


<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p align="center">March 2016</p>		
INTERNAL AUDIT ANNUAL PLAN 2016/17		
Open Report		
Classification: For Information Key Decision: No		
Wards Affected: None		
Accountable Director: Moyra McGarvey, Director for Audit, Fraud, Risk and Insurance		
Report Author: Geoff Drake, Senior Audit Manager		Contact Details: Tel: 0208 753 2529 E-mail: geoff.drake@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. This report summarises internal audit approach used to develop the Internal Audit plans for the 2016/17 year as well as providing the audit plans.

2. RECOMMENDATIONS

- 2.1. To note the 2016/17 year Internal Audit plan.

3. REASON FOR DECISION

- 3.1 To enable the delivery of the audit plans to commence on 1 April 2016

4. INTRODUCTION AND BACKGROUND

- 4.1 This report explains the process for developing internal audit annual plans and provides the 2016/17 year Internal Audit plans for the Committee to note and approve.

- 4.2 The key document for consideration by the Committee is the Internal Audit plan provided at Appendix A.

5. PROPOSAL AND ISSUES

Internal Audit Planning Process

- 5.1 The Initial stage of the planning process for the 2016/17 year was to develop and update the audit universe, which lists all the potential auditable areas within the organisation. At the same time a list of all the entries in the corporate and departmental risk registers that have a medium or high inherent risk rating were listed for consideration for the audit plan.
- 5.2 These two documents were evaluated to consider which areas should go forward into an initial draft plan, taking into account risk, materiality and whether the area has been audited in the last three years. Some of the selected items are standing entries in the audit plans due to their inherently high risk to the Council. These include gas safety and financial management. Other standing entries include procurement/contracts and IT, to ensure that contracts and IT governance are subject to satisfactory control.
- 5.3 The draft Plan has been provided to Senior Managers at the Council to consult on potential areas of audit review for the coming year. 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). 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.
- 5.4 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 audit plan for 2015/16 included time to review the key controls within the new managed services environment and the effectiveness of these controls. Whilst some work has been undertaken in this area, due to the systems evolving during the year, full controls evaluation has not been undertaken and a number of these reviews have been carried forward into the 2016/17 draft Audit Plan.
- 5.6 The table below shows an estimate of the audit resources required to fulfill the Council's Audit Plan for the 2016/17 financial year. In areas where services are provided on a shared basis with other Councils, the number of days assigned to the audit is shared across the councils. The table includes an estimate of the days chargeable to Hammersmith and Fulham for these audits. The planned audit days in the shared services areas have not yet been finalised and consequently this table will be updated once consultation across the three Councils has been completed.

Page	Department	Audit Days
	Adult Social Care	120
	Public Health	80
	Children's Services	220
	Corporate Services	180
	Environment	100
	Housing	100
	Audit Days	800

5.7 The plan will continue to be developed as further evaluation of some areas is still under way. Any major update on the current plan will be reported to the Audit, Pensions and Standards Committee.

3. OPTIONS AND ANALYSIS OF OPTIONS

3.1. Not applicable

4. CONSULTATION

4.1. Not applicable

5. EQUALITY IMPLICATIONS

5.1. Not applicable

6. LEGAL IMPLICATIONS

6.1. Not applicable

7. FINANCIAL AND RESOURCES IMPLICATIONS

7.1. Not applicable

8. RISK MANAGEMENT

8.1. Not applicable

9. PROCUREMENT AND IT STRATEGY IMPLICATIONS

9.1. Not applicable

LOCAL GOVERNMENT ACT 2000- LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Full supporting documents for Internal Audit reports planning	Geoff Drake Ext. 2529	Corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A Draft Internal Audit Plan 2015/16

Appendix A

Auditable Area	Audit Type	Scope	Quarter
Adult Social Care			
e-Monitoring Home Care System	IT	Review of new e-monitoring system (Panztel) across shared services.	Q4
Homecare Service Delivery	System	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.	Q1
Supplier Resilience	System	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.	Q2
Joint Commissioning	System	See also under Public Health. Review how the process identifies options and decides on which to take forward. Also how it inputs into the procurement plans at an early stage. Also consider development of new contracting vehicles such as alliances.	
Commissioning Planning	System	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.	Q2
Customer Journey	Systems	Implementation of plans from April 2016, including the monitoring of performance and delivery of benefits	Q2
Better Care Fund	System	Timing to be kept under review. Would consider use of funds, monitoring and reporting on performance and budget management	Q2

Auditable Area	Audit Type	Scope	Quarter
Information Governance & Exchange	Compliance	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.	Q3
Commissioning & Contracts	Compliance	Identification of contract need, approval to procure, procurement governance arrangements, tendering and procurement in line with standing orders and council policy.	Q2
Direct Payments	System	To review the process to approve that direct payments can be made, that the correct amount is paid and that the funds are used for the purposes intended.	
Quality Assurance and compliance	System	This will cover the arrangements to ensure consistency and quality of work. It will include supervision, the recently reintroduced quality assurance, and the Better Outcome Panels,	
Re-commissioning: CIS/Reablement	System	TO review arrangements for reviewing existing services and contracts and establish future needs for re-commissioning.	
Public Health			
Procurement	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing	Q3
Health & Wellbeing Strategy	System	Review collation of evidence, consultation, options assessment, production of reports, delivery of strategies	Q2
Partnership working with Health & CCGs	System	To cover priority setting & ensuring that the PH outcomes framework is used to inform this.	Q4
Commissioning Governance	System	Most of the current arrangements came from Dept of Health and are being reviewed at end of 2015/16	Q1

Auditable Area	Audit Type	Scope	Quarter
Joint Commissioning	System	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.	Q3
Contract Management - GPS and Pharmacists	Contract Management	Currently circa 100 contracts managed under a light touch regime. Review whether outcomes are delivered to support the service funding	Q1
Contract Management - CLCH	System	Consider review of the management and governance arrangements in respect of the Councils' relationship with CLCH.	Q1
Supplier resilience (non DH/NHS)	System	Not as high risk as ASC if service not delivered, but it is important to ensure that certain services continue where possible (eg substance misuse, sexual health)	Q2
Cardiovascular – contract monitoring	System	To review compliance with contract terms and the requirements of the service being delivered.	
Obesity – contract monitoring	System	To review compliance with contract terms and the requirements of the service being delivered	
Children Services			
William Morris Academy 6th form college	Compliance	Agreed School Audit Programme	Q1-3
Queensmill School	Compliance	Agreed School Audit Programme	Q1-3
Bayonne Nursery Schools	Compliance	Agreed School Audit Programme	Q1-3
Vanessa Nursery School	Compliance	Agreed School Audit Programme	Q1-3
Lena Gardens	Compliance	Agreed School Audit Programme	Q1-3
Miles Coverdale	Compliance	Agreed School Audit Programme	Q1-3
Old Oak	Compliance	Agreed School Audit Programme	Q1-3

Auditable Area	Audit Type	Scope	Quarter
Sir John Lillie	Compliance	Agreed School Audit Programme	Q1-3
Wendell Park	Compliance	Agreed School Audit Programme	Q1-3
John Betts VA	Compliance	Agreed School Audit Programme	Q1-3
Larmenier and Sacred Heart RC	Compliance	Agreed School Audit Programme	Q1-3
St. Augustine's RC	Compliance	Agreed School Audit Programme	Q1-3
St.Paul's C of E	Compliance	Agreed School Audit Programme	Q1-3
St. Thomas of Canterbury RC	Compliance	Agreed School Audit Programme	Q1-3
Phoenix High	Compliance	Agreed School Audit Programme	Q1-3
SEN Provision	System	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	Q1-Q2
SEN Transport	Compliance	Review of the contract management arrangements across the three Councils by the in-house client team based in Children Services	Q2
Asylum Seekers - Unaccompanied Minors	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	Q3
Personal Budgets - Disabled Children	Compliance	Review the arrangements for compliance with enabling legislation including assessments and management/monitoring arrangements in individual cases	Q1
School Improvement Services	Compliance	Review the arrangements for provision of School Improvement Services	Q3
Leaving Care	System	Review of the arrangements for preparing children for the transition out of council care and the ongoing overview and management of individual cases	Q2
Safeguarding Children	Compliance	Review the arrangements for monitoring compliance with legislation and providing quality assurance over the Councils' arrangements for safeguarding children.	Q3

Auditable Area	Audit Type	Scope	Quarter
School Meals Contract	Compliance	Review the arrangements for managing the contract	Q2
Children & Families Act Implementation	Compliance	Review arrangements for managing the councils transition to full compliance (strong links to SEN provision)	Q1-Q2
Schools: Outsourced Payroll Arrangements	Special	A significant number of LBHF schools have withdrawn from the BT shared Services contract and are sourcing payroll arrangements elsewhere, apparently mainly through 3BM who have partnered with a payroll organisation. We may need to review the procurement route the schools followed.	
Troubled Families – grant verification	Special	To validate the accuracy and validity of the cases put forward for Troubled Families grant annually	Q3
Procurement of Residential Placements	System	Review the arrangements for procuring placements for higher needs and disabled children, including payment and budgetary controls	Q2
Corporate Services			
Disaster Recovery and Business Continuity	IT Governance and Security	Review of DR and BR arrangements for key systems	
ICT Service Contract with BT and Agilisys	IT System and Processes	Service review of BT and Agilisys contract for helpdesk and data network support	Q2
Business Rates NNDR (Academy) System	IT System and Processes	Review of the Academy application for BR/NNDR (outsourced to Capita in Erith)	Q3
Housing Benefits (Academy) System	IT System and Processes	Review of the Academy application for Housing Benefits (outsourced to Capita in Erith)	Q3
Transport Infrastructure - See also Highways & Infrastructure	System	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.	TBC

Auditable Area	Audit Type	Scope	Quarter
Procurement governance	Specific	To review the new LBHF sovereign Contract Standing Orders. This may be a pre or post implementation review	TBC
Pensions Administration	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.	Q2
Legal Services Demand Management	System	Review how the service manages demand/resources for legal services in line with the S113 agreement.	Q1
Legal Services – Trading Account	System	Should include the setting of charging rates, allocation of costs and charging, monitoring financial performance.	Q1
Trading Accounts	System	Review the systems in place to ensure that the service is capturing costs/billing/accounting for income across the shared service.	Q2
Total Facilities Management	System	LBHF sovereign review of contract management and monitoring arrangements. See also under Environment Services	Q2
Ethics, Declarations of Interest, Gifts & Hospitality	Compliance	Review of compliance by the service areas with the requirements of the council's code of ethics etc	TBC
Payroll – Managed Services	System	MS - Audit brought forward from 2015/16	Q1
Disclosure Barring Service	System	Review process since Managed Services implemented & service retained in house	Q1
Accounts Payable (P2P)	System	MS - Audit brought forward from 2015/16	Q2
Accounts Receivable (O2C)	System	MS - Audit brought forward from 2015/16	Q3
Income Management (Cash & Bank)	System	MS - Audit brought forward from 2015/16	Q2
General Ledger/Budgetary Control	System	MS - Audit brought forward from 2015/16	Q3
Treasury Management	System	Review of the systems in place for the shared treasury management service and compliance with agreed policies, strategies and procedures.	Q2

Auditable Area	Audit Type	Scope	Quarter
VAT	Compliance	Review the arrangements to ensure VAT rates are correctly applied and hat timely and accurate advise is provided as needed.	
Networks & Telecommunication Service Contract	IT Governance and Security	Review of new service contract for network and telecommunications across shared services	Q4
ICT Contract Monitoring Arrangements	IT Governance and Security	Review of how central ICT service contracts are monitored and managed across shared services	Q2
Personal Commitment Statement/ Information Security Policy Compliance	IT Governance and Security	Review of compliance with personal commitment statements for network users	Q2
Security Incident & Data Management	IT Governance and Security	Review of security incident management and data management including prevention / loss of data	Q3
Office 365 Implementation	IT Governance and Security	Review of the implementation for Office 365 including security issues and costs	Q4
System Server & Admin Account Management	IT Systems & Processes	Review management of system servers and system administration accounts for networks	Q3
IT Asset Management & Disposal	IT Systems & Processes	Review of arrangements for management and disposal of IT assets / equipment across shared services	Q3
MSP - System Administration Access Organisation Hierarchy	IT Systems & Processes	Review of system administration, system access and organisation hierarchy set up for Agresso	Q2
MSP - Change Control Process	IT Systems & Processes	Review of how change controls is managed within the MSP environment	Q3
MSP - Interfaces with external systems	IT Systems & Processes	Review of Agresso interfaces with business critical systems how these are managed/controlled through Procserve (third party provider)	Q3
MSP - Business Continuity and Disaster Recovery	IT Systems & Processes	Review of the DR and BR arrangements for Agresso	Q3

Auditable Area	Audit Type	Scope	Quarter
MSP – Intelligent Client Function	System	To review the new arrangements to manage the new Agresso system and the Managed Services contract.	Q2
MSP – Benefits Management	System	To review the process followed to establish expected benefits at the start of the project, track changes and report on continued programme value, monitor delivery of benefits, etc.	Q1
MSP Contingency	IT Systems & Processes	Contingency for emerging issues with MSP.	Q1-Q4
Corporate and Partnership Governance	Systems	Review of governance arrangements	Q4
Commercial Property Management	System	To include the identification of commercial properties, their regular review for retention/disposal, renting/leasing of properties, collection of income and debt management, properties maintenance.	
Absence management	System	To review the process and controls to report absences to monitor levels of absence and to take action in line with absence management policies and procedures.	
Recruitment and Selection	System	To review compliance with policies and procedures to get approval to recruit, advertising of vacancies, receipt and evaluation of applications, interviewing and selection, checking of details eg full employment record, educational requirements, taking up of references etc, notification of results.	
Library Services			
Libraries	TBC	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.	TBC
Environment			

Auditable Area	Audit Type	Scope	Quarter
Community Safety: Wardens	System	Training and Guidance, safety of officers, allocation of officers to patrols, allocation and use of equipment, liaison with partners and stakeholders eg others in the council and the police, incident recording, performance management.	Q2
Regeneration: King Street (c/f)	Specific	Audit scope to be confirmed following meeting the director.	Q1
Private housing Grants	System	Publicity of service, governance arrangements, identification of cases and applications, assessment, decision making, funding, check on grant use and achievement of client benefits.	Q1
Licensing	Contingency	Review planned to cover; policy and procedures, application processing, income collection, debt recovery & write offs, enforcement, budgetary control and performance management	Q3
Corporate Health and Safety	System	Review to cover policies, procedures, compliance with legislation, roles and responsibilities, support and training, risk assessments, incident reporting, management monitoring and assurance.	Q1
TFM Contract management	Compliance	Review to cover contract governance, service delivery, monitoring against terms and conditions, contract liaison, contractor performance, application of penalty clauses/performance rewards. See also under Corporate services.	Q2
Asset Management: Utilisation of office space	System	Review to evaluate governance of office assets, corporate landlord policy and strategy, identification of office assets and values, evaluation of levels and effectiveness of use, consolidation of use, identification of unused and underused assets, plans to address these.	Q2
Economic Development	System	Audit coverage to include policy, strategy and procedures, business plans, progress and performance targets, monitoring delivery, monitoring delivery of benefits from ZBB, financial management.	Q2

Auditable Area	Audit Type	Scope	Quarter
Regeneration: Governance (c/f)	System	Review to cover, Governance Structure, Strategy and Planning, Decision Making, Programme/Project Monitoring and Control and Management Information and Reporting.	Q2
Regeneration: Earls Court (c/f)	Specific	Scope based on current stage of project.	TBC
Parking notice processing	System	All parking notice processing is now undertaken by a shared service team and a new parking system (Spur) was implemented on 1/2/16. The review will consider the implementation and systems in place to process parking notices	Q2
Parking Pay and Display	Compliance	The review will consider current arrangements and processing of income from pay and display operations. Consideration will be given to the implementation of cashless pay and display units. The audit will review both systems and undertake substantive testing.	Q3
Bridges	Specific	Hammersmith bridge is scheduled to be repaired utilising a design and build contract with major funding from TFL. There are other bridges where Councils have responsibility for maintenance and upkeep in conjunction with TFL. This review will be subject to further discussions.	TBC
Procurement	System	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEourcing	
Housing			
Joint venture	System	Audit of governance and financial arrangements	TBC

Auditable Area	Audit Type	Scope	Quarter
Housing Voids	Compliance	Identification of vacated premises, initial evaluation and work planning, monitoring progress, quality assurance of completed works and sign off, reallocation of property, financial management, performance monitoring.	Q2
Service Charges	System	Review to include policy and procedures, identification of leaseholders, identification of chargeable costs, calculation of charges, invoicing, debt management.	Q4
Health and Safety, including gas safety	Compliance	Data migration onto Techforge, ongoing maintenance of data.	Q3
Housing Stock Options	System	Identification of potential impacts, evaluation and confirmation, financial assessment, QA of assessment, reporting.	TBC
Stakeholder satisfaction/ Residents' consultation	System	Audit to review policies and Procedures, call handling, satisfaction Surveys, inspection regime and use of Feedback and Management Information	Q3
Emergency Planning	System	The processes have recently been reviewed. Therefore review the Housing emergency planning process including lessons learned from recent 'near misses' and implementation of any recommendations.	
Homelessness	System	Coverage to include prevention as well as assessments, allocation of residences etc.	
Housing Special Purpose Vehicle	Special	Included to keep under review, currently inactive.	
MITIE repairs reporting process	System	A walkthrough review of how someone reports a repair, and their process through the system including how it is fed back to the resident (customer service view).	
IT			

Auditable Area	Audit Type	Scope	Quarter
Mosaic Implementation	System	System development/ implementation.	