Management	Sept 2013	Substantial	4	3		1		
Democratic Services								
Risk Management	April 2014	Substantial	6					6
Information Governance	Feb 2014	Limited	16	6	4	6		
Finance								
Counter Fraud	July 2012	Substantial	5	4		1		
Welfare Reform	Feb 2014	Substantial	4	2	1	1		
Procurement	Dec 2013	Limited	5	4	1			
ICT								
AX Security 11/12	April 2012	Limited	20	19	1			
ICT Infrastructure	Dec 2012	Substantial	21	13		8		
ICT Data Migration Fixed Asset Register	Mar 2014	Full	1					1
Housing								
HRA Business Plan	Oct 2012	Limited / Substantial	9	8	1			
Human Resources								
HR Strategy & Policy	April 2014	Substantial	4			1		3
Recruitment and Retention	Aug 2014	Substantial	6	3				3
Community Development								
Business Continuity	Aug 14	Limited	7	2	3	1		1

Appendix 4 Internal Audit Plan and Schedule 2014/15

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Critical Service Activities						
Chief Executive						
Key Officer Groups	10	To provide assurance on ability to deliver successful results / outcomes. Review governance arrangements – project management and decision making.	November 14			There are close linkages between this review and the delivery of savings targets audit so they will be completed at the same time.
Director of Commissioning						
Housing Revenue Account	10	Assurance over the effectiveness of long term strategy and effective use of income.	September 14			Changes to Business Plan – agreed to defer to Q2/3
CSU	15	Operational delivery assurance; includes gas servicing review.	January 15			Focus switch to operational delivery following discussion with management.
Sub total	35					

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Due Diligence						
Finance Systems <ul style="list-style-type: none"> • Cash receipting (CR) • Budget preparation (BP) / Medium Term Financial Plan (MTFP) • Payroll (P) 	CR-9 BP/MTFP 16	To ensure the Council's financial control environment is robust and operating effectively. Areas selected from risk assessment, last audit, changes, External Audit liaison and assurance map.	<u>CR</u> August 14 <u>BP / MTFP</u> December 14 <u>P</u> October 14			This will be delivered in conjunction with ELDC internal audit. <u>SHDC auditors</u> Payroll Cash Receipting <u>ELDC auditors</u> BP/MTFP Cash Receipting
Key Control Testing of Financial systems	14	To undertake testing on key controls within finance systems for Head of Audit assurance	January 15			This will be delivered in conjunction with ELDC internal audit. <u>SHDC</u> Creditors/Property/ Housing benefits <u>ELDC</u>

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
						Debtors, Council Tax, NNDR, Bank Reconciliation
Health & Safety	8	To ensure that the Council has effective health and safety arrangements in place that comply with relevant legislation and regulations	October 14			
Recruitment & Retention	9	To review how the Council is addressing risks identified around staff recruitment and retention staff	May 14	15 th May 2014	25 July 14	Scope agreed. Fieldwork stage.
Insurance	6	To ensure that the Council has effective arrangements in place to manage its insurable risks	October 14			This audit will be delivered by ELDC auditors
Delivery of Savings Targets	4	To confirm the delivery of savings targets as approved in the budget and review the impact on service delivery / delivery models (To be included as part of MTFP audit above and days will be adjusted accordingly)	December 14			Reduced audit resource and to be completed alongside MTFP audit above following discussion with management.
CPBS	10	Undertake a review of the	August 14	August 14		Scope agreed and

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
		governance, risk and internal control regime of the Company				audit commenced
Contract Management	10	To provide assurance that key contracts are managed effectively and monitored to confirm they are delivering as agreed	January 15			
Partnerships / Collaborative working	10	Assurance on the effectiveness of the Council's partnership / collaborative working arrangements and how collaborative working supports delivery of the Council's priorities and tackling the 'big issues' facing the Council. Transformation programme – actions following the peer review	October 14			
Information Governance	5	Follow up review to confirm management actions from	October 14			Audit to be completed by ELDC

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
		2013/14 audit have been implemented and review effectiveness of data security arrangements				auditors
Sub Total	105					
Benefits Subsidy claim	25	Testing to support the external audit of the subsidy claim	June-August 14	June 14		Virtually complete
Sub Total	25					
Strategic Risk	0					
Sub Total	0					
Emerging Risks						
Emerging risk contingency	14	To audit any significant emerging risks arising in the year.				Previously 15 days 5 days transferred to CSU (gas servicing) ; 4 days transferred in from savings audit
Sub Total	14					
Other relevant Areas						
Combined Assurance	10	Co-ordinating and updating assurances on the Council's assurance map with service managers.	December 2014			
Sub Total	10					

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
ICT Audit.						
ICT Audit <ul style="list-style-type: none"> • Mobile Devices • IT security 	20 <i>(plus East Lindsey allocation)</i>	IT security Mobile devices Strategy ICT Programme/projects Software DR follow up	September 14	September 14		Working in conjunction with ELDC internal audit on certain aspects. Scope agreed.
Sub Total	20					
Non-Audit						
Advice / liaison	6					
Annual Report	1					
Audit Committee	6					
Sub Total	13					
Total Audit Plan for 2014/15	218					

Appendix 5 Effective Audit Committee Workshop – 7th November 2014 – Outline Programme

Effective Audit Committees - 7th November 2014

The Lincoln Golf Centre, Thorpe on the Hill, Lincoln. LN6 9BW

9.00 *Coffee and Registration*

9.15 *Introduction & Housekeeping (Lucy Pledge)*

9.30 **Roles and Responsibilities of the Audit Committee**

An overview of the role of the audit committee, its objectives and accountability arrangements.

10.30 *Break*

10.45 **Achieving a balanced work programme**

An overview of the key areas of activity for the audit committee, including the core areas outlined in the CIPFA position statement, e.g. governance, risk management, internal audit, external audit, value for money and counter fraud. The session will identify how the audit committee can add value to each of these areas.

(This could be a high level look at all the areas identified as core functions in the position statement, or more in depth on one or two.)

12.30 **Lunch**

13.15 **Knowledge and skills**

An interactive session outlining key areas of knowledge and skills, including the role of the chair, and engaging delegates in a practical assessment of the knowledge and skills of their committee.

14.15 **Break**
