Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 20 APRIL 2015

INTERNAL AUDIT 2015/16 PROGRESS REPORT

Report by the Chief Financial Officer

INTRODUCTION

1. This is a two part report. Part 1 reports on the progress with the current 2015/16 Internal Audit Plan, including status of the audits, and the summary results of completed audits since the last progress report to Committee; Part 2 is the Internal Audit Strategy for 2016/17, including an indicative Internal Audit Plan for Q1 2016/17.

2. During 2015/16 Internal Audit was restructured and three distinctive teams were created with the aims of: protecting the role and independence of an Internal Audit Service; to provide a clear strategy and resource for the management of Counter-Fraud; and, to create capacity to manage the corporate responsibility for Risk Management and a new a Business Assurance function. All three functions came under the management of the Chief Internal Auditor.

3. The key outcome of the change was to provide a structure that can contribute to and report on the Council's combined assurance that ensures the effectiveness of the governance, risk management and the system of internal control.

4. During 15/16 the Chief Internal Auditor post was shared under collaboration with Buckinghamshire County Council; however this arrangement will be ceasing in quarter 1 of 2016/17. The Council is facing a huge change agenda over the foreseeable future and as a result the Head of Paid Service and the Chief Finance Officer decided to end the collaboration for sharing the Chief Internal Auditor post, and therefore with effect from 1 June 2016, Ian Dyson will be returning full time. The collaboration has been very successful, and the decision was not made lightly, however it was necessary to have the extra capacity to support the change agenda.

5. From April 2016, the Chief Finance Officer has changed the roles and responsibilities within her Senior Management Team, including those of Ian Dyson, who held the role of Chief Internal Auditor. A new post of Assistant Chief Finance Officer (Assurance) has been created and is being undertaken by Ian Dyson. This role retains senior manager responsibility for Internal Audit, Counter Fraud and Risk Management, but also covers responsibility for operational finance functions, and corporate responsibility for the system of financial control including the procure to pay and order to cash systems. In this new role, Ian Dyson will also be the nominated deputy to the Chief Finance Officer, with the exception of the legal role of S151 Officer, where Sarah Fogden will

have the responsibility of interim Deputy S151 Officer. It was expected this change would coincide with the cessation of the collaboration with Buckinghamshire County Council; however it was not possible to extend the contract of the Interim Deputy Chief Finance Officer beyond 31 March 2016, so the change was made effective from April 2016.

6.   The wider remit of the Assistant Chief Finance Officer role clearly conflicts with the "independence" requirement of a Chief Internal Auditor, so whilst Ian Dyson will retain line management responsibility for the Internal Audit Service, he has relinquished the role of Chief Internal Auditor effective from 1 April 2016. As the change occurred earlier than expected interim arrangements have been agreed for the role of Chief Internal Auditor. That responsibility and the authority afforded to that post holder as set out in the Chief Internal Auditor Protocol has been assigned to Sarah Cox, Audit Manager, until options for a permanent arrangement have been considered.

7.   As a result of these changes, this report has been co-authored by Ian Dyson and Sarah Cox, as it covers both the 15/16 Internal Audit Plan, and the forward looking strategy and plan for 2016/17.

2015/16 PROGRESS REPORT

8.   The revised Audit Plan is attached as Appendix 1 to this report. There are three tables in the appendix, the first shows the current status of the revised planned activity; the second table lists the audits removed from the Plan this year as previously reported. The third table records audits removed since the last report.

9.   Since the last report (13 January 2016) there have been five further amendments to the plan. The first was an additional piece of work, which was requested by Adult Social Care, to undertake a full review of a specific Service User's case following identification of issues with the Direct Payment. The second was to extend the counter-fraud review of a sample of procurement cards to also a full audit of the design and operation of the controls following the transfer of the procurement card administration to Hampshire IBC. There have been a further three audits removed from the Audit Plan.

10.   In the last report (13 January 2016) it was explained that the underspend within Internal Audit's budget that was to be used during Q4 to buy external resource to support the delivery of the audit plan was not going to be utilised in light of the Council's current financial position. This has resulted in reducing the number of audits in the plan for 2015/16. Prioritisation during quarter 4 has been given to the material financial systems and processes, following the move to Hampshire IBC and also the implementation of the new Adult Social Care IT system. Due to the complexity and level of testing the planned activity has continued into Q1 of 2016/17.

11.   The 2015/16 Compliance Plan and progress summary is included within Appendix 2 to this report. The assurance mapping for key services across all three Directorates is in progress, and the first draft of output for CEF and SCS Directorates is due to be validated by the

Directorate Leadership Teams by the end of April 2016. The assurance mapping process has been developed throughout the exercise.

12. In addition to the work completed on counter-fraud within the Internal Audit Team, Oxford City continues to provide counter-fraud support, both reactive and proactive fraud work. The Counter Fraud Plan and progress is attached as Appendix 3 to this report and an update on Counter Fraud is later in report.

13. There have been 7 audits concluded since the last update (provided to the January meeting of the Audit and Governance Committee); summaries of findings and current status of management actions are detailed in Appendix 4. The completed audits are as follows:

Directorate	2015/16 Audits	Opinion
EE (ICT)	Commissioning of ICT Services	Green
EE	Highways Contract - Payments	Amber
OFRS	Gartan Payroll (On call Fire Service System)	Green
CEF	Thriving Families Winter Claim	n/a
CEF	Social Care Payments	Amber
Corporate	Procurement Cards (combined audit and counter fraud review)	Red
CEF	Childrens Social Care Management Controls - Missing Children Processes	Amber
Corporate	Key Financial Processes (Design of Controls):	
	- Accounts Receivable	Red
	- Banking and Cash Receipting	Red
	- Petty Cash	Amber
	- Procure to Pay	Red
	- Payroll	Amber
	- Main Accounting	Amber
	- Business Data Upload Application	Red

Performance

14. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	65%	Audits which did not meet this target were closely monitored at the time of fieldwork, majority of reasons were due to complexity of work and also agreed extensions to the scope of the audits.
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	94%	
Elapsed Time between issue of Draft report and issue of Final Report.	15 days	50%	Focus has been on ensuring Senior Management have been issued with a draft report promptly following the exit meeting. Final Reports are taking longer to agree due to the number of senior management involved and complexity of actions. Improving performance against this indicator will be a focus for 2016/17.

The other performance indicators are:

- % of 2014/15 planned audit activity completed by 30 April 2016 - reported at year end (Annual Report 13 July 2016).
- % of management actions implemented - 86%. Of the remaining 14% - there are 25 (3%) actions that are overdue, 17 (2%) actions with a revised implementation date and 65 (9%) actions not yet due.

- Extended Management Team satisfaction with internal audit work - reported at year end.

Counter-Fraud

15. Internal Audit has worked with Adult Social Care to provide Fraud Awareness Training as part of the directorate's direct payment training. This has been delivered to Social Care staff at eight different sessions across the County. This has included the promotion of the SCS Fraud procedures which were developed jointly between Internal Audit and Adult Social Care.

16. Following the audit of direct payments five individual direct payment cases were reviewed by Internal Audit at the request of the directorate. A management letter which concluded on each individual case and agreed management actions required to address specific issues with those service users has been agreed and issued. Three were concluded as needing a full review of the existing care package and direct payment arrangements, one case has resulted in an agreed recovery repayment plan to claim back monies that should not have been claimed as a direct payment and the fifth one has identified misuse of the direct payment and civil recovery action is now being progressed via Legal.

17. The proactive fraud review of Procurement Card expenditure is now complete. The scope was extended to also include an audit of the procurement card OCC controls, following the transfer of the administration of the system to Hampshire IBC. This has been included within the update on Internal Audit reports and the Executive Summary is included within Appendix 4 of this report.

18. A school has reported a theft from a cash tin of just under £100. The school had reported it to the police.

19. There has been a theft of £2000.00 from one of the Council's Offices. It has been reported to the Police and currently a management investigation in ongoing. Internal Audit are supporting with the review of controls to minimise the risk of this happening again.

20. Work is ongoing with the Blue Badge exercise, with the individual cases currently subject to further investigation / action.

21. The Assistant Chief Finance Officer is currently working with the Police on a suspected fraud following a joint investigation between Oxfordshire and Buckinghamshire County Councils.

National Fraud Initiative (NFI)

22. The matches from the 2014/15 exercise have been released. In total OCC have had 15,266 matches returned, of which 6,850 are recommended to be looked at. Key officer and Councillor checks have been completed and no issues have been identified. A number of key reports have now been closed after a review of a sample of

recommended matches showed no issues. Other key recommended matches are still being reviewed by individual teams across the Council and Internal Audit. This work is continuing into quarter 1 of 2016/17.

23.   Four potential matches have been identified for pensions payments made to deceased persons. These are currently being investigated further and recovery processes have commenced.

24.   One potential match has been identified so far in comparing payments made to residential providers for deceased residents. This case is being investigated further and the overpayment has already been recovered. The provider has been visited by the directorate and improvements made around notifications when a resident dies. These improvements will now be shared with other providers. Further data matches in this area are still being investigated.

2016/17 INTERNAL AUDIT STRATEGY

25.   The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Public Sector Internal Auditing Standards 2013.

26.   The Public Sector Internal Auditing Standards defines "Internal auditing is 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."

27.   The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council's Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.

28.   This is an interim strategy pending the outcome of a permanent appointment to the role of Chief Internal Auditor. A revised strategy will be presented to the Committee once the new arrangements are confirmed.

29.   The Internal Audit Plan will evolve during the year, influenced by any restructuring, and the resulting sources of assurance.

Audit Planning Methodology

30.   The Internal Audit Plan will be produced with reference to the Corporate Risk Register and in consultation with the Directors, Finance Business Partners and the Chief Finance Officer. Quarterly meetings with the Directors are scheduled to ensure the plan is kept under continuous review. The plan will also be reviewed quarterly with

reference to the Directorate Risk Registers, and presented to the Audit and Governance Committee for consideration and comment. During 2016/17 it is expected that the planned audits will be aligned to the outcomes from the assurance mapping of key services.

31. The Audit Plans will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to.

32. Counter-fraud remains a responsibility for Internal Audit to lead on, and in 2016/17 this will continue to be focussed on overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity. Internal Audit will continue to work in collaboration for proactive counter-fraud, and reactive investigation support with the Fraud Hub being led by Oxford City Council.

2016/17 Q1 AUDIT PLAN

33. During quarter 1 the initial focus will be on the completion of 15/16 audits. These were planned to overrun into quarter 1 of 16/17 due to a reduction in Internal Audit Resources and also the requirement to focus on the key financial systems since the move to Hampshire IBC.

Completion of 15/16 Audits:

- SCS Client Charging, including ASC debt management and also management of deferred debt
- Residential and External Home Support Payment systems.
- Pensions Fund
- Pensions Administration
- Accounts Receivable
- P2P / Accounts Payable
- Main Accounting / General Ledger
- Payroll
- Banking / Cash Receipting
- Imprest / Petty Cash

34. Appendix 5 sets out the quarter 1 plan of audits, compliance activity and counter fraud work. A full annual plan will be brought to the next meeting of the Audit Committee following further consultation with the directorates. The plan will however remain flexible, to enable Internal Audit to be responsive particularly during organisation change.

Performance Monitoring / Reporting

35. The proposed Internal Audit performance indicators for 2016/17 are set out in appendix 6. The Audit and Governance Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits.

RECOMMENDATIONS

36.   **The Committee is RECOMMENDED to**:

(a)   **note the progress with the 15/16 Audit Plan, 15/16 Compliance Plan, 15/16 Counter Fraud Plan and the outcome of the completed audits;**

(b)   **approve the interim Internal Audit Strategy for 2016/17 and the Q1 Plan; and**

(c)   **agree the 2016/17 performance indicators**.

IAN DYSON
Chief Internal Auditor

Background papers: None.
Contact Officer: Ian Dyson/ Sarah Cox 01865 323875

2015/16 - Revised Internal Audit Plan Progress Summary
Table 1:

Directorate	Audit	Status	Conclusion
CEF	CEF Safeguarding (Children's Social Care Management Controls) - Missing Children	Complete - Final Report	Amber
CEF	CEF Thriving Families - Summer Claim	Complete - Final Report	n/a
CEF	CEF Thriving Families - Winter Claim	Complete - Final Report	n/a
CEF	CEF MASH (Multi Agency Safeguarding Hub)	Complete - Final Report	Amber
CEF	CEF Social Care Payments	Complete - Final Report	Amber
CEF	CEF Foster Payments (Internal & External)	Complete - Final Report	Amber
SCS	SCS Personal Budgets / Direct Payments	Complete - Final Report	Red
SCS	Adult Social Care Information System - follow up audit	Complete - Final Report	Amber
SCS	Adult Social Care Information System - I.T. application review of LAS	Draft Report	Green
	Adult Social Care Information System - I.T. application review of Controcc	Draft Report	Green
SCS	SCS Client Charging, including ASC debt management and also management of deferred debt	Fieldwork	TBC
SCS	Residential and External Home Support Payment systems.	Fieldwork	TBC
SCS	Review of specific DP case (addition to plan since last report)	Exit meeting stage	n/a
OFRS	OFRS - Payroll (Garton Processes)	Complete - Final Report	Green
CS	Key Financial Processes (Design of Controls)	Final Report	n/a
CS	Pensions Fund	Fieldwork	TBC

CS	Pensions Administration	Fieldwork	TBC
CS	Accounts Receivable	Fieldwork	TBC
CS	P2P / Accounts Payable	Fieldwork	TBC
CS	Main Accounting / General Ledger	Fieldwork	TBC
CS	Payroll	Fieldwork	TBC
CS	Banking / Cash Receipting	Fieldwork	TBC
CS	Imprest / Petty Cash	Fieldwork	TBC
CS	Procurement Cards (addition to plan since last report)	Complete - Final Report	Red
All directorates	Grant Certification A number of grant conditions, for grants claimed across the Council, require that the Chief Internal Auditor verifies and certifies the grant claim being made.	Complete	n/a
EE	Highways Contract	Complete - Final Report	Amber
EE (ICT)	Cyber Security	Complete - Final Report	Amber
EE (ICT)	ICT Disposal of Equipment	Complete - Final Report	Red
EE (ICT)	ICT Change Management	Complete - Final Report	Amber
EE (ICT)	Broadband Project	Complete - Final Report	Green
EE (ICT)	Commissioning of ICT Services	Complete - Final Report	Green

2015/16 - The following audits have been removed from the plan (as previously reported to the 13 January 2016 meeting): Table 2:

SCS	LEAN / Responsible Localities	This has been removed from the proposed plan. A specific review of care management processes in 16/17 will be undertaken once LEAN review is complete and the new Adult Social Care ICT system is embedded
SCS	SCS Implementation of the Care Bill	This has been removed from the proposed plan. Full funding reform changes have not happened. The care bill implementation was achieved by April 15. One area that will be reviewed is the collection of deferred payments, this will be covered under client charging audit.
SCS	SCS Pooled Budgets	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. This was planned for Jan / Feb - and was merged with SCS contract management audit, as the scope intended to look at significant contracts commissioned by the pool and review contract management arrangements. Also planned to cover arrangements re Better Care Fund. It is proposed that this will be undertaken early within the 2016/17 Internal Audit Plan.
CS	Treasury Management	This has been removed from the 2015/16 plan due to a reduction in audit resources available and will be audited in 2016/17.
CS / EE	Capital Programme Governance & Delivery	This has been removed from the 2015/16 plan due to a reduction in audit resources available and will be audited in 2016/17.
EE	Energy Recovery Facility	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. It will be considered for the 2016/17 audit plan.
EE	Planning	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. It will be considered for the 2016/17 audit plan.
EE	City Deal	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. It will be considered for the 2016/17 audit plan
EE	OLEP Governance Framework	This has been removed from the 2015/16 plan due to a reduction in audit resources available.

2015/16 - Since the last report (13 January 2016) the following audits have been removed from the plan.
Table 3:

CEF	S151 Schools Assurance - mapping of design of controls.	This has been deferred from the 2015/16 plan and will be undertaken in 2016/17. This is due to both a reduction in audit resources available and also to take into account that there will be a new CEF Finance Business Partner in post from May 2016.
SCS	SCS Safeguarding (Adult Social Care Management Controls) - follow up.	This has been deferred from the 2015/16 plan and will be undertaken in 2016/17. This is due to both a reduction in audit resources available and also to allow for processes to be fully established and operational following the implementation of the new Adult Social Care I.T system.
EE / CEF	Supported Transport Programme - Hub Development / Follow up of CEF safeguarding transport audit	Assurance over the implementation of the agreed management actions has been provided through the regular updates to the Supported Transport Governance Group which is chaired by the Assistant Chief Finance Officer (Assurance). A report on progress was made to the Audit Working Group meeting of 7 April 2016.

2015/16 - Compliance Plan Progress Summary

Area	Scope	Current Status
Budget Monitoring	The review will determine the level of organisation compliance with the stated budget monitoring and forecasting processes. Sample testing will be conducted on a range of cost centres and cost centre groups from across each Council Directorate.	Quality Review
Cancelled and Re-Issued Invoices	The review will determine the level of organisation compliance with the stated processes for cancelling and re-issuing invoices. Sample testing will be conducted on a range of services from across each Council Directorate who have cancelled and re-issued invoices.	Exit Meeting
Local Cash Receipting and Banking	The review will determine the level of organisation compliance with the stated cash receipting and banking processes. Sample testing will be conducted on a range of services from across each Council Directorate who collect and bank income.	Testing
Journals	The review will determine the level of organisation compliance with the stated journal processes. Sample testing will be conducted on a range of services from across each Council Directorate who have processed journals.	Exit Meeting
Vendor Creations and Changes	The review will determine the level of organisation compliance with the stated new vendor creation and vendor change process. Sample testing will be conducted on a range of services from across each Council Directorate who have raised new vendors or changed vendor details.	Quality Review
Invoicing Plans	The review will determine the level of organisation compliance with the stated invoicing plan creation process. Sample testing will be conducted on a range of services from across each Council Directorate who have created invoicing plans.	Quality review

Area	Scope	Current Status
One Time Vendor Payments	The review will determine the level of organisation compliance with the stated one time vendor payments process. Sample testing will be conducted on a range of services from across each Council Directorate that have requested one time vendor payments.	Quality Review
Employee Changes	The review will determine the level of organisation compliance with the stated employee change process (i.e. honorariums, increments, acting up arrangements, one-off or recurring employee payments, deductions, change in hours, etc.) Sample testing will be conducted on a range of services from across each Council Directorate that have processed an employee change request.	Exit Meeting
Business Data Upload	The review will determine the level of organisation compliance with the stated Business Data Upload (BDU) process. Sample testing will be conducted on a range of file types uploaded via the BDU system.	Complete Ongoing work, carried forward into 2016/17

Counter Fraud Plan 2015/16

Activity	Qtr	Status
Development of SCS Fraud procedures	2	Complete
Fraud awareness / identification of fraud risk areas	all	Ongoing
Fraud awareness training inc DPs to SCS	4	Complete
Review and update of fraud intranet pages & procedures	4	Deferred until Qtr 1 2016/17
Review and update of Fraud Risk Register	all	Ongoing
Procurement Cards Review	3	Complete
Travel and Expenses Review	4	Deferred until Qtr 1 2016/17 due to additional time spent on Procurement Card review.
Blue Badge Review	3 / 4	Complete
Reactive fraud work - DP cases	3/4	Complete
Reactive fraud work - pre October 2015	3/4	Ongoing
Reactive fraud work - post October 2015	3/4	Ongoing
NFI 2015	all	Ongoing
Development of Counter Fraud arrangements with City Council to include SPD (Single Person Discount - Council Tax) processes.	4 / &Q1 16/17	Ongoing

Commissioning of ICT Services Review 2015/16.

Opinion: Green	14 January 2015	
Total: 04	Priority 1 = 01	Priority 2 = 03
Current Status:		
Implemented	2	
Due not yet actioned	2	
Partially complete	0	
Not yet Due	0	

Overall Conclusion is Green

There are defined processes for commissioning new ICT services and, since late 2014, criteria is being applied which requires all new ICT projects or service requests to be approved by either CCMT, Head of ICT Business Delivery or DLT. This new governance approach was reported to the Council Delivery Group in September 2015. New structures have been established within ICT to assess and prioritise service requests and comprise of an ICT Strategy Delivery Group and an ICT Service Change Group. Project requests require a business case which will include an options analysis as to whether to deliver the service in-house or commission it from an external supplier. The corporate procurement team are engaged when new ICT services are commissioned, although in some cases this is at short-notice or late in the procurement process. Consequently, there is a risk that their skills and expertise are not fully utilised in supplier search and selection.

ICT maintain details of all their contracts in a spreadsheet, although a review noted that some of them are listed as being missing as they cannot be found. There should be a valid contract with each supplier to ensure the terms and conditions under which they supply their services have been agreed. Our testing confirmed that there is a formal contract in place for the 4 suppliers tested, although one had yet to be formally signed.

The contracts for three sampled contain adequately defined service levels. However, one contract in the sample did not have any associated service levels or remedies for poor service delivery. Service levels should be agreed for all commissioned services in order to define what is required and to monitor the performance of the supplier.

The Service Change and Commissioning Team have conducted a review of existing supplier management arrangements and made a number of recommendations which have been accepted by the ICT Leadership Team. This includes building account plans for the "Top 10" suppliers to try and get value out of existing contracts by seeing what suppliers can do for OCC over and above their contractual obligations. The control in this area can be further improved by having formal supplier management procedures to ensure that service leads are aware of their responsibilities and the activities/processes required to manage suppliers.

Service review meetings are held with suppliers on a regular basis and these are attended by appropriate ICT staff and supported by adequate service reports. A record of all meetings is maintained. This was tested and confirmed.

Contractors are used to fill a gap in resources or where a particular skill set is required. The use of any contractor has to be approved by a member of the ICT Leadership Team and their costs are monitored via the monthly budget forecasting process. Contractors are only taken from approved agencies and are interviewed beforehand to ensure they have the relevant skills and expertise.

Highways Contract Payments 2015/16.

This report was presented to the Audit Working Group 4 February 2016 and the Deputy Director attended to discuss the findings and agreed action plan.

Opinion: Amber	14 January 2015	
Total: 13	Priority 1 = 05	Priority 2 = 08
Current Status:		
Implemented	3	
Due not yet actioned	9	
Partially complete	0	
Not yet Due	1	

Overall Conclusion is Amber

Introduction

There have been some changes in governance and internal control in recent years within Highways. Positive areas of improvement noted during the audit include:

- Budgets have moved back to OCC, so each budget is now managed and monitored by OCC managers instead of the contractor, thereby reducing the potential for conflicts of interest. The budget holders' roles and responsibilities are clear. There is already evidence of greater budgetary control for example the predicted over spend in the Defects budget has reduced compared to the previous two years.

- Evidence of effective risk and issues escalation. The Service was already aware of many of the big picture and detailed risks and issues identified during the audit. The establishment of the quarterly budget holder review meetings has helped to facilitate this, along with the upward reporting through the weekly Commercial Actions group, feeding to the Commercial management group and the Highways Operations Board.

- Operationally, for the major infrastructure project reviewed, weekly on site visits, monitoring of progress and costs and monthly challenge meetings resulted in good levels of oversight by OCC staff. Compensation Events had been logged and authorised.

- From the sample of budgets reviewed, budget holders were reviewing and authorising the costs against their budgets and confirming these through the monthly certificate process managed by the Contracts team. Amounts were deducted from the invoice and payment amount when requested.

However, the audit also identified areas of control weakness, some of which are in the process of being addressed by management:

- From the audit sample reviewed, there were a much higher proportion of target cost projects that ended in gain share. There are a number of

possible reasons for this, including inadequate cost scrutiny and target costs set too high - however further analysis is required to establish the underlying causes.

- There is a lack of transparency of costs in the Inform system and insufficient detailed monitoring or analysis of these. The allocation and movement of costs on Inform is opaque and it is difficult to trace through works order to actual costs. Queried or disallowed costs are also not tracked and frequently appear in Inform in subsequent months, instead of being corrected or removed. Costs continue to be allocated on a continuing basis even after monthly sign-off - there is no means to identify in Inform which costs have been authorised previously and which have not. Budget holder review is therefore extremely difficult, especially working within reduced revenue budgets. The challenges and complexities of recording and monitoring these costs are acknowledged. In response, the Contractor is currently developing a new system to replace Inform within their 'Project Waterfall'. OCC management have been clear that the new system must resolve these cost accuracy issues and both the Contractor and OCC are working closely together to address this.

- There are weaknesses in the monitoring of the Defects budget, in particular the accurate allocation of costs and the completion of failed defects repairs. The audit found examples of failed defects charged for twice as well as costs allocated to defect repairs which were well in excess of a typical repairs value because costs are not accurately allocated to works orders. On a positive note, the number and value of insurance claims relating to potholes have fallen over the last three years, reportedly due to a combination of warmer weather, better responses to pothole requests and improved record keeping.

- The audit identified examples where, following Closedown, the costs in Inform against a closed Task Order changed (identified in one case - where costs reduced by approximately £80k in the two months after the Contractor and budget holder sign-off). Whilst any additional costs would then be a liability for the Contractor, any reduction in costs, post sign off, could potentially indicate a risk of error or duplicate payment. The pain/gain share calculation would be affected if full and accurate costs had not been included at the Closedown process.

- Whilst many Legacy Task Orders have been closed down over the past two years, there are still 234 outstanding from previous financial years. Whilst accruals have been made for many, there is no assurance that accruals have been made for all. Management report that closedown of outstanding task orders is proving difficult and despite being a management priority, has yet to produce adequate progress.

Following the change to IBC, there are several areas where controls are now inadequate, including:

- The scheme of Delegation is out of date (although a draft was being worked on at the time of the audit). The IBC system does not block authorisation above delegated authority for those with Level 0 authorisation.

- Reconciliations between payments made to the Contractor against the amount invoiced are no longer undertaken as following the move to IBC the team no longer have access to back-end SAP (from audit review, the amounts did not match for each month post-IBC, possibly indicating that some invoices are not being paid). At Task Order closedown, the amount already paid as quoted by the Contractor can no longer be accurately checked. This is due to the Contracts team no longer having access to back-end SAP and an alternative robust process has not been established.

Gartan Payroll (On Call Fire Service System) 2015/16.

Opinion: Green	15 January 2015	
Total: 03	Priority 1 = 01	Priority 2 = 02
Current Status:		
Implemented	02	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	01	

Overall Conclusion is Green

The Gartan Payroll module was introduced from July 2015, coinciding with the move to IBC. The pay for 'on-call' fire service staff and some 'whole-time' staff additional hour's pay is calculated from the Gartan Pay system. This equates to approximately 300 fire staff, totalling approximately £130,000 per month. The Gartan Payroll system contains numerous built in controls to minimise the risk of fraud or error, for example it's interconnection with Gartan Availability and not permitting staff to be paid in two places at the same time. The system also requires Level 1 and Level 2 authorisation prior to any payment being made.

Overall, the audit found that the design of and adherence to the controls for Gartan Payroll were satisfactory. The issues identified in the audit, are for areas where either control could be tightened even further or where use of the system could be taken to the next level.

The Gartan pay system was tested prior to roll-out and adequate training provided to staff. Very clear and up to date policies and procedures have been developed to support Gartan Payroll use. These clearly describe the responsibility of authorisers to audit their records prior to sign-off. However there is no guidance to authorisers on the checks they are expected to complete prior to authorisation, only that they must be satisfied that records are accurate. There are numerous automated reports in Gartan Payroll, however there is as yet limited usage and guidance of these, and this would be an area for further development and roll out.

From the audit sample tested, payments were correctly authorised by Level 1 and Level 2 authorisers. However, where activities have not been authorised for a specific reason, there is no record in the system as to why it was not authorised.

Reconciliations between Gartan and actual payments to SAP have not taken place to ensure payments made in SAP match the original records from Gartan. The audit attempted to undertake this reconciliation, however it was not possible to balance the values, possibly due to the absence of a report from SAP which breaks payroll payments down to only include those which originate from Gartan. It was verbally reported to Internal Audit that there had been no issues with the accuracy of payroll payments made from Gartan. From the sample checking of 20 payroll payments undertaken during the audit, the payments all matched between Gartan and SAP give or take a few pence variations (due to rounding ups in SAP).

The audit reviewed the list of staff who have full Administration (and therefore set-up, Level 1 and Level 2 authorisation) rights. These were appropriate and limited to staff who required this access. The controls in place and segregation of duties to ensure fictitious staff members are not set up and paid are sufficient, as a payroll number is required (issued from IBC) to set up a person in Gartan Payroll (which can only be done by a system Administrator). Plus the person has to be linked to a Station and the Station/Watch/Crew Manager would soon identify an unexpected person on their station list. However, the process for disabling a staff member who has left requires tightening to ensure ex-employee records are accurate.

Thriving Families Winter Claim January 2016

Opinion: n/a	29 January 2016	
Total: 04	Priority 1 = 0	Priority 2 = 04
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	04	

Oxfordshire was an early adopter of Phase 2 of the Troubled Families Programme, which began in September 2014. A first claim of 12 families was submitted and audited in September 2015, including only families who had moved into continuous employment. A second Payments by Results (PBR) claim for 78 families who have made sustained progress and 11 families who moved into continuous employment, is due to be submitted now. The audit found that the process for identifying families who met the required criteria for the PBR claim was generally effective, and that the claim spreadsheet accurately reflected the source data in terms of the original criteria for inclusion on the scheme.

The audit tested a sample of 10 families to assess they meet the criteria for the PBR claim, and a sample of 5 for the continuous employment claim. An error was identified with the accuracy of some initial data input, where two families had the same family code and one of the families was not complete.

The audit testing also identified 3 individuals in the continuous employment claim who had been previously claimed for and have therefore been removed from the claim.

The Data team have confirmed that these issues have been addressed, the rest of the claim checked and relevant families removed from the claim. More rigorous checks will be undertaken in future prior to the submission of a claim to internal audit - for the next claim there will be a longer window for compiling the claim and checking the data.

The audit also identified that families had not been checked for regression in their employment status, contrary to the national guidance. This was because it was felt that becoming unemployed may not be within someone's control. This exception had not been authorised by the FBP for CEF and the check was subsequently completed and the data team confirmed that two families were removed.

Internal Audit agreed to the sign-off of the winter claim.

Childrens Social Care Payments

Opinion: Amber	23 March 2016	
Total: 17	Priority 1 = 02	Priority 2 = 15
Current Status:		
Implemented	0	
Due not yet actioned	12	
Partially complete	0	
Not yet Due	5	

Overall Conclusion is Amber

Children's Social Care Staff make a variety of routine and emergency payments via the local office imprest accounts, procurement cards and the IBC. The budgets are very much demand led and due to the increasing volumes of children and young people being supported, these budgets are under continuing pressure. The audit has identified that whilst there is an authorisation process in place for individual transactions and monitoring of spend via the budgetary control information available to managers, there is limited management information on the total spend per child / young person or on the total amount spent on emergency payments and the different types of regular payments. Testing of individual transactions has found issues both with insufficient supporting documentation to support purchases made and with the authorisation process. For these transactions, assurance that payments have been made as intended is more limited. Key weaknesses identified are:

- It was noted that there is a lack of clear and accessible corporate guidance in relation to appropriate procurement methods and to the use of procurement cards and imprest accounts. In relation to procurement card expenditure, guidance has been taken from Hampshire, but not adapted for Oxfordshire County Council. Local finance procedures for area offices has been produced and circulated, but this has not been published on the intranet and requires updating in several areas.

- Transaction testing on procurement card activity identified instances where procurement cards should not have been used, for example personal purchases from Amazon (since repaid, but identified and challenged by Administrator, not cardholder), for paying for parking (should be reclaimed through staff expenses) and examples where procurement cards had been used for the purchase of staff refreshments. Examples were also noted where cards were being shared and where a cardholder had two live cards. Transaction testing on imprest identified some instances where imprest was not the most appropriate procurement method. It is noted that there have been improvements and a reduction in the type of expenditure going through local office imprest accounts since audits were undertaken of Knights Court in 2011/12 and Samuelson House in 2012/13. However, it was reported that there is still £10-15K cash payments being made out of the Knights Court office each week so this could be reduced further.

- It was noted that CEF does not use the RBS online system for cardholders and managers to review and approve procurement card transactions. A

separate administrative process has been developed in relation to this which appears to have some control weaknesses (for example lack of overview of all transactions by managers) which need to be reviewed and addressed. It also appears that the system in place is time consuming and bureaucratic.

- Some issues were noted in relation to authorisation of individual transactions. In relation to procurement card transactions, this included transactions that had not been approved at all as well as some which had been approved by staff members not included on the CEF Scheme of Financial Delegation.

- Issues relating to the creation of new invoicing plans (significant increase in workload due to individual lines having to be completed for each payment in an invoicing plan) and to making one off payment to vendors on invoicing plans (duplicate vendors must be created) since IBC went live have not yet been fully resolved. These issues have been raised with Hampshire and it has been reported that solutions are being investigated, however this is now becoming urgent as new invoicing plans must be in place for the new financial year.

- Insufficient supporting documentation was found for 34% of the procurement card transactions sampled (this included examples where there was no documentation at all, where there was a finance form but no receipt, receipt but no finance form etc). An example was also identified where an approved finance form had been photocopied to support the purchase of a food voucher / supermarket gift card. Of two purchases of supermarket gift cards noted, there was an insufficient audit trail linking the purchase of gift cards to receipt by the young person in one instance. VAT was found not to have been treated correctly in several instances. In relation to imprest payments sampled, the level of supporting documentation for the sample reviewed was generally good, however there was an example where it is was not possible to confirm who had received a cash payment, where receipts had not been provided and where a finance form had only been completed by one staff member resulting in a lack of segregation of duties.

- It was found that, with the exception of the South, there was a lack of information available for social workers and managers at an individual child / young person level on total payments made. Information maintained on allowances such as the setting up home allowance, where up to £2K is allowed per young person, differed between areas in terms of the format of information held, responsibility for maintaining information and in the detail of the information maintained. Whilst it is acknowledged that the directorate has limited resources available and that these must be prioritised, lack of availability of this detailed information could hinder effective budget monitoring.

Procurement Card Review 2015/16.

Opinion: Red	29 March 2016	
Total: 15	Priority 1 = 04	Priority 2 = 11
Current Status:		
Implemented	01	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	14	

Overall Conclusion is Red

Assurance cannot be provided that adequate controls are currently in place to mitigate against the risk of fraud or error. The system of internal control is weak and risks are not being effectively managed. Significant action is required to improve controls.

Initially the work planned by Internal Audit was to undertake a proactive fraud review of a sample of procurement card transactions across the Council, including Schools. In 2015/16 approximately £3 million has been spent on the purchasing cards (schools and corporate). Following the move to IBC and the changes in responsibility for managing some of these processes, this work was expanded to also undertake an audit of the controls / processes in place.

Whilst testing did not find any specific attempts to defraud the Council, there were purchases that were not made in accordance with policy. The audit identified a lack of strategic responsibility and corporate oversight for purchasing cards. There was a lack of compliance with key controls, in particular the application of management controls.

Childrens Social Care Management Controls - Missing Children

Opinion: Amber		
Total: 24	Priority 1 = 7	Priority 2 = 17
Current Status:	0	
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	24	

Overall Conclusion is Amber

There has been a strong drive in recent years to improve the missing children process, in particular in response to Operation Bullfinch and ensuring CSE risks are adequately managed. Key strengths noted during the audit include:

- All missing children processes are clearly documented and available to staff (flowcharts, procedure documents and guidance notes).

- There is joint working in place between agencies (e.g. OCC and TVP) which senior managers and members of the Missing Children's Panel interviewed described as effective, and has a positive impact upon outcomes. This is supported by the existence of the MASH and the Missing Children's Panel.

- Management information on key data is regularly produced and reviewed by the appropriate managers, so management are aware of the poor performing areas and steps have been taken to address these.

- The return interview forms require the interviewer to assess whether the CSE screening tool is required.

- Quality assurance checks of the return interviews have been recently established within Early Intervention and at the Missing Children's Panel (however it is too early to review the effectiveness of these).

- The audit observed that the structures are in place for an effective missing children's process in Oxfordshire. The challenge is to achieve adherence to these procedures, which is currently not happening across the board to a level which ensures a watertight missing children process. This will take a continued joint effort from management to fully embed these processes and establish accountability, including ongoing training for staff, discussion at meetings and oversight of quality and performance. Many of the key weaknesses noted in this audit report were already known about and being addressed by senior management, indicating a good process of risk escalation. These include:

- Although return interviews had been completed for 92% of all missing episodes, only 58% of CSC and 37% of EI interviews had been completed within the statutory 72 hour timeframe (as at November 2015). There are some data errors and gaps in process which may be negatively impacting these performance figures.

- Whilst the vast majority of return interviews are being completed, there is a significant challenge to complete these within the statutory timeframe. There

are circumstances which make the timeframe almost impossible to achieve in all cases.

- There is no performance monitoring of strategy meetings to check that these are held when the criteria have been met. In the audit sample of 10 there was 1 case where a strategy meeting should have been held when it was not.

- Missing children is not a standing agenda item on management and team meetings and supervision (since January 2016 it has been on CMT). Training on missing children has recently been provided to CSC but uptake was inconsistent and the Early Intervention Service has not received training.

- The quality of return interviews is variable - they are undertaken by many different staff members including schools, EI Hubs, social workers, and others. Quality assurance processes are yet to fully embed - these have been established for EI but similar QA processes have not been established for CSC, except for the cases which are reported to Panel.

- Missing children who are not open to CSC and have not yet been found are not reported to the service until they have been found. A gap in process was identified for children residing at Oxfordshire boarding and special schools who go missing.

- The majority of completed return interviews are not submitted to TVP thereby reducing their ability to maintain the most complete set of data and intelligence on missing children and quality assess the return interviews.

- Information requested by the Missing Children panel is not always provided by social care key workers, thereby limiting the effectiveness of multi-agency information sharing and decision making.

- Out of county placements do not routinely report children missing from their care to OCC, as per the requirements, and there is an absence of contract monitoring on compliance to the missing children process.

Key Financial Processes (Design of Controls)

Opinions:		
Red	Accounts Receivable	
Red	Banking and Cash Receipting	
Amber	Petty Cash	
Red	Procure to Pay	
Amber	Payroll	
Amber	Main Accounting	
Red	Business Data Upload Application	
Total: 69	Priority 1 = 45	Priority 2 = 24
Current Status:	0	
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	69	

The control environment for key financial systems has changed following the transfer of services to the IBC, this audit focussed on the design of controls for the elements of the end to end system within the responsibility of Oxfordshire County Council, i.e. the inputs to the financial systems, and the quality monitoring, and has been a proactive audit commissioned by the Chief Finance Officer to run in conjunction with the project stabilisation period. This audit has not identified any errors or losses, but has highlighted weaknesses in the system of control that need to be addressed. The following set out the key control issues identified:

General

A number of general findings were identified throughout the review, which included:

- Staff induction into the IBC processes was yet to be agreed.
- There is no guidance on OCC's intranet site on how to complete the Hampshire IBC SAP Portal access eform and which options to select when granting access.
- No regular oversight process for reviewing IBC approval levels, to ensure they have been processed correctly and are in line with the organisation's Schemes of Delegation. An exercise was completed during December 2015 by Finance Business Partners.
- The Joint Board's decision to align document retention was yet to be completed.

Accounts Receivable

The main findings in relation to Accounts Receivable are:

- Clear roles and responsibilities in relation to the new Corporate Income Team's oversight of the Council's corporate income process are yet to be documented.

- There is guidance on OCC's intranet pages on how to raise an invoice, but a lack of guidance and policy in relation to the rest of the Council's new corporate income processes.
- A webpage that refers to the previous Income Team at Unipart House, plus their contact details.
- No guidance on the intranet site on how to cancel a legacy SAP invoice.
- A lack of management information or exception reporting on risk areas within the income and debt management process.
- The IBC Portal's Aged Debt dashboard reports were not available to Cost Centre Managers to enable them to review and manage their debt levels, and support them in taking the necessary action.
- The IBC Portal's Customer Account tile was not available. This enables staff to review the current status of a customer's account, payments and any income due.
- There is no OCC guidance on what supporting evidence needs to be retained locally when creating new customers or changing customer details or when setting up a one off or recurring invoice.
- The current set up of the IBC's SAP system enables invoices to be cancelled twice. If an invoice is cancelled twice, this will result in the system generating a credit on the system.
- The IBC will periodically issue refunds to customers with credits on their accounts. There is no OCC approval for the refund to be issued as the IBC take the invoice cancellation processes as the approval that the invoice was not valid.
- Due to the brief title of the IBC's customer invoice e-mail, which does not fully represent the e-mail content, the e-mails are sometimes going directly into a customer's "SPAM" e-mail inbox or the customer is ignoring the e-mail altogether.
- At the time of the review, Corporate Services Scheme of Delegation (Financial) had not been updated to reflect any staffing changes or financial approval limit alterations.

Banking and Cash Receipting

The main findings in relation to Banking and Cash Receipting are:

- Clear roles and responsibilities in relation to the new Banking Team's oversight of the Council's corporate banking process are yet to be documented.
- There is guidance on OCC's intranet pages on holding and banking cash. However, the remainder of OCC's intranet pages need reviewing to ensure they cover all parts of the current banking and cash receipting process.
- The intranet pages that refer to requesting a bank account refer to the pre-IBC processes, the team based at Unipart House, plus their contact details.
- OCC's Non-Debtor Income Procedures are dated October 2013, so need reviewing and updating to reflect any changes with the move to the IBC.
- OCC do not currently produce or receive management information or exception reporting on risk areas within the banking or cash receipting process.

- Adult Social Care and the Music Service collate their direct debit spreadsheets, before sending them to the Corporate Income team to upload to the IBC. There was a lack of corporate visibility and sign off of the processes for collating the spreadsheets.
- The IBC do not send full details to customers informing them that their direct debit has been created, specifically the value of the payment and when the amount will be taken.
- OCC receive confirmation from the IBC that Adult Social Care direct debits have been set up, but they do not receive confirmation that all other requested direct debits have been created timely.
- Once an establishment or team has been set up to accept card income locally, there is no corporate oversight that these teams are Payment Card Industry Data Security Standard (PCI DSS) compliant.
- At the time of the review, Corporate Services Scheme of Delegation (Financial) had not been updated to reflect any staffing changes or financial approval limit alterations.

Petty Cash

The main findings in relation to Petty Cash are:

- OCC's income intranet pages need reviewing and updating to ensure they cover all parts of the imprest process.
- The intranet pages that provide guidance on imprest accounts still refer to the previous processes, the team based at Unipart House, plus their contact details.
- OCC do not currently receive management information or exception reporting on risk areas within the petty cash process.

Procure to Pay

The main findings in relation to Procure to Pay are:

- A need to determine and agree the role of the Commercial Services Board (CSB) in overseeing the P2P process and any monitoring of corporate management information.
- Clear roles and responsibilities in relation to the Corporate Procurement Team's oversight of the Council's corporate procurement process and their role in relation to the IBC are yet to be documented. At the time of the review, the team's job descriptions were currently being reviewed and updated.
- A dashboard report of management information for procurement is being developed (includes prompt payments, top suppliers, etc.).
- OCC do not currently receive or produce management information or exception reporting on risk areas within the P2P process.
- Areas where guidance was not available or required further detail, for example new vendor creations or changes documentation, evidence of approval to procure if the order is being coded to a cost centre that is not the responsibility of the individual's line manager and Invoicing Plan guidance.

- There is no guidance on what supporting evidence should be retained of approvals for purchases in excess of £500,000 (Level 0), to ensure compliance with the Scheme of Delegation.
- A lack of clarity as to which new supplier requests and supplier change requests are routed to OCC's Procurement Team for review and approval.
- Certain supplier requests and changes are routed to the Procurement Team for review. Although checks are taking place, these have not been documented and agreed.
- The IBC's Master Data Team (MDT) sees all new supplier and supplier change requests, and complete checks on the request. However, at the time of the review, there was a lack of clarity as to what checks the IBC's MDT is completing and what assurances OCC receive on these checks.
- At the time of the review, it appeared that when requesting a change of vendor details, you could change one field, but in the free text, type a different change.
- There is no process for how purchase orders should be treated if raised by someone who leaves OCC or moves to another team. Correspondence relating to the order will continue to be routed to the original requisitioner.
- The Procurement Team are completing checks on "Can't Find", "Service Shop" and "Simple Shop" shopping carts. However, these have not been documented and agreed.
- At the time of the review, any e-mail approval address can be entered into the Invoicing Plan eform. The IBC have also confirmed that although every Invoicing Plan must be approved, they do not then contact either the requisitioner or the approver to check they are appropriate.
- As Invoicing Plans are created outside the IBC's Portal process, they are cancelled via the "enquiry" form.
- Invoices which cannot be processed by the automated system at the IBC are not being promptly resolved and processed.
- There is currently no OCC Policy on accepting or not accepting credit notes.
- At the time of the review, there was no defined process at the IBC for processing credit notes.
- At the time of the review, a process for how identified duplicate payments should be dealt with and resolved has not been established.
- The Procurement Team are completing checks on One Time Vendor payments. However, these have not been documented and agreed.
- The Procurement Team receive an e-mail confirmation from the Cost Centre Manager that a One Time Vendor can be processed using the spreadsheet template. The Procurement Team does not currently check that this approval is in line with the relevant Scheme of Delegation limits.
- At the time of the review, there was a lack of clarity as to whether the IBC are rationalising OCC's vendor database.
- At the time of the review, the Procurement Team had drafted communication for the year end process (i.e. closing down orders, re-raising new orders), but this was yet to be agreed with the IBC and circulated within the organisation.

Payroll

The main findings in relation to Payroll are:

- The IBC currently produce a suite of Payroll Exception reports. However, there is no visibility at OCC of these reports, whether they have been produced, what issues they are highlighting and whether these are being investigated and resolved promptly.
- OCC do not currently produce or receive management information or exception reporting on risk areas within the payroll process.
- The Payroll Control team's details, previously based at Unipart House, are still available on the intranet site.
- Before processing certain HR transactions (i.e. recruit, honorarium, merit increment, recruit a causal worker, etc.), approval is required from the relevant Deputy Director, or equivalent. This is obtained by completing the HR eform on OCC's intranet site. There are currently no checks to ensure that before the HR transaction is processed on the IBC Portal, the relevant approval has been obtained. Additionally, there are no retrospective checks completed to ensure that a key HR transaction has obtained the appropriate approval.
- There is no management information produced to provide assurance that employees are using the IBC Portal's HR functions (i.e. work patterns, absence quotas, timesheets, etc.).
- Volunteer travel and expense claims could be approved by someone who is not the individual's line manager as the claimant selects the approver. The approver is any employee who has the IBC's Portal "Role A".

Main Accounting

The main findings in relation to Main Accounting are:

- OCC do not currently produce or receive management information or exception reporting on risk areas within the general ledger to ensure the integrity of the data within SAP.
- The organisations overarching financial guidance documentation does not appear to have been reviewed since the IBC go live date in July 2015. Financial Procedure Rules: some pages in the document date back to August 2009 and Financial Regulations: some pages in the document date back to August 2011.
- The organisation's Accounting Manual has not been reviewed and updated since the IBC go live date and contains out of date Lead Officer details. Additionally, the intranet guidance for obtained access to the manual has not been updated.
- Any e-mail address can be entered into the internal trading notification screen as the recipient of the notification. This can be the person raising the trade or someone without SAP Portal access.
- At the time of the review, there was a lack of OCC intranet guidance on why and when you should use Annualised Bill Plans.

Business Data Upload Application

The main findings in relation to the Business Data Upload Application are:

- The BDU process is inherently weak as it involves financial transactions being generated via a spreadsheet upload. Data is entered into a standard BDU template spreadsheet either manually or from a system data download. The file is then converted into a ".csv" file and uploaded into the BDU.
- There is an ongoing piece of work to rationalise and improve the upload processes for vendor invoices, as there have been a number of duplicate payments made and there continues to be ongoing application errors in the uploads submitted. The outcome of the work will be to remove as many payment types from the BDU as possible. Although there are some processes that have been or can be removed, the majority depend on system to SAP developments to facilitate a payment process that does not involve any manual intervention.
- A formal project will be instigated that will evaluate the system interface options for processing BDU payment files.

Quarter 1 Internal Audit Plan

Completion of 2015/16 audits.

The following audits will have a planned start date in quarter 1, depending on completion of 2015/16 work.

Directorate	Audit
Corporate/ EE	Capital Programme
SCS	Mental Health - Care Management Processes
SCS	Money Management (Deputyships)
CEF	Childrens Direct Payments
CEF	Thriving Families - Summer Claim
EE/ICT	Cloud Computing - Office 365
EE/ICT	Cloud Computing - Backup as a service

Quarter 1 - Counter Fraud Plan

Qtr	Activity
1	Review and update of fraud intranet pages & procedures
1	Review and update of Fraud Risk Register
1	NFI 2015 - completion of review of data matches
1	NFI 2016 - preparation including review of fair processing notices
1	Travel and Expenses proactive fraud review
1	Reactive work continued from 2015/16
Ongoing	Fraud awareness / identification of fraud risk areas
Ongoing	Development of counter fraud arrangements with City Council to include SPD work (Single Person Discount)

Quarter 1 Compliance Plan

Area	Scope
Scheme of Delegation Application	The review will determine the level of organisation compliance with each Directorate's Scheme of Delegation. Sample testing will be conducted on a range of approvals and decisions from across each Council Directorate.
Income VAT Coding	The review will determine the level of organisation compliance with income VAT coding. Sample testing will be conducted on a range of services from across each Council Directorate that have processed income and coded VAT.
Project Management Framework	The review will determine the level of organisation compliance with the Council's Project Management Framework. Sample testing will be conducted on a range of projects

Area	Scope
	across the Council.
Business Data Upload	The review will determine the level of organisation compliance with the stated Business Data Upload (BDU) process. Sample testing will be conducted on a range of file types uploaded via the BDU system. Testing will also include visiting officers to ensure their pre-BDU file upload processes are effective.

APPENDIX 6   **Proposed PERFORMANCE INDICATORS 2016/17**

	Performance Measure	Target	Frequency of reporting	Method
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of planned audit activity completed by 30 April 2017	100%	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of management actions implemented	90% of all management actions	Quarterly report to A&G Committee.	Action Management Tracking System