

Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Corporate Management Team	2 September 2015
Finance Management Team	3 September 2015
Audit & Risk Committee	29 September 2015

Internal Audit Annual Report for the financial year 2014-15 including the Internal Audit Opinion

Report of the Director of Finance

1. Purpose of Report

- 1.1.** The Public Sector Internal Audit Standards (PSIAS) define internal audit as *'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'*.
- 1.2.** This report fulfils the requirements of the Public Sector Internal Audit Standards in producing the Internal Audit Annual Report and Opinion. The terms of reference of the Audit & Risk Committee include the Committee's requirement to approve the Head of Internal Audit's annual report and opinion and to monitor performance on an annual basis. This report provides senior management and the Committee with an overall view of:
- Internal Audit work planned and completed in 2014-15
 - Internal Audit performance and a statement on conformance with the PSIAS
 - Internal Audit's annual opinion for 2014-15 on the adequacy and effectiveness of the Council's framework of governance, risk management and control
 - Internal Audit service developments in 2014-15
 - The Internal Audit strategy and service development plans for 2015-16.

2. Recommendations

The Audit & Risk Committee is recommended to:

- Receive the report

- Consider whether Internal Audit has met the Committee's expectations of the service during the financial year 2014-15
- Consider Internal Audit's opinion on the Council's system of internal control in 2014-15
- Consider the Internal Audit strategy for 2015-16
- Make any recommendations it sees fit to the Director of Finance or the Executive.

3. Summary

3.1. The annual report, which is attached at Appendix A, identifies the work carried out by the Internal Audit service and includes information on reports issued, the main influences on the level and standard of performance of Internal Audit during 2014-15 and the key priorities for the service in 2015-16.

3.2. The main things identified within that report are:

- Successful completion of 125 internal audits, giving sufficient coverage of the audit areas identified in the generic annual audit plan for 2014-15. This exceeded the target level of in-year completion of planned audits.
- A high degree of client satisfaction with Internal Audit's work.
- The Internal Audit annual opinion for 2014-15; see 3.3 and 3.4 below.
- A self-assessment of conformance with the Public Sector Internal Audit Standards, concluding that there are no significant areas of non-conformance.
- A constructive working relationship between Internal Audit and KPMG, the Council's external auditor, such that they could place reliance on Internal Audit's work in accordance with the agreed joint working protocol.
- Internal Audit service developments during 2014-15 and those planned for 2015-16.

3.3. As part of its work, Internal Audit considers the systems of internal control, draws conclusions as to their existence and effectiveness and makes recommendations where necessary to improve performance, efficiency, effectiveness and economy in the use of resources by the Council.

3.4. The Internal Audit annual opinion for 2014-15 is derived from the conclusions from audit work completed during the year. Details of the individual audits that made up this work have previously been given in the periodic update reports to senior management and the Committee. The conclusion drawn is that, overall, the Council has an adequate and effective system of governance, risk management and internal control.

4. Report

4.1. Internal Audit Annual Report 2014-15 - see Appendix A.

5. Financial, Legal and Other Implications

5.1. Financial Implications

As defined by CIPFA in the Public Sector Internal Audit Standards (PSIAS), Internal Audit should be an independent, objective assurance and consulting activity designed to improve and add value to the Council's operations. It should help the Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The self-assessment against PSIAS has concluded that there are no significant areas of non-conformance; however, some areas for improvement have been identified.

Colin Sharpe, Head of Finance, ext. 37 4081

5.2. Legal Implications

Internal Audit aids the fulfilment by the Council of its statutory responsibilities under the Accounts and Audit (England) Regulations 2011 (which were applicable throughout the financial year 2014-15) for independently evaluating the Council's system of internal control. It is an important part of the way the duties of the Director of Finance are met as the responsible financial officer under s151 of the Local Government Act 1972.

Kamal Adatia, City Barrister and Head of Standards – 37 1401

5.3. Climate Change Implications

Other than its references to environmental audit work under the Eco-Management and Audit Scheme (EMAS) during 2014-15, this report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Louise Buckley, Senior Environmental Consultant, Climate Change, 37 2293

6. Other Implications

Other Implications	Yes/No	Paragraph/reference within supporting information
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	Yes	Various references to audit under the Eco-Management and Audit Scheme (EMAS) including paragraph 3.3.1 of Appendix A.
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/People on Low Income	No	-
Corporate Parenting	No	-
Health Inequalities Impact	No	-
Risk Management	Yes	The whole report concerns the Internal Audit process and its outcomes, a main purpose of which is to give assurance to Directors and this Committee that risks are being properly identified and managed appropriately by the business.

7. Background Papers – Local Government Act 1972

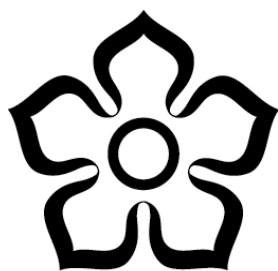
Files held by Internal Audit.

8. Consultations

The Corporate and Finance Management Teams have been consulted on this report. Information relating to Internal Audit reports referred to has been shared with members of the Audit & Risk Committee and relevant Directors.

9. Report Author

Steve Jones, Audit Manager, Internal Audit, Financial Services, extension 37 1622.



Leicester
City Council

Internal Audit
Leicester City Council

Internal Audit Annual Report 2014-15

August 2015

Table of Contents

	Page no.
1. Introduction	1
2. Summary of the year	1
3. Internal Audit Plan Monitoring	2
4. Internal Audit Opinion	5
5. Internal Audit Client Satisfaction	9
6. Public Sector Internal Audit Standards (PSIAS)	9
7. External Audit	10
8. Developments in the Internal Audit Service 2014-15	10
9. Objectives and Strategy for 2015-16	11
10. Acknowledgement	12
Appendix 1.1 – Audit status report as at 31 st March 2015	13
1.1a) Audits brought forward from 2013-14	13
1.1b) 2014-15 planned audits	14
1.1c) 2014-15 commissioned audits	17

1 Introduction

- 1.1** The duties of the Audit & Risk Committee as set out in its terms of reference include:

On behalf of the Council, to approve the Head of Internal Audit's annual report and opinion, considering the level of assurance given over the Council's corporate governance arrangements and decide on appropriate actions.

and

To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.

- 1.2** In addition, recognised Internal Audit professional standards (the Public Sector Internal Audit Standards, published by the Chartered Institute of Public Finance & Accountancy) require the production of an annual report on the work of the Internal Audit function.
- 1.3** This report fulfils these requirements by providing the Committee with an overall view of audit work planned and completed. It identifies the work carried out by Internal Audit¹ and includes information on reports issued as well as the main influences on the level and standard of performance of Internal Audit during 2014-15. The key priorities and strategy for the service in 2015-16 are also given in this report.

2 Summary of the year

- 2.1** During the financial year 2014-15, Internal Audit:

- Successfully completed 125 internal audits (to at least draft report stage), which have been well received by clients and have contributed to the effective governance of the City Council. This exceeded the target for in-year completion of planned audits and there was sufficient coverage of the audit areas identified in the generic annual audit plan for 2014-15.
- Has concluded from the audit work undertaken that the Council's framework of governance, risk management and internal control is adequate and effective.
- Achieved a high degree of client satisfaction with its work.
- Conducted a self-assessment of conformance with the Public Sector Internal Audit Standards. This has concluded that there are no significant areas of non-conformance but some areas for potential improvement have been identified.

¹ There is a separate annual report for the Council's Counter-Fraud activity.

- Maintained a constructive working relationship with KPMG, the Council's external auditors, such that they could place reliance on Internal Audit's work in accordance with the agreed joint working protocol.
- Undertaken numerous service developments during 2014-15 and identified those planned for 2015-16. Chief among these is the early development of a partnership arrangement with Lincolnshire County Council Internal Audit.

3 Internal Audit Plan Monitoring

3.1 Each year, Internal Audit undertakes a programme of work both in fulfilment of an annual Audit Plan and in response to specific requests for audit assistance. The Audit & Risk Committee approved the 2014-15 plan on 15th April 2014.

3.2 Completion of Plan: Internal Audit work 2014-15

3.2.1 Internal Audit completed 84% of the total audit work ultimately required for 2014-15 by 31st March 2015. This exceeded the target of 80% completion of the revised audit plan within the year, as follows:

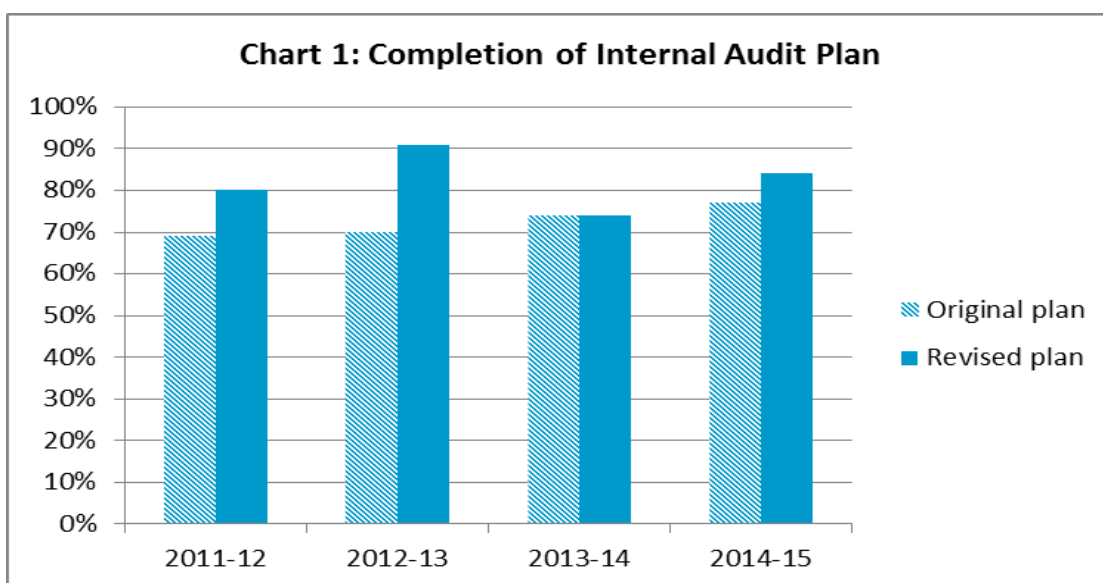
Type of audit	Final	Draft	Work in progress	Not started	Total revised plan	Canc-elled	Total original plan
2013-14 audits brought forward to 2014-15	37	1	2	0	40	5	45
2014-15 Planned	71	7	14	6	98	8	106
Original plan no. audits	108	8	16	6	N/A	13	151
Original plan no. completed	116						
% completion based on original ² plan			77%				
2014-15 Commissioned	8	1	2	0	11	0	N/A
Grand total no. audits	116	9	18	6	149	N/A	N/A
Revised plan no. completed	125						
%³ completion based on revised plan			84%				

3.2.2 The well-established process of identifying the broad areas to be covered by Internal Audit in a generic annual audit plan supplemented by detailed quarterly operational plans continued in 2014-15. It has made audit planning more flexible and responsive to emerging priorities and risks and has resulted in fewer cancellations of planned audits.

² The original plan includes audits brought forward from the previous year. The revised plan includes amendments to the original plan, including cancellations and commissioned audits in 2014-15.

³ The % completion is based on the number of audits that have reached draft or final report stage.

3.2.3 Chart 1 below shows the performance of Internal Audit over the last four years in completing the audit plan. The target of 80% completion of the revised audit plan within the year was exceeded; improving on the position in 2013-14. Moreover, included within the 14 planned audits for 2014-15 that were work-in-progress is work done for the Leicester & Leicestershire Enterprise Partnership (LLEP). This is counted as one audit but is a major piece of work. It is made up of many individual verifications of expenditure incurred by businesses supported with grant funding under the Regional Growth Fund; in 2014-15, 65 such verification cases were referred to Internal Audit.



3.2.4 The list of planned and commissioned audits and the status of each at the year-end is summarised in Appendix 1.1.

3.3 Categories of audit coverage

3.3.1 The following table summarises the degree of planned coverage, in terms of numbers of audits scheduled in each quarter of the year (Q1 – Q4) against each of the audit areas in the annual audit plan for 2014-15. The purpose of this table is therefore to give the Committee assurance that sufficient attention has been given to each of the areas intended to be covered during the year and to account for any differences.

Audit plan area	Q1	Q2	Q3	Q4	Total	Comments
Financial Systems	2	-	-	7	9	Includes both: <ul style="list-style-type: none"> • Significant Financial Systems (SFS) designated in accordance with the joint working protocol with the external auditor, KPMG. • Other financial systems.
IT & information security	1	3	3	4	11	The Q4 audits include an IT general controls review in support of the SFS audits above.

Appendix A

Internal Audit Annual Report 2014-15

Audit plan area	Q1	Q2	Q3	Q4	Total	Comments
Corporate Governance	1	-	-	-	1	Advice on and facilitation of the Annual Governance Statement process and preparation.
Public Health	-	-	-	1	1	
Contracts and Procurement	1	-	-	1	2	
Cash audits & establishments	4	1	1	-	6	
Schools	9	-	22	18	49	The schools audit plan largely commences with the new academic year, hence the high volume in Q3 and Q4. The totals here include follow-up audits.
EMAS Environmental audits	3	3	-	2	8	Audits of conformance with the Eco-Management & Audit Scheme (EMAS).
Other operational risks – compliance audits	-	-	-	-	-	General provision for audits of compliance with specific legal or regulatory requirements.
Certifications and verifications	2	6	3	-	11	Scheduled according to external timetables. Includes coverage of LLEP (started in Q3).
Value for Money and responsive audits	-	-	-	-	-	General provision should the need arise.
Follow-up audits	-	-	-	-	-	Many of these were done in the year but were incorporated within the numbers of audits included above.
Total audits in plan	23	13	29	33	98	

3.3.2 The following are worthy of note:

- The significant financial systems work is planned to coincide with the end of the financial year so as to cover the whole year.
- The level of work involved with the LLEP verifications, which started in Q3, has been extensive and has affected the volume of work in other areas, especially Value for Money audits and those covering other operational risks.
- Though the quarterly audit plans make general provision for follow-up audits, these are included within the other audit plan areas within the figures above. The main area in terms of numbers is schools.
- Similarly, though provision is made to include responsive audits within the quarterly plans, almost by definition such audits may require more urgent attention. Eleven such audits arose in 2014-15; in some cases these related to grant certifications where the eligibility for Internal Audit to undertake the work needed clarification with the relevant funding agencies. They are listed at Appendix 1c.

3.3.3 Despite the flexibility of quarterly audit planning, eight audits were cancelled and removed from the 2014-15 plan for reasons essentially beyond the control of Internal Audit. These are listed below:

Audit	Audit area	Qtr	Reason	Notes
Open Housing IT system – data migration	IT & information security	Q4	Deferred awaiting implementation of system.	To commence when system is ready for audit.
LiquidLogic social care IT system	IT & information security	Q1	Deferred at client request to 2015-16.	In 2015-16 audit plan.
Schools 6 audits	Schools	Q3	One audit cancelled (two separate audits of the Madani Boys and Girls Schools respectively were combined into one audit).	
		Q3 and Q4	Five audits deferred pending senior staff recruitment or at client request.	To be reinstated.

3.3.4 It will be seen that with one exception Internal Audit coverage included all intended audit areas to a sufficient degree by the end of the financial year. The main operational risk area for which provision was allowed in the audit plan was Children’s safeguarding; this has also been deferred until 2015-16. Those audits not completed by the end of the year were mostly under way or had been deliberately postponed.

4 Internal Audit Opinion

4.1 Context

4.1.1 Under the Public Sector Internal Audit Standards, the Head of Internal Audit & Risk Management is required to give an overall annual opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management and control. This is prepared as a contribution to the Council’s Annual Governance Statement, as required for 2014-15 under regulation 4 of the Accounts and Audit (England) Regulations 2011.

4.1.2 The overall structure of the Council’s system of corporate governance is set out in the Local Code of Corporate Governance, which is part of the Assurance Framework. All this is reviewed annually and for 2014-15 was approved by the Audit & Risk Committee at its meeting on 15th April 2014. It includes reference to the processes of risk management, internal and external audit and assurance and it maps the process for production of the Council’s Annual Governance Statement. In the opinion of Internal Audit, it is fit for purpose and robust.

4.2 Levels of assurance

4.2.1 Turning to Internal Audit specifically, at the conclusion of each audit, Internal Audit gives an assessment of the overall level of assurance that can be placed on the controls in operation in the process or activity reviewed. The levels of assurance are:

Full assurance	Controls operating soundly
Substantial assurance	Controls generally sound but some improvement necessary
Partial assurance	Controls adequate in some areas but material weaknesses also identified
Little or no assurance	Controls inadequate
Not assessed	It was not appropriate to give an assurance level. The main areas are: <ul style="list-style-type: none"> • Grant certifications, which are confirmations of the correctness and eligibility of stated values rather than audits of systems and processes • Follow-up audits of previous recommendations. In such cases, a conclusion is drawn on the degree of implementation but not on the entirety of the activity or system under review. To give an overall level of assurance may therefore be misleading.

4.2.2 References to material weaknesses should be seen in the context of the process or activity being reviewed. For example, there may be material weaknesses in the operation of a major financial system and others in a petty cash float; the latter would not be of material concern to the Council as a whole.

4.2.3 The charts below show the levels of assurance given in the final reports issued in 2014-15, analysed by department, audit plan area and in total respectively. Chart 2 shows the assurance levels analysed by Council department and Chart 3 by audit plan area. In each case, the respective numbers of audits are given in the relevant section of each bar while the bars as a whole are subdivided in percentage terms. Chart 4 gives the overall position for all audits finalised in 2013-14.

Chart 2: Internal Audit % assurance levels by department

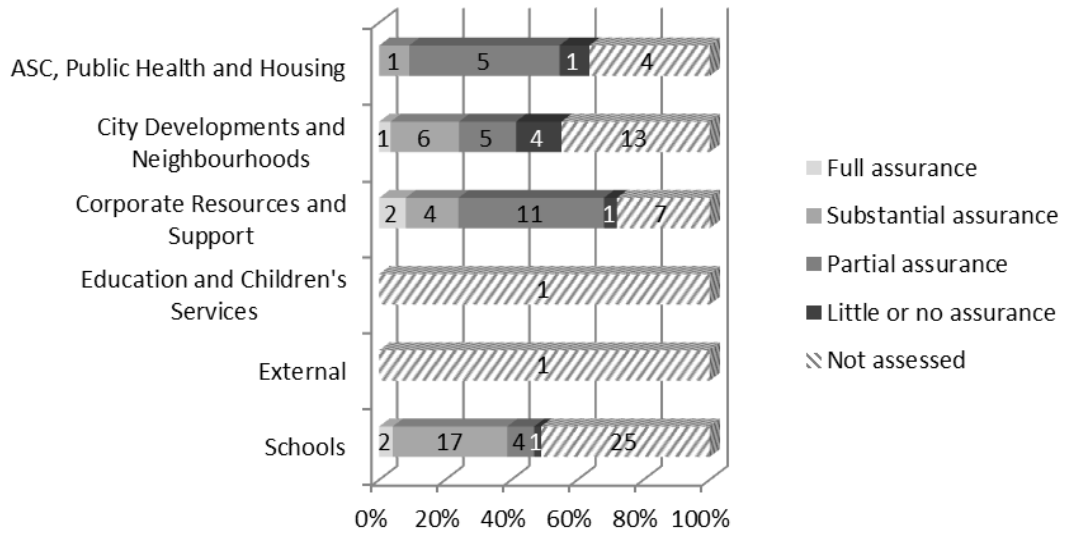
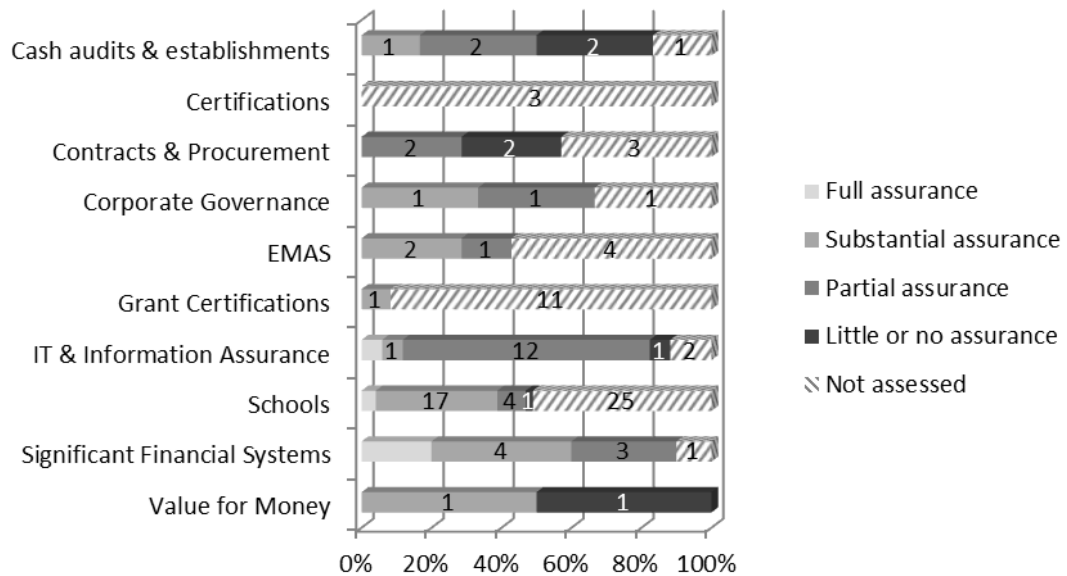
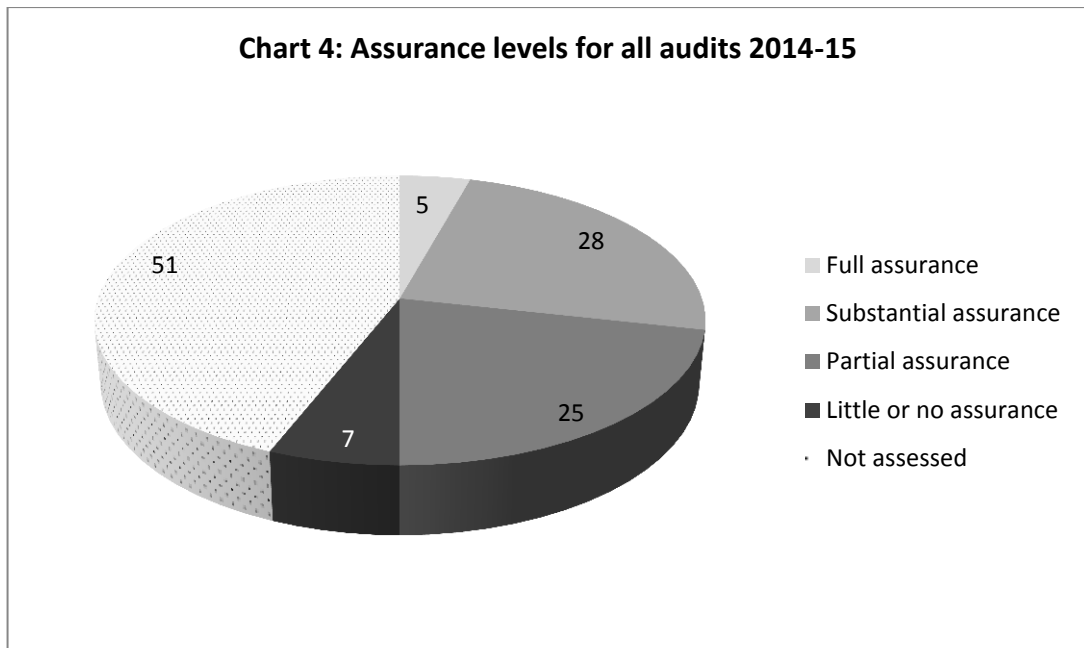


Chart 3: Internal Audit % assurance levels by audit plan area



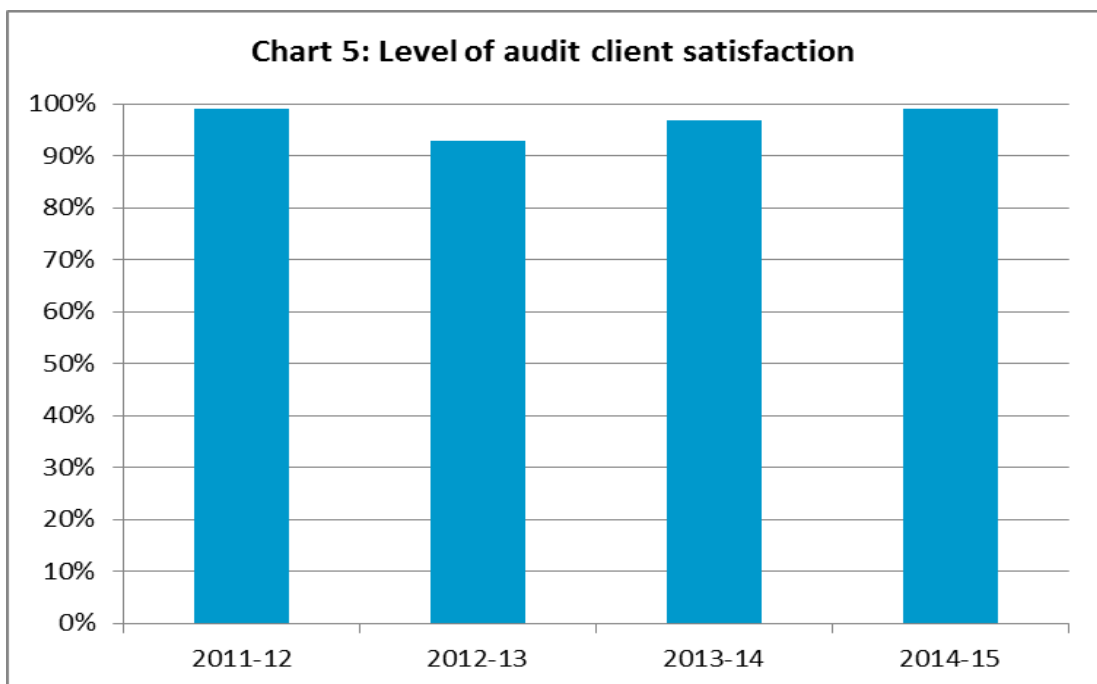


- 4.2.4 Though there are many audits where no specific level of assurance has been given, the outcomes were satisfactory. Those covering grant or other certifications concluded that the claims or returns formally submitted were sufficiently accurate and soundly based. Those covering follow-ups of previous audit recommendations found a sufficient degree of implementation, with any concerns being raised with the Audit & Risk Committee. Of the audits that did give a level of assurance, roughly half (33 audits, 51%), gave full or substantial assurance. The other half (32 audits, 49%) gave lower levels of assurance. Those giving little or no assurance (7 audits, 10% of the total) or otherwise giving rise to concern have been drawn specifically to the attention of senior management and the Audit & Risk Committee in regular update reports; Internal Audit is satisfied that appropriate action has been taken or is in hand in each case.
- 4.2.5 It is stressed that this assessment is based solely on the Internal Audit work done and does not, therefore, constitute a comprehensive assessment of the state of the Council's internal control system. It should also be remembered that the conclusions presented for each audit refer to the position at the time of the audit work. Recommendations were made to address weaknesses identified and the associated risks. They were agreed with management at the time and, subject to the target implementation dates, have been followed up subsequently by Internal Audit. On that basis, the Council's system of internal control is considered to be adequate and effective
- 4.2.6 It should also be noted that the investigation of fraud and financial irregularity was during 2014-15 primarily carried out by the Council's counter-fraud teams and therefore fell outside the scope of Internal Audit. The Audit & Risk Committee has received update reports on counter-fraud activity in 2014-15 and such activity is considered to have been adequate and effective.

4.2.7 Drawing all this together, it is the opinion of the Head of Internal Audit & Risk Management that the Council's framework of governance, risk management and internal control is adequate and effective.

5 Internal Audit client satisfaction

5.1 Internal Audit issues client satisfaction survey questionnaires (usually electronically) with its final reports. These ask the client (the Council director, head of service or school headteacher to whom the audit report was formally issued) to indicate how well they felt the audit was conducted and met their needs. Though the return rate is not high, Chart 5 below shows the overall results from the last four years in terms of the percentage of audit clients who were at least satisfied with the audit. It demonstrates that Internal Audit continues to have a very high level of satisfaction amongst client management.



6 Public Sector Internal Audit Standards (PSIAS)

6.1 The Internal Audit Charter, an updated version of which was approved by the Audit & Risk Committee on 31st March 2015, formally recognises the Public Sector Internal Audit Standards as the professional standards to which Internal Audit operates. One requirement of these is a statement of conformance with the Standards and in furtherance of that a self-assessment against all of the Standards has been undertaken. Overall, there is a high degree of conformance with the Standards but there are a few specific actions, updates or improvements that need to be made. None of these are considered fundamental in terms of conformance with the new Standards and action will be taken in 2015-16 to address them. The associated Quality Assessment and Improvement Programme will be reported to a forthcoming meeting of the Audit & Risk Committee.

- 6.2** Accordingly, from the self-assessment undertaken, Internal Audit is considered to be operating sufficiently in conformance with the Standards.
- 6.3** One specific requirement of the Standards is for Internal Audit to give an overall annual opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion for the financial year 2014-15 is given at section 4 of this report.
- 6.4** Assessment against the Standards is an annual requirement, with an external review required at least once in the first five years. Preliminary approaches have been made to colleagues in other local authorities with a view to setting up a mutual process of peer review for future external assessment.

7 External Audit

- 7.1** In line with the national arrangements for local authority external audit, KPMG has taken over from the Audit Commission as the Council's external auditor. 2014-15 was the second financial year to fall within this arrangement. A joint working protocol has been agreed between Internal Audit and KPMG under which KPMG seeks to place reliance on Internal Audit work on the Council's significant financial systems; this supports KPMG's annual audit of the Council's published financial statements. During 2014-15, Internal Audit undertook a programme of work on the significant financial systems in accordance with the joint protocol and KPMG have been able to place reliance on this work. Regular liaison is maintained between Internal Audit and KPMG so as to maintain a constructive working relationship, avoid duplication, avoid unnecessary additional external audit work and support the Audit & Risk Committee in its responsibilities for both functions.

8 Developments in the Internal Audit service in 2014-15

- 8.1** During 2014-15, Internal Audit has maintained a sufficient degree of delivery of audit work in terms of coverage and quality. The annual review of the effectiveness of the system of internal audit, as required by the Accounts and Audit (England) Regulations 2011 and reported to the Audit & Risk Committee on 12th August 2015, concluded that the Council has an effective system of internal audit. In terms of the objectives identified for 2014-15, Internal Audit has:
- Maintained the delivery of an adequate and effective internal audit service in line with statutory and regulatory requirements and the recognised professional standards. A major part of this is continuation of the flexible approach to audit planning via quarterly updates and alignment with the Council's strategic and operational risk management process.
 - Supported management with ad hoc requests for assistance determined on the basis of risk. This has been furthered by the continuing close coordination between the Council's Internal Audit and Risk Management functions.

- Maintained the joint working arrangements with the Council's external auditor, KPMG, in the interests of coordination and efficiency in the audit of the significant financial systems. This has included regular communication with KPMG on matters of common interest, including liaison on reporting to the Audit & Risk Committee.
- Responded to requests for Internal Audit certification of grant claims and returns submitted by the Council. These are driven by the requirements of the funding agencies or by legal provisions and as such represent an important responsibility for Internal Audit.
- Continued to develop the technical audit of information systems and governance following the successful recruitment in 2013-14 of a technical IT auditor. This part of the audit service is of ever-greater relevance as the dependence on IT systems continues to increase and with it the potential risks and threats. It is also a major part of Internal Audit's marketing strategy in seeking to provide fee-earning audit work to other organisations.
- Continuing to provide audit coverage of other important areas identified in the generic annual audit plan for 2014-15 including corporate governance.
- Continued to seek efficiencies in the provision of the audit service including further development of Internal Audit's usage of the Pentana Vision audit database system. Alongside this has been the relocation to City Hall in July 2014, with its opportunities for more efficient use of office accommodation and proximity to colleagues in other disciplines, especially Finance.
- Seeking potentially viable opportunities to provide traded audit services to external clients on a fee-earning basis. Of greatest significance so far has been an agreement to work in partnership with Audit Lincolnshire, the Internal Audit service of Lincolnshire County Council.
- Continuing to work closely with the Audit & Risk Committee so as to strengthen the mutually beneficial working relationship in the best interests of the Council.

9 Objectives and Strategy for 2015-16

9.1 The financial pressures facing the Council remain severe and these emphasise the importance of good governance in the use of scarce resources to deliver important objectives. Internal Audit's role in supporting the Council and providing credible independent assurance on its systems of control, risk management and corporate governance remains as important as ever. Internal Audit seeks to respond to its responsibilities and the associated challenges in 2015-16, with particular reference to the following:

- Maintaining the delivery of an effective internal audit service in line with current statutory and regulatory requirements and professional standards. The flexible approach to audit planning via quarterly updates will continue, with greater emphasis on risk and alignment with the Council's risk management process. It is intended that this will include consideration of

assurance mapping in conjunction with directors whereby the various sources of assurance can be identified and assessed.

- Subject to resource constraints, Internal Audit will remain available to support management with ad hoc requests for assistance determined on the basis of risk. One such area is assisting the Council in its response to the Ofsted review of Children's Social Care by means of independent internal review and assurance on actions taken or planned.
- Continuation of the joint working arrangements with the Council's external auditor, KPMG, in the interests of coordination and efficiency in the audit of the significant financial systems.
- Further development of the role of Internal Audit in supporting the Council's delivery of its responsibilities for Public Health under the Health and Social Care Act 2012.
- Continued development of the technical audit of information systems and governance. This part of the audit service is of ever-greater importance as the potential risks and threats increase alongside the growing dependence on and technological sophistication of IT systems.
- Maintenance of conformance to the Public Sector Internal Audit Standards and action to address identified areas where this can be strengthened.
- Improving the value of high-level reporting of audit findings to senior management by means of root-cause analysis. The aim is to help the Council learn from its own experience through more structured assessment of the underlying reasons for control weaknesses identified through audit work.
- Strengthening the coordination between Internal Audit and the Council's counter-fraud activity, especially following the return of benefits investigation responsibilities to the Department for Work & Pensions.
- Developing the partnership arrangement agreed in principle with Audit Lincolnshire and the provision of specialist IT audit services to Rotherham Council in Yorkshire. Seeking further potentially viable opportunities to provide traded audit services to external clients on a fee-earning basis.
- Working closely with the Audit & Risk Committee, especially given recent changes in membership, so as to strengthen the mutually beneficial working relationship in the best interests of the Council.

10 Acknowledgement

The Director of Finance acknowledges the efforts of all staff within the Internal Audit service and the help, co-operation and support of members and officers of the City Council.

Internal Audit
Leicester City Council
August 2015

Appendix A – Internal Audit Annual Report 2014-15

Appendix 1.1a

Audit Status Report as at 31st March 2015 – audits brought forward

Audits brought forward from 2013-14 40 audits

Status	Audit Name	Audit Plan Area
Finalised	Adult Social Care cash payments (Grey Friars)	Cash audits & establishments
Finalised	Car Park Income	Cash audits & establishments
Finalised	Adult Social Care, Health & Housing (A&H) Dept Contracts	Contracts & Procurement
Finalised	Framework Contracts	Contracts & Procurement
Finalised	Housing Technical Services Contract – follow-up	Contracts & Procurement
Finalised	ICT Contracts	Contracts & Procurement
Finalised	Property Services Contracts	Contracts & Procurement
Finalised	Section 106 Agreements (Planning)	Contracts & Procurement
Finalised	Performance Management	Corporate Governance
Finalised	Public Health Transition (Information Governance)	Corporate Governance
Finalised	EMAS Level 2: Thematic audit of Environmental complaints	EMAS Environmental Audits
Finalised	Bus Service Operators Grant April - September 2013	Grant Certifications
Finalised	Cautionary Contacts Database	IT & Information Assurance
Finalised	IT General Controls - AXIS Income Manager (Q4)	IT & Information Assurance
Finalised	IT General Controls - Council Tax/NNDR (Q4)	IT & Information Assurance
Finalised	IT General Controls - Housing Rents (Q4)	IT & Information Assurance
Finalised	IT General Controls - Main Accounting System (Q4)	IT & Information Assurance
Finalised	IT General Controls - Payroll (Q4)	IT & Information Assurance
Finalised	Logical Access Controls - Corporate (Q4)	IT & Information Assurance
Finalised	User Administration Corporate (Q4) 2013-14	IT & Information Assurance
Finalised	Barley Croft Primary School Financial audit	Schools
Finalised	Buswells Lodge Primary School Financial audit	Schools
Finalised	High Needs Funding	Schools
Finalised	Pupil Referral Units - Primary	Schools
Finalised	Pupil Referral Units - Secondary	Schools
Finalised	Willowbrook Primary School Financial audit	Schools
Finalised	Capital Additions & Disposals (Q4)	Significant Financial Systems
Finalised	Cash and Cash Equivalents (Q4)	Significant Financial Systems
Finalised	Council Tax (Q4)	Significant Financial Systems
Finalised	Debtors	Significant Financial Systems
Finalised	Financial Reporting (Q4)	Significant Financial Systems
Finalised	Housing Benefits	Significant Financial Systems
Finalised	Housing Rents (Q4)	Significant Financial Systems
Finalised	National Non-Domestic Rates (Q4)	Significant Financial Systems
Finalised	Payroll (Q4)	Significant Financial Systems
Finalised	VfM audit of Regulatory Service Costs	Value for Money
Finalised	VfM Review - Use of Consultants and Interims	Value for Money
Draft report issued	Children's Services Contracts - Taxis	Contracts & Procurement
In progress	EMAS Level 1 audit: Overview of EMAS System	EMAS Environmental Audits
In progress	Customer Data Integration	IT & Information Assurance

Notes:

- KYB = Schools audits based on the *Keeping Your Balance* financial good practice issued by Ofsted and the Audit Commission
- VfM = Value for money

Appendix A – Internal Audit Annual Report 2014-15

Appendix 1.1b

Audit Status Report as at 31st March 2015 – Planned audits

Planned Audits 2014-15 98 audits

Status	Audit Name	Approved in quarterly plan	Audit Plan Area
Finalised	Customer Services Centre	Q1	Cash audits & establishments
Finalised	Follow-up audit: Blue Badge Scheme	Q1	Cash audits & establishments
Finalised	Libraries - self-service machines	Q1	Cash audits & establishments
Finalised	Museums Assets & Inventories	Q2	Cash audits & establishments
Finalised	Growth Fund grant	Q1	Certifications
Finalised	Leaseholder Reserve Fund 2014-15	Q2	Certifications
Finalised	Partnerships	Q1	Contracts & Procurement
Finalised	Corporate Governance - Annual Governance Statement	Q1	Corporate Governance
Finalised	EMAS Annual Audit Report for 2013-14	Q2	EMAS Environmental audits
Finalised	EMAS Level 2: Street Cleanliness	Q2	EMAS Environmental audits
Finalised	EMAS Level 4: Audit of Interim Environmental Statement (incl sample data verification)	Q2	EMAS Environmental audits
Finalised	Follow-up Audit: EMAS L3: Aylestone Leisure Centre	Q1	EMAS Environmental audits
Finalised	Follow-up audit: EMAS L3: Braunstone Leisure Centre	Q1	EMAS Environmental audits
Finalised	Follow-up audit: EMAS L3: Housing Stores	Q1	EMAS Environmental audits
Finalised	Additional Highways Maintenance Funding (31/2163)	Q2	Grant Certifications
Finalised	Local Pinch Point Fund (LPPF) (31/2183)	Q2	Grant Certifications
Finalised	Local Sustainable Transport Fund (2013-14) - LSTF Grant	Q3	Grant Certifications
Finalised	Local Transport Plan (31/2150) 2014-15	Q2	Grant Certifications
Finalised	NNDR3 Return (2013-14)(Non-Domestic Rates)	Q2	Grant Certifications
Finalised	Pooling of Housing Capital Receipts	Q1	Grant Certifications
Finalised	School-Centred Initial teacher Training (SCITT) Grant 2013-14	Q3	Grant Certifications
Finalised	Service Charges for 2012-13	Q2	Grant Certifications
Finalised	Concerto IT system - data migration	Q2	IT & Information Assurance
Finalised	Follow-up audit: EntraPass Door Access system	Q4	IT & Information Assurance
Finalised	Follow-up audit: Self-Service Password Reset	Q4	IT & Information Assurance
Finalised	Libraries Public PCs and Wi-Fi	Q2	IT & Information Assurance
Finalised	Museums EPOS system	Q2	IT & Information Assurance
Finalised	New Leicester City Council website	Q3	IT & Information Assurance
Finalised	16-19 6th Form Funding - New College	Q4	Schools
Finalised	16-19 Bursary Fund - New College	Q4	Schools
Finalised	Abbey Primary Community School	Q3	Schools
Finalised	Barley Croft Primary School	Q4	Schools
Finalised	Beaumont Leys Specialist Science School follow-up audit	Q3	Schools
Finalised	Beaumont Lodge Primary School	Q4	Schools
Finalised	Belgrave St Peters CofE Primary School	Q4	Schools
Finalised	Braunstone Community Primary School follow-up audit	Q3	Schools

Appendix A – Internal Audit Annual Report 2014-15

Appendix 1.1b

Audit Status Report as at 31st March 2015 – Planned audits

Status	Audit Name	Approved in quarterly plan	Audit Plan Area
Finalised	Braunstone Frith Primary School	Q3	Schools
Finalised	Catherine Infant School follow-up audit	Q3	Schools
Finalised	Fullhurst Community College SFVS spot-check	Q1	Schools
Finalised	Glebelands Primary School follow-up audit	Q3	Schools
Finalised	Granby Primary School follow-up audit	Q3	Schools
Finalised	Hamilton Community College	Q4	Schools
Finalised	Hazel Primary School follow-up audit	Q3	Schools
Finalised	Heatherbrook Primary School follow-up audit	Q3	Schools
Finalised	Holy Cross Catholic Primary School	Q3	Schools
Finalised	Hope Hamilton CofE Primary School	Q3	Schools
Finalised	Humberstone Infants School follow-up audit	Q3	Schools
Finalised	Imperial Avenue Primary School	Q4	Schools
Finalised	Inglehurst Junior School SFVS spot-check	Q1	Schools
Finalised	Judgemeadow Community College	Q3	Schools
Finalised	King Richards III Infant and Nursery School follow-up audit	Q3	Schools
Finalised	Linden Primary School SFVS spot-check	Q1	Schools
Finalised	Madani Schools Federation	Q3	Schools
Finalised	Millgate School follow-up audit	Q3	Schools
Finalised	Montrose School SFVS spot-check	Q1	Schools
Finalised	Netherhall School SFVS spot-check	Q1	Schools
Finalised	Oaklands School follow-up audit	Q3	Schools
Finalised	Overdale Junior School	Q3	Schools
Finalised	Parks Primary School follow-up audit	Q3	Schools
Finalised	Rowlatts Hill Primary School	Q4	Schools
Finalised	Sandfield Close Primary School	Q4	Schools
Finalised	Schools Audit Annual Report for 2013-14	Q1	Schools
Finalised	Scraptoft Valley Primary School SFVS spot-check	Q1	Schools
Finalised	Shaftesbury Community Junior School follow-up audit	Q3	Schools
Finalised	St Mary's Fields Infant School	Q4	Schools
Finalised	St Patrick's Catholic Primary School follow-up audit	Q3	Schools
Finalised	Stokes Wood Primary School	Q4	Schools
Finalised	Taylor Road Primary School	Q3	Schools
Finalised	The City of Leicester College SFVS spot-check	Q1	Schools
Finalised	Willowbrook Primary School	Q4	Schools
Finalised	Woodstock Primary School SFVS spot-check	Q1	Schools
Revised draft issued	Website Security Assessment	Q1	IT & Information Assurance
Draft report issued	Sports Centres	Q3	Cash audits & establishments
Draft report issued	CareWorks	Q3	IT & Information Assurance
Draft report issued	Follow-up audit: Access to Records (Children's)	Q3	IT & Information Assurance
Draft report issued	Babington Community College	Q4	Schools
Draft report issued	Caldecote Community Primary School	Q4	Schools

Appendix A – Internal Audit Annual Report 2014-15

Appendix 1.1b

Audit Status Report as at 31st March 2015 – Planned audits

Status	Audit Name	Approved in quarterly plan	Audit Plan Area
Draft report issued	Community Support Grant	Q1	Significant Financial Systems
In progress	Follow-up audit: Public Health Transition (Information Governance)	Q4	IT & Information Assurance
In progress	Adult Skills & Learning – Community Education	Q4	Schools
In progress	Buswells Lodge Primary School	Q4	Schools
In progress	Coleman Primary School	Q4	Schools
In progress	St Paul's Catholic School	Q4	Schools
In progress	Budgetary Control	Q1	Significant Financial Systems
In progress	Capital Additions and Disposals 2014-15	Q4	Significant Financial Systems
In progress	Cash and Cash Equivalents 2014-15	Q4	Significant Financial Systems
In progress	Council Tax and NNDR 2014-15	Q4	Significant Financial Systems
In progress	Financial Reporting 2014-15	Q4	Significant Financial Systems
In progress	Housing Rents 2014-15	Q4	Significant Financial Systems
In progress	IT General Controls 2014-15	Q4	Significant Financial Systems
In progress	Payroll 2014-15	Q4	Significant Financial Systems
In progress	Leicester & Leicestershire Enterprise Partnership (LLEP) Regional Growth Fund expenditure verifications	Q3 Q4	Grant Certifications
Not started	Visit Leicester Centre	Q1	Cash audits & establishments
Not started	Schedule of Rates Contracts	Q4	Contracts & Procurement
Not started	EMAS Level 2 - Biodiversity	Q4	EMAS Environmental audits
Not started	EMAS Level 2 - Water	Q4	EMAS Environmental audits
Not started	Public Health – Oral Health	Q4	Public Health Transition
Not started	Licensing Income	Q4	Significant Financial Systems

Notes

- EMAS = Eco-Management and Audit Scheme
- SFVS = Schools Financial Value Standard, as required by the Department for Education

Appendix A – Internal Audit Annual Report 2014-15

Appendix 1.1c

Audit Status Report as at 31st March 2015 – 2014-15 Commissioned audits

Commissioned Audits 2014-15

Additional audits added to plans after approval and in response to priority needs.

11 audits

Status	Audit Name	Audit Plan Area
Finalised	Direct Payments - overpayments controls	Significant Financial Systems
Finalised	Progeny Door Access IT System	IT & Information Assurance
Finalised	Garden Waste Web Application	IT & Information Assurance
Finalised	Salto Door Access IT System	IT & Information Assurance
Finalised	Service Charges for 2013-14	Grant Certifications
Finalised	Adoption Reform Grant (2013-14)	Grant Certifications
Finalised	Assessed & Supported Year in Employment (ASYE) Grant	Grant Certifications
Finalised	THE ISSUE project - grant certification	Grant Certifications
Draft report issued	Right-To-Buy Leaseholders - charging for repairs	Significant Financial Systems
In progress	Voluntary sector advice services – casework audit	Contracts & Procurement
In progress	Ward Funding	Cash audits & establishments