



Leicester
City Council

Internal Audit
Leicester City Council

Internal Audit Plan 2015-16

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1. Introduction

- 1.1. Internal Audit is a central part of the Council's corporate governance and management arrangements. It provides an objective review and assessment of the adequacy of internal control arrangements in place to manage the risks the Council faces in seeking to achieve its objectives. Service improvement is a key objective of Internal Audit and is an important part of the audit process.
- 1.2. Internal Audit seeks to deliver assurance on the management of risk and the effectiveness of internal control systems in operation at the City Council. Its resources are, however, limited, so its work is planned to ensure that available resources are used effectively and efficiently and are targeted at those areas posing the greatest risk to the achievement of the Council's objectives or are otherwise aligned with strategic priorities. To do so, Internal Audit prepares an annual audit plan. This is done as described in paragraph 2.1 below. The aim is to ensure a structured approach to the audit service so as to enable Internal Audit to provide an overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.3. This document presents the Internal Audit Plan for the financial year 2015-16. Set out below are:
 - The basis of the preparation of the Internal Audit Plan for 2015-16 and the themes emerging
 - The contribution of the Internal Audit Plan to the Council's corporate governance and control arrangements
 - The relationship between the work of Internal Audit and the external auditor.
- 1.4. The audit plan does not list the individual audits anticipated; rather, it is presented as the essential areas of audit coverage within which specific audits will be undertaken. The reasons for this are:
 - The continuing uncertainties presented by the severe financial pressures the Council faces. In common with other services, Internal Audit is affected by these pressures and a review is currently under way. This is likely to lead to a reduction in staff numbers.
 - The potential for priorities and associated risks to change during the year, such that the focus of audit effort in a particular area may change.
 - The continuing change in the Council's organisational structures and management responsibilities.
- 1.5. The audit plan is a therefore statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible and prepared to revise its activities in response to changing circumstances or emerging risks. However, this flexibility may not be sufficient to cope with all changes required. It may also prove necessary to remove planned audits from the work plans in order to address emerging issues of greater risk.

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- 1.6. In addition, Internal Audit continues to seek opportunities to provide audit services to both internal and external customers on a traded basis. Though this may not be undertaken for profit, any fee income earned helps to sustain the audit service available to all client organisations, including the City Council, at a time of financial pressure. This particularly applies to technical specialist areas of audit such as IT and contract audit. However, such work also has implications for the availability, including timing, of audit resources available to the City Council. It is important to note also that any audit work undertaken for external clients does not form part of this audit plan.
- 1.7. [Appendix A](#) identifies the areas of audit coverage and the rationale for their inclusion in the audit plan for 2015-16. In some areas, potential specific audits are identified with an indication of when in the year they might be undertaken. These are subject to confirmation when the detailed quarterly plans are prepared.

2. Compilation of the Internal Audit Plan for 2015-16

2.1. Context

- 2.1.1. The annual audit plan for 2015-16 identifies the categories of audits to be carried out and in accordance with the *Public Sector Internal Audit Standards*¹, is based on risk. The principal source of information on identified risks has been the divisional risk registers, supplemented by consultation with all directors both individually and collectively via the Corporate Management Team; the Director of Finance; and the Finance Management Team, to identify the priorities put forward for audit coverage. The plan has also been shared for consultation with KPMG as the Council's external auditor. Final approval is the responsibility of the Council's Audit & Risk Committee.
- 2.1.2. The purpose of the plan is to align audit resource to those areas assessed as posing the greatest risk to the Council.

2.2. Selecting the Audits

- 2.2.1. The main consideration in audit work is the degree of risk to the Council. Factors to be taken into account when selecting specific audits for inclusion in the planned work for 2015-16 include:
- a) The materiality of the activity in terms of financial values as well as political and regulatory factors such as legislative requirements.
 - b) The reliance to be placed on Internal Audit's work by the Council's external auditors in their reliance on the Council's significant financial systems as part of the external audit of the Council's published financial statements.
 - c) The extent of the Council's reliance on third parties for service delivery, by means of contracts and partnerships.

¹ These are issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA). They set out the professional standards for internal auditors in accordance with recognised international professional practice.

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- d) The sensitivity of the activity in terms of the reputational consequences of failure and the potential effects of failure on the Council, its clients and the public.
- e) Stability including organisational, IT and other change and whether the activity is yet ready for audit.
- f) Whether Internal Audit can add value to other review and assurance processes already in place.
- g) Audit history including the assurance given in the latest previous audit on the strength of controls identified at that time, plus any risk or experience of fraud, error or waste.
- h) Any other material concerns, including those raised by the responsible director.

2.3. Traditionally, these factors have been used as part of an overall risk assessment for each auditable activity. In 2013-14, the decision was made to present the audit plan in a more generic format than in previous years. This was then supplemented by detailed quarterly plans setting out the specific audits to be delivered based on the risk profile at the time. The process has worked well and is continued in 2015-16. Though it does not give an absolute measure of risk, it does give a basis for prioritising audit work. It also means that, given the considerable uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risk profiles and strategic or operational priorities whilst maintaining a sufficiency of audit coverage for each of the relevant areas. The coordination between the Council's Internal Audit and Risk Management functions is of value here in 'horizon-scanning', such that emerging local and national risks are identified and can be covered in Internal Audit work where appropriate.

2.4. Individual audits will be agreed with service management; in most cases by means of specific terms of reference. Regular update reports on plan progress will be presented to the Audit & Risk Committee, who will also be advised of any implications for Internal Audit's ability to give sufficient assurance on the effectiveness of the Council's system of internal control and management of risk.

2.5. It should be noted that inclusion in the audit plan does not imply that a service, system or activity is poor. It indicates activities that most need to be subject to effective controls to manage the risks identified. An effective control environment may include regular internal audit review.

2.6. Delivering the Audit Plan

2.6.1. In compiling the audit plan, Internal Audit has always sought to present an objective view of the audit needs of the City Council. Traditionally, this has accompanied an assessment of the extent to which the plan can be delivered within the Internal Audit resources available. There is the irony that the continuing financial stringency increases the need for high levels of assurance on the effectiveness of the Council's systems of internal control, which increases the importance of effective Internal Audit coverage.

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- 2.6.2. Given the flexible and risk-based approach to audit planning in 2015-16, this annual audit plan does not identify the audit resources anticipated to be available. Setting out estimated audit time budgets at this stage is not considered meaningful.
- 2.6.3. Audit time budgets will continue to be included in the quarterly detailed audit plans, based on resources and priorities as they develop over the year. Delivery of the plan along with the outcomes of audit work will also continue to be subject to regular reporting, both on the individual audits as they are completed and overall during and at the end of the financial year. Combined with effective follow-up of recommendations made and high-level reporting on trends and themes emerging, this should enable the Council to ensure that its governance and control systems remain robust.
- 2.6.4. Where Internal Audit reviews have resulted in low levels of assurance, follow-up audits will be conducted to review the implementation of audit recommendations made. The aim is to give assurance that the necessary improvements to controls have been made. The plan makes allowance for such follow-up work and reporting on its outcomes to senior management and the Audit & Risk Committee.
- 2.6.5. Finally, despite the quarterly detailed plans, occasions will arise when urgent specially commissioned audit work will be needed that will not wait until the next quarter. Such audits will only be undertaken if an assessment of risk demonstrates a high need for involvement compared with other planned work; they and their implications will be included in the regular progress reporting.

2.7. The Audit Plan as a contribution to the Council's system of internal control and governance

- 2.7.1. Internal Audit plays a major role in supporting and maintaining effective internal controls as a contribution to the effective corporate governance of the Council and its activities. This annual audit plan is the prime mechanism for providing independent assurance to the Council that its systems of internal control are operating effectively and, where they are not, for drawing this to the Council's attention. Internal Audit's work provides assurance that the risks posed to the achievement of the Council's objectives are effectively controlled and, where they are not, identifies the extent to which remedial actions are required to put controls in place or to make existing controls more effective. It is important, however, that the true purpose of Internal Audit is recognised; that is, independent review of management control. It is not Internal Audit's purpose to replace such control and take the place of management.
- 2.7.2. Under the *Accounts & Audit (England) Regulations 2011*² the Council is required to review its system of internal control at least annually. The results must be given in its Annual Governance Statement³, which is published

² Regulation 4(2) of the Accounts and Audit (England) Regulations 2011

³ Required under regulation 4(3)(b) of the Accounts and Audit (England) Regulations 2011

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alongside the published financial statements as part of the Council's accountability to all of its stakeholders.

- 2.7.3. The regulations also require the Council to '*undertake an adequate and effective internal audit*⁴. The Council must also review its internal audit arrangements at least annually. Clearly, the degree of reliance that the Council can place on the work of Internal Audit is a key element in discharging these requirements.
- 2.7.4. Internal Audit's contribution to this process for 2015-16 is set out in this plan. The results of a formal review of the system of internal audit will be reported separately to the Audit & Risk Committee later in 2015. It will include an assessment of compliance with the *Public Sector Internal Audit Standards*⁵, the professional standards that govern the internal audit profession. These have been formally adopted by the Council as the standards to which Internal Audit shall operate. The Council's external auditors expect Internal Audit to comply with the PSIAS⁶.
- 2.7.5. Internal Audit is therefore an essential component of the Council's corporate governance and assurance framework.
- 2.7.6. All of the above is subject to regular review of progress, the outcome of which is reported periodically to the Audit & Risk Committee.

3. Themes Emerging in the 2015-16 Internal Audit Plan

- 3.1. A number of themes have emerged in the preparation of the 2015-16 Internal Audit Plan. These are:
 - A major part of the work of Internal Audit will be the **significant financial systems** (such as the main accounting system, creditor payments and payroll). As well as the financial and transaction-testing audit work will be coverage of the associated IT controls in the supporting IT systems. The Council's external auditors, KPMG, will again seek to place significant reliance in 2015-16 on Internal Audit's work on significant financial systems.
 - **Information governance and data security**. A number of audits, especially in the IT field, cover the security of the Council's extensive and often highly sensitive data holdings. Internal Audit will undertake technical audits of new and developing IT systems as part of corporate IT security policy. Information assurance and data quality are recognised as a specific area of relevance to the corporate assurance framework, which leads to the Annual Governance Statement.
 - A continuation of Internal Audit work in **high-level corporate management functions** including corporate governance, risk management, project assurance and performance management.

⁴ Regulation 6(1) of the Accounts and Audit (England) Regulations 2011

⁵ The *Public Sector Internal Audit Standards* were issued jointly by CIPFA and the Chartered Institute of Internal Auditors. They set out the professional standards for internal auditors in accordance with recognised international professional practice.

⁶ *Internal and external audit protocol*, KPMG, April 2013

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Internal Audit will play a major part in this in conjunction with the preparation of the Council's Annual Governance Statement.

- There is to be similar specific coverage of the Council's arrangements under its **Public Health** responsibilities. A major component of this work will be a programme of reviews of the arrangements in place to ensure compliance with guidance issued by the National Institute of Health and Care Excellence, NICE. This assurance will be valuable in supporting the Council's accountabilities under the Public Health grant arrangements.
- **Contract audit.** External suppliers and partners are fundamental in the provision of many Council services and the Council continues to revise its contract procurement processes and the associated procedure rules. Contract audit will cover the robustness of the arrangements in place to protect the Council's interests in contract procurement and monitoring.
- Subject to risk, some continued coverage of other **outlying establishments** such as social care facilities and leisure centres. Internal Audit has a continuing role in giving advice on best practice and assurance on the effectiveness of processes in operation.
- **Schools.** Work in the first part of the year will concentrate on the Schools Financial Value Standard, SFVS, with review of returns submitted by schools and visits to a sample of schools in the summer term to review the accuracy of returns submitted. This is in furtherance of the annual assurance statement submitted by the Director of Finance on the Council's behalf to the Department for Education.

Discussions continue about the level of planned audit coverage of schools for the remainder of the financial year. Because of the economic climate and the reduced risk profile of schools, the scope and frequency of coverage is likely to be reduced.

Additional traded audit service options are available to schools, including advice and consultancy on financial arrangements. Internal Audit also remains ready to provide audit services to those schools converting to academies; this is at the discretion of the schools themselves.

- **Environmental Audits.** Continued accreditation under the Eco-Management and Audit Scheme (EMAS) requires a robust internal audit process. The incorporation of EMAS site visits within the well-established Health & Safety inspections will continue. Subject to further consideration of the nature of Internal Audit's participation in EMAS, Internal Audit will concentrate on Council-wide strategic audit reviews.
- There is provision for other **compliance audits**, aimed at providing independent assurance on areas of regulatory or similar requirements.
- **Grant claims and other certification audits.** Internal Audit is regularly called upon to certify grant claims or other financial returns. Though external grant funding arrangements continue to change, it is important that Internal Audit is made aware of the need for certification audits of claims at as early a stage as possible. A significant component of this work has involved the independent verification of expenditure incurred under schemes administered by the Leicester & Leicestershire

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Enterprise Partnership (LLEP), for which the Council is the accountable body; this will continue at least in the first quarter of the year.

- Some provision is made for **value-for-money (VFM) and other responsive audits**. These seek either to identify the opportunity for savings and other efficiencies or to investigate matters of particular concern or emerging risk. In either case, the scope and objectives of each audit will be specifically agreed with senior management.
 - Finally, within the audit plan, there will be specific **follow-up audits** especially of activities where Internal Audit reviews have previously given low levels of assurance. Such activities will be re-tested in the anticipation that service management have properly addressed previous recommendations made and have thereby strengthened controls.
- 3.2. Though not part of Internal Audit or the audit plan, counter-fraud activity has been overhauled, particularly as fraud represents probably the worst possible value for money for the Council. The Corporate Investigations Team operates separately from Internal Audit but where feasible their work will be coordinated with any related Internal Audit work plus management's own responsibility for investigations.

4. The External Auditor

4.1. The external auditor's responsibilities under the National Audit Office⁷ *Code of Audit Practice* include review of the Council's:

- financial statements (including the Annual Governance Statement), providing an opinion on the Council's accounts; and
- use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion).

A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

- 4.2. It is recognised that KPMG, as the Council's external auditor, may wish to carry out work that could overlap with planned Internal Audit work. There is a close working relationship between Internal Audit and the external auditor, with each making its work plans available to the other. In this way the risk of duplication of effort should be kept to a minimum.
- 4.3. Internal Audit procedures and test programmes are usually more detailed than those required by the external auditor to meet external audit objectives. Where appropriate, however, Internal Audit will conduct its work in such a way as to enable the external auditor to rely on work done by Internal Audit wherever possible. In particular, this will apply to testing work on the main financial systems such as payroll and creditor payments. Due allowance for this is made in the audit plan. With the above in mind, both audit services

⁷ From 1st April 2015, the National Audit Office is to take over some of the responsibilities of the Audit Commission including the *Code of Audit Practice* for external audit.

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operate within the terms of an agreed internal and external audit joint working protocol.

5. Conclusions

- 5.1. The Internal Audit Operational Plan for 2015-16 aims to give the Council optimum audit coverage within the resources available. Though it is compiled and presented as a plan of work, it must be recognised that the plan can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Actual audit work therefore may be modified during the year according to the circumstances prevailing and the resources available at the time.
- 5.2. The Head of Internal Audit & Risk Management, along with the whole Internal Audit team, are fully committed to delivering as high quality and responsive an Internal Audit service to the City Council as resources will allow. With this in mind, they will be seeking throughout the year to continue to develop the service in accordance with recognised best practice.

6. Approval

- 6.1. The Internal Audit Plan for 2015-16 was presented for approval to the Audit & Risk Committee at its meeting on 31st March 2015.

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
Finance (Corporate Resources)	<p>Significant Financial Systems, potentially including any or all of:</p> <ul style="list-style-type: none"> • Financial reporting including areas such as reconciliation procedures, suspense accounts, journals, bank reconciliation • Debtors • Creditors • Cash • Payroll • Capital Additions and Disposals • Council tax • NNDR (business rates) • Housing rents • Any others as may be identified by KPMG. <p>It may be that some of these will be covered on a cyclical basis by agreement with KPMG.</p> <p>Other financial systems as agreed.</p>	<p>Under an agreed joint working protocol, KPMG as the Council's external auditors will place reliance on Internal Audit's annual testing of key controls within these systems. It is partly through this reliance that the external audit fee will be reduced. If such reliance cannot be placed on Internal Audit's work, KPMG may undertake supplementary testing themselves and charge the Council an additional fee.</p> <p>Internal Audit's work on financial systems will not necessarily be confined to those considered 'significant' by the external auditor in terms of the Council's financial statements.</p>	<p>Specified key controls for each system, in the context of that system's contribution to the Council's published financial statements. Internal Audit may agree with the Director of Finance other areas of work according to the risks or priorities at the time.</p> <p>Internal Audit work on any or all of these systems may go beyond the required scope of the external audit work. The initial assumption is that the work will comprise walk-through testing to confirm the continued operation of processes and controls as understood or identify any material changes, supplemented by sample testing of transactions against the specified controls.</p> <p>The work on the significant financial systems is usually started in the fourth quarter of the financial year and completed in the first quarter of the following year. This is to ensure coverage of the whole of the year under review including any specified year-end processes.</p>	<p>Q4 start, for completion in Q1 following year after the financial year-end</p>

⁸ This column gives a provisional indication where appropriate of the quarter of financial year 2015-16 in which the audit is intended to be started. The first quarter is denoted Q1, and so on. Such timings will be confirmed in the detailed quarterly audit plans throughout the year.

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
Information Services (Corporate Resources)	IT and information security audits	<p>All of the Council's business processes rely on information technology. In many areas there are significant information risks, chiefly associated with sensitive personal or commercial data. The quality of data held is also fundamental.</p> <p>In addition, there is an increasing need to share information with partner organisations; for example, in health and social care. It is essential that such data sharing is conducted properly.</p> <p>The aim is to protect the interests of all concerned including the Council and those about whom information is held.</p>	<p>A programme of audit reviews of the integrity, availability and security of IT infrastructure, hardware, software and data. These will include technical IT-based testing and scanning of security arrangements in operation. As well as data security, audit work will cover the quality and integrity of the data held.</p> <p>Specific audit coverage will include:</p> <ul style="list-style-type: none"> • Concerto – Property IT system • LiquidLogic – Social Care IT system • Northgate - Housing IT system • Information governance and assurance • Penetration testing - specialist IT audit testing of security in new and enhanced IT systems in accordance with corporate policy. • IT General Controls: annual coverage in support of significant financial systems audits above. The timing will coincide with the financial systems audits, starting in fourth quarter and completed in the first quarter of the following year. 	<p>Whole year</p> <p style="text-align: right;">Q1</p> <p style="text-align: right;">Q1</p> <p style="text-align: right;">Q2 and Q3</p> <p style="text-align: right;">Q2</p> <p>Whole year</p> <p style="text-align: right;">Q4 (and Q1 following year)</p>
Corporate	Corporate Governance	Annual audit coverage of corporate governance arrangements with particular reference to the statutory requirement for the Annual Governance Statement (AGS).	Audit work will seek to give assurance on aspects of the Council's governance arrangements and the requirements of the Council's Local Code of Corporate Governance. It will include governance generally plus supporting processes including the management of risk, project assurance and performance management.	Q2 (AGS)

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
Adult Social Care, Health & Housing	Public Health	<p>As the Council's Public Health responsibilities develop further under the Health and Social Care Act 2012, it is essential that the associated governance and accountability arrangements are robust so as to protect the interests of all parties in this important area of public policy.</p> <p>There is a particular need for independent assurance on the arrangements in place for compliance with relevant national guidance.</p>	<p>Governance, budgetary control and contract procedures.</p> <p>IT and data governance, subject to prevailing risks and priorities.</p> <p>Reviews of compliance with National Institute for Health and Care Excellence (NICE) guidance.</p> <p>A total of 100 audit days in 2015-16 has been agreed with the Director of Public Health.</p>	Whole year
Finance (Corporate Resources)	Contracts and procurement (including commissioning and partnerships)	<p>Contracting and procurement are a major risk area, given the high turnover and diversity of contractual expenditure for both capital and revenue purposes and the reliance on third-party suppliers and partners. There is a clear need for probity and integrity in all such arrangements.</p> <p>Work continues to improve the Council's contract procurement and management processes, in conjunction with the updated Contract Procedure Rules.</p> <p>Finally, value for money in contracts is of ever-greater importance.</p>	<p>Audits covering the Council's corporate procurement and contracts processes. These will seek to identify whether due process has been followed and decisions have been properly made.</p> <p>There will be a further follow-up review of Property Services contract audit work to seek assurance that recommendations previously made have been acted upon. Other areas identified where audit assurance would be welcomed are contracts associated with Public Health, waste management and Building Schools for the Future.</p>	Whole year
Finance (Corporate Resources)	Cash audits and Establishments	<p>Routine audits of City Council establishments located away from the central administrative buildings, designed to provide assurance to Directors that cash and security arrangements are operating effectively. Though individually of low value, cumulatively significant sums of money are held in imprest accounts, cash floats and change floats, often in remotely managed establishments. The audits are intended to provide assurance that cash-handling and associated procedures and Finance Procedure Rules are being adhered to.</p> <p>Any such audits will be identified on the basis of risk.</p>	<p>The systems in place to control and manage cash and to process other financial transactions securely.</p> <p>Other related areas of risk such as the security of the premises and assets and the cash-in-transit arrangements</p> <p>The Audit & Risk Committee have expressed concern over cash-handling arrangements.</p>	Whole year

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
Children's Services	Schools - General and Finance including <i>Keeping Your Balance</i> financial audits	<p>Schools are a high-profile activity managing large budgets in a highly devolved framework. It is recognised that schools need to have sound financial and governance arrangements and the requirement for internal audit of schools is built in to the Council's statutory Scheme for Financing Schools. The aim is to give independent assurance to the schools and the Council that the processes for financial management are operating effectively.</p> <p>Work in the first part of the year will concentrate on the Schools Financial Value Standard, SFVS. This is in furtherance of the annual assurance statement submitted by the Director of Finance on the Council's behalf to the Department for Education.</p> <p>However, the budget pressure on Internal Audit resources means that the level and extent of the mandatory audit of schools is under further review.</p>	<p>Review of SFVS returns submitted by schools and visits to a sample of schools in the summer term to review the accuracy of returns submitted.</p> <p>Audit visits to primary, secondary and special schools to review their financial processes and aspects of their governance arrangements. The audits will be based on the <i>Keeping Your Balance</i> best practice guidance, issued by Ofsted and the Audit Commission. In planning and undertaking this work, Internal Audit will also have regard to the outcomes of the schools' self-assessments against the Department for Education (DfE) Schools Financial Value Standard (SFVS).</p> <p>In addition, there may be some audit work on the school admissions process.</p> <p>Audits of the financial and governance arrangements in schools sufficient to fulfil the statutory responsibilities of the Director of Finance. Schools audit work beyond this will be delivered by way of optional traded audit services.</p>	<p>Term times Q1</p> <p>Term times from Q2</p>

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
City Development & Neighbourhoods	Environmental Audits	<p>The Eco-Management & Audit Scheme (EMAS) with its associated audit process is a corporate objective, demonstrating the Council's commitment to sound environmental management practices.</p> <p>Planned EMAS audit work is set out in a three-year EMAS audit plan from 2014-15 to 2016-17, agreed by Carbon Board. This is therefore year 2 of the plan.</p> <p>Internal Audit work will concentrate on the overall EMAS system, the published environmental statement and thematic audits covering agreed areas of environmental risk; see 'Scope'. This will be supplemented by the site-based audit work (known as Level 3 audits) undertaken by the corporate Health & Safety Team as part of their regular site inspections.</p> <p>The above is subject to further decisions to be made on the nature of Internal Audit's participation in EMAS.</p>	<p>Detailed involvement in the management assurance process supporting the Council's aim of maintaining EMAS accreditation. This includes a programme of audits at various levels, as follows:</p> <ul style="list-style-type: none"> • Level 1 audit: Annual audit of the EMAS System. • Level 2 audits: Thematic Council-wide audits based on risk; covering sustainability of development, waste management, and sustainable procurement, derived partly from the Carbon Action Plan. • Level 4 audit: Review of the draft Environmental Statement, focusing on data quality and reliability. <p>A total of 80 Internal Audit days has been committed to each year of the three-year EMAS audit programme commencing in 2014-15. This, however, is subject to further review.</p>	Whole year
City Development & Neighbourhoods (and possibly elsewhere)	Other operational risks - Compliance audit	Other areas of risk where independent assurance is sought on the Council's compliance with specific legal or regulatory requirements.	<p>To be determined but potential specific audits so far identified include:</p> <ul style="list-style-type: none"> • Vehicle Operator's Licence - compliance with requirements • Property-related statutory compliance such as but not limited to water hygiene, asbestos, electrical safety – monitoring arrangements. <p>These are subject to confirmation.</p> <p>Similar audits are intended under the remit of Public Health; see above.</p>	As required

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
Various	Grant certification and expenditure verification	Various City Council services and their related expenditure are supported by grant or other external funding. There is often a requirement for independent Internal Audit certification that funds have been used in accordance with stipulated conditions.	The various grants and returns specified by the funding agencies or the external auditor, tested according to the grant certification instructions or other requirements. A number of these are associated with schemes funded by the Department for Transport (DfT).	As required
			The Department for Communities and Local Government (DCLG) interim financial framework for the Troubled Families Programme, administered by Children's Services, identifies the role of Internal Audit in verifying results achieved under the programme. Claims are submitted quarterly to DCLG and required audit verification work prior to submission.	Whole year as required
			The Leicester & Leicestershire Enterprise Partnership (LLEP), for which the City Council is the accountable body, makes payments to businesses from the Regional Growth Fund to support investment and job creation by those businesses. In 2014-15, the LLEP team commissioned Internal Audit to undertake independent verification of grant-funded expenditure by the businesses supported. This has proven to be a major exercise and will continue in the first quarter of 2015-16.	Q1
			In addition, a review of the assurance framework for the LLEP has been requested, to be undertaken towards the end of the financial year. This will review the governance arrangements in place between the LLEP and the City Council as its accountable body.	Q4

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ⁸
Various	Value For Money and Responsive Audits	The City Council is facing reduced budgets, and therefore there is a need to make savings wherever possible. Increasing efficiency and reducing wastage are more important than ever. Provision is made here for Internal Audit reviews where needed. In addition, Internal Audit may be called upon, sometimes at short notice, to undertake responsive non-fraud investigative work. By definition, specific areas cannot be identified at this stage.	Areas for review will be determined as required during the year according to urgent requirement or emerging risk. Specific terms of reference will be agreed for each. These audits may include sample spot-checks of expenditure and other transactions.	As required
Various	Follow-up Audits	There is a need to ensure that service management verifiably and sustainably implements agreed recommendations so that the organisation learns from its experience and addresses identified weaknesses in control. Both the Audit & Risk Committee and senior management have asked that Internal Audit revisit areas after reasonable time to implement recommendations has elapsed. In particular, Internal Audit has been asked for updated assurance opinions on those audits for which 'little or no assurance' had been given.	Some of these are included in other rows above so are not repeated here.	Whole year