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15 March 2017

## **S U M M O N S**

**MEETING:** Standards and Governance Committee  
**DATE:** 23 March 2017  
**TIME:** 6.00 pm  
**PLACE:** Committee Room 1, Town Hall, Gosport  
**Democratic Services contact:** Vicki Stone

MICHAEL LAWOTHER  
BOROUGH SOLICITOR

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### MEMBERS OF THE BOARD

Councillor Carter (Chairman)  
Councillor Scard (Vice-Chairman)

Councillor Allen	Councillor Mrs Forder
Councillor Mrs Ballard	Councillor Mrs Furlong
Councillor Beavis	Councillor Mrs Jones
Councillor Chegwyn	Councillor Mrs Morgan
Councillor Mrs Cully	Councillor Mrs Prickett

## **FIRE PRECAUTIONS**

(To be read from the Chairman if members of the public are present)

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### **IMPORTANT NOTICE:**

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

**Please note that mobile phones should be switched off or on silent for the duration of the meeting.**

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## **AGENDA**

1. **APOLOGIES FOR NON-ATTENDANCE**

2. **DECLARATIONS OF INTEREST**

All Members are required to disclose, at this point in the meeting or as soon as possible thereafter, any disclosable pecuniary interest or personal interest in any item (s) being considered at this meeting.

3. **MINUTES**

To approve as a correct record the Minutes of the Committee meeting held on 24 November 2016.

4. **DEPUTATIONS – STANDING ORDER 3.4**

(NOTE: The Committee is required to receive a deputation(s) on a matter which is before the meeting of the Committee provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Tuesday 21<sup>st</sup> March 2017. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5. **PUBLIC QUESTIONS – STANDING ORDER 3.5**

(NOTE: The Committee is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Committee provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Tuesday 21<sup>st</sup> March 2017)

6. **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015-16**

This report summarises the results of work on Gosport Borough Council's 2015-16 claims and returns.

PART II  
Helen Thompson  
Ernst & Young

7. **AUDIT PLAN 2016-2017**

This plan summarises the initial assessment of the key risks driving the development of an effective audit for the Council, and outlines the planned audit strategy in response to those risks.

PART II  
Helen Thompson  
Ernst & Young

8. **QUARTERLY INTERNAL AUDIT MONITORING STATEMENT FROM 1ST OCTOBER 2016 – 9TH MARCH 2017**

To table the performance of the Internal Audit Section in 2016/17 (1<sup>st</sup> October 2016 – 9<sup>th</sup> March 2017) against the agreed audit plan to the Members with responsibility for governance.

PART II  
Chris Davis

Inform Members of the fraud prevention work being carried out.

Provide Members with an update on the team and their development and provision of Audit Services to Test Valley Borough Council.

9. **INTERNAL AUDIT PLAN 2017/18**

This report provides the Standards and Governance Committee with the planned annual coverage of the Internal Audit resource for 2017/18.

10. **ANY OTHER ITEMS**

Which the Chairman determines should be considered, by reason of special circumstances, as a matter of urgency.

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE  
WAS HELD ON 24 NOVEMBER 2016**

Councillors; Allen, Ms Ballard (P), Beavis (P), Carter, Chegwyn (P), Mrs Cully, Mrs Forder (P), Mrs Furlong (P), Mrs Jones (P), Mrs Morgan, Mrs Prickett (P), Scard (P)

**25. APOLOGIES**

Apologies for inability to attend the meeting were submitted on behalf of Councillors Allen, Carter, Mrs Cully and Mrs Morgan

**26. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**27. MINUTES**

**RESOLVED:** That the minutes of the meeting of the Standards and Governance Committee held on 8 September 2016 be approved and signed by the Chairman as a true and correct record.

**28. DEPUTATIONS**

There were no deputations

**29. PUBLIC QUESTIONS**

There were no public questions.

It was reported that in the absence of the Chairman Councillor Carter, Councillor Scard would chair the meeting.

**PART II**

**30. ANNUAL AUDIT LETTER 2015/16 AND 2016/17 AUDIT PROGRESS REPORT**

Consideration was given to the Annual Audit Letter 2015/16 and the 2016/17 Audit Progress Report of the Council's external auditors Ernst & Young, which summarised the findings from the 2015/16 audit which was now complete.

Members were advised that the Audit Letter summarised the key messages that were reported in the Audit Results Report presented to the Committee on 8<sup>th</sup> September 2016 and the Policy & Organisation Board on the 21<sup>st</sup> September.

The Audit progress report provided the Committee with an update on the progress made on the 2016/17 audit and re-confirmed key upcoming changes which the Council would need to consider.

**RESOLVED:** that:

- a) The Annual Audit Letter be considered and the conclusions reached by the auditor be received and;
- b) 2016/17 progress report be noted.

### **31. QUARTERLY INTERNAL AUDIT MONITORING STATEMENT TO 30.09.16**

Consideration was given to the report of the Head of Internal Audit & Risk Assurance which advised Members of the performance of the Internal Audit Section in the second quarter of 2016/17 (1<sup>st</sup> July 2016 – 30<sup>th</sup> September 2016) against the agreed audit plan to the Members with responsibility for governance.

Members of the Committee were informed of the opportunity to extend the Test Valley Borough Council shared internal audit management arrangement from the 1<sup>st</sup> April 2017 for three years.

Members were also provided with an update on the new team and their development.

A Member asked for clarification regarding the recommendations reported in appendix 1 of the report and the definition of criteria. The Head of Internal Audit advised that there were four levels of criteria; critical, essential, important and advisory. He advised Members that he would amend the matrix to identify the levels going forward.

A Member asked if the recommendations highlighted in Appendix 1 of the report for the Gosport Leisure Centre had been considered. The Head of Internal Audit advised that he had visited the Leisure Centre and arrangements were being put in place to address issues. It was reported that Stevyn Ricketts (Head of Streetscene) was now overseeing this arrangement.

**RESOLVED:** That the Standards and Governance Committee:

- a) Reviewed the performance of Internal Audit from 1<sup>st</sup> July 2016 to 30<sup>th</sup> September 2016.
- b) The existing arrangement with Test Valley Borough Council be extended from 1<sup>st</sup> April 2017 for three years; and
- c) Developments in the team since the last meeting be noted.

### **32. INTERNAL AUDIT CHARTER & STRATEGY 2016/20**

Consideration was given to the report of the Head of Internal Audit & Risk Assurance which set out the future Internal Audit Charter and Strategy as required by the Public Sector Internal Audit Standards (the Standards) which came into effect on the 1 April 2013.

**RESOLVED:** That the Internal Audit Charter and Strategy 2016/20 be approved.

### **33. ANY OTHER BUSINESS**

There was no other business

The meeting concluded at 18:17.

CHAIRMAN

# Certification of claims and returns annual report 2015-16

Gosport Borough Council

January 2017

Ernst & Young LLP



Building a better  
working world

Members  
Gosport Borough Council  
Town Hall  
High Street  
Gosport  
PO12 1EB

26 January 2017  
Ref: GBC/15-16/HB

Direct line: 07974 007332  
Email: HThompson2@uk.ey.com

Dear Members

## **Certification of claims and returns annual report 2015-16**

We are pleased to report on our certification work. This report summarises the results of our work on Gosport Borough Council's 2015-16 claims and returns.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

### **Summary**

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the issues identified.

We checked and certified the housing benefits subsidy claim with a total value of £29,148,831. We met the submission deadline for this work. We issued a qualification letter and details of this are included in section 1. In addition, our certification work found errors which the Council corrected in the final version of the subsidy claim. These amendments had a marginal effect on the grant due, reducing it by £64.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2015-16 were published by PSAA in March 2015 and are now available on their website ([www.psaa.co.uk](http://www.psaa.co.uk)).





We welcome the opportunity to discuss the contents of this report with you at the meeting of the Standards and Governance Committee on 23 March 2017.

Yours faithfully

Helen Thompson  
Executive Director  
For and on behalf of Ernst & Young LLP  
Enc

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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£29,148,895
Amended/Not amended	Amended – subsidy reduced by £64
Qualification letter	Yes
Fee – 2015-16	£16,701*
Fee – 2014-15	£18,270

\* Refer to section 2 for proposed scale fee variation.

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid. The DWP require appropriately qualified auditors to certify housing benefit subsidy claims, and determine the methodology auditors follow when certifying them.

The certification guidance stipulates the level of initial testing auditors are required to perform and requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out to determine if errors detected in the prior year's claim have reoccurred.

We then either report underpayments, uncertainties and the extrapolated value of other errors in a qualification letter or, if appropriate, agree an amendment to the claim with the Council. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

We have highlighted any errors detected during our work and the responses below:

From an initial sample of Non-HRA Rent Rebate cases we identified one error as a result of incorrect omission of applicable amounts from the calculation of benefit. The impact was:

- one underpayment of benefit with a total value of £86.16

As the nature of this error was such that it would only ever result in underpayment of benefit, no extended testing was required. Amendments have been made to individual claims in 2016-17, ensuring that the benefit paid to claimants has been corrected. Our certification guidance required us to report the error to the DWP in a qualification letter.

Our initial sample of Non-HRA Rent Rebate cases also identified one error as a result of incorrect calculation of eligible rent for a bed and breakfast case. The impact was:

- one overpayment of benefit with a total value of £5.86

Extended testing was performed on the full population of Non-HRA Rent Rebate cases where the accommodation was bed and breakfast. Two further errors were found in the extended sample. The impact was:

- two overpayments of benefit with total values of £2.93 and £8.57.

As the extended testing performed covered the entire sub-population of claims, the overall error could be quantified, and an agreed amendment was then made to the final subsidy claim.

40+ or extended testing was performed on a sample of Non-HRA Rent Rebate cases as a result of incorrect assessment of earnings in the prior year's claim. We identified five errors as a result of this testing. The impact was:

- three underpayments of benefit with total values of £0.18, £2.34 and £35.25.
- two overpayments of benefit with total values of £0.04 and £3.38

Amendments have been made to individual claims in 2016-17, ensuring that the benefit paid to claimants has been corrected. Our certification guidance required us to report these errors to the DWP in a qualification letter along with the extrapolated value of the overpayments.

From an initial sample of HRA Rent Rebate cases we identified one error as a result of incorrect input of private pension income. The impact was:

- one overpayment of benefit with a total value of £0.46

40+ or extended testing was performed on a sample of HRA Rent Rebate cases with private pension income. Two further errors were found in the extended sample. The impact was:

- one underpayment of benefit with a total value of £0.50.
- one overpayment of benefit with a total value of £0.63.

Amendments have been made to individual claims in 2016-17, ensuring that the benefit paid to claimants has been corrected. Our certification guidance required us to report these errors to the DWP in a qualification letter along with the extrapolated value of the overpayments.

From an initial sample of Rent Allowance cases we identified one error as a result of incorrect input of child care costs. The impact was:

- one overpayment of benefit with a total value of £61.20

40+ or extended testing was performed on a sample of Rent Allowance cases with child care costs. One further error was found in the extended sample. The impact was:

- one overpayment of benefit with a total value of £11.86.

Amendments have been made to individual claims in 2016-17, ensuring that the benefit paid to claimants has been corrected. Our certification guidance required us to report these errors to the DWP in a qualification letter along with the extrapolated value of the overpayments.

Due to the complex nature of the claim a certain number of errors are inevitable. The issues above have been reported in the qualification letter where applicable and have been discussed with officers. The Council is aware of the need to keep error rates as low as possible. As such, formal recommendations on the above issues are not required in this report.

Amendments were made to the claim as noted above and for one further issue arising from our review of manual adjustments to the original claim. As per DWP instructions, extrapolations were reported in the qualification letter based on the values of the other errors identified. The total value of the error extrapolations was £403, which represents a very small percentage of the total value of the subsidy claimed (£29,148,895).

## 2. 2015-16 certification fees

PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by PSAA in April 2015 and are now available on their website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2014-15	2015-16	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	18,270	14,666	14,666
Proposed scale fee variation*			2,035
<b>Total</b>	<b>18,270</b>	<b>14,666</b>	<b>16,701</b>

\* 2015/16 indicative scale fees were based on the certification work carried out in 2013/14. Any extra work above this benchmark attracts extra fee subject to PSAA approval. The scale fee variation above represents three sets of 40+ extended testing and one set of full-population extended testing (four sets of extended testing in total) carried out in 2015/16 compared to the benchmark year total of one set of extended testing. This additional fee has been agreed with the Director of Finance and is subject to PSAA approval.

### 3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to PSAA by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £13,703. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:

<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We would discuss the matter with the Director of Finance before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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# Gosport Borough Council

Year ending 31 March 2017

Audit Plan

March 2017

Ernst & Young LLP



Building a better  
working world

Standards and Governance Committee/  
Policy and Organisation Board  
Gosport Borough Council  
Town Hall  
High Street  
Gosport  
Hampshire PO12 1EB

2 March 2017

Dear Committee Members

## **2016/17 Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Standards and Governance Committee and the Policy and Organisation Board with a basis to review our proposed audit approach and scope for the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with members' service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks. We will present you with an update of progress on our Audit Plan at a subsequent meeting and after our early interim work has been performed.

We welcome the opportunity to discuss this plan with you at the Standards and Governance Committee on 23 March 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

Executive Director

*For and behalf of Ernst & Young LLP*  
*Enc*

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies 2015-16". It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk))

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Overview

## Context for the audit

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements of Gosport Borough Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended; and
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

There has been no change to our assessment of risk since last year.

In parts two and three of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section four.

We will provide an update to the Standards and Governance Committee and the Policy and Organisation Board on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2017.

## Our process and strategy

### Financial statement audit

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

We will look at the outcome of the work of internal audit in informing our view of how the Council has performed during 2016/17 and in assessing the adequacy of the Council's internal control environment.

Further detail is included in sections two and four of this Audit Plan.

### **Arrangements for securing economy, efficiency and effectiveness**

Our approach to the value for money (VFM) conclusion for Gosport Borough Council for 2016/17 is based on the approach specified by PSAA. For 2016/17 this is based on the overall evaluation criterion:

*“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”*

We adopt an integrated audit approach, so our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Further detail is included in section three of this Audit Plan.

## 2. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

### Significant risks (including fraud risks)

### Our audit approach

#### Risk of management override

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

Our approach will focus on:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ reviewing accounting estimates for evidence of management bias;
- ▶ evaluating the business rationale for significant unusual transactions; and
- ▶ evaluating the appropriateness of accounting policies against Code guidance and for changes from the prior period

### Other financial statement risks

### Our audit approach

#### Financial statements presentation – Expenditure and funding analysis and Comprehensive income and expenditure statement

Amendments have been made to the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* (the Code) this year changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SeRCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.

This change in the Code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

Our approach will focus on:

- ▶ review of the expenditure and funding analysis, CIES and new notes to ensure disclosures are in line with the Code;
- ▶ review of the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported; and
- ▶ agreement of restated comparative figures back to the Council's segmental analysis and supporting working papers.

#### Change in method for calculating the Minimum Revenue Provision (MRP)

Local authorities are normally required each year to set aside some of their revenues as provision for capital expenditure financed by borrowing or credit arrangements. This provision is known as MRP. MRP is a real charge that impacts on the general fund and therefore the council tax financing requirement.

The Council proposes to make changes to both the historic basis on which it has charged MRP and its future approach to calculating the provision.

Although not material to our responsibilities in any one year, we have commissioned an EY expert to review the changes proposed by the Council in this area.

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#### Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages;
- ▶ enquiry of management about risks of fraud and the controls to address those risks;
- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address any identified risks of fraud; and
- ▶ performing mandatory procedures regardless of specifically identified fraud risks.

### 3. Economy, efficiency and effectiveness

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

For 2016/17 this is based on the overall evaluation criterion:

*“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”*

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ take informed decisions;
- ▶ deploy resources in a sustainable manner; and
- ▶ work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

*“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public.”*

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the following significant risk which we view as relevant to our value for money conclusion.



## Significant value for money risk

## Our audit approach

### Change in senior management arrangements (informed decision making)

The Council took the decision to move to a shared senior management arrangement with Portsmouth City Council during 2016/17, with senior posts including those of Chief Executive, Borough Treasurer & Section 151 officer, and Borough Solicitor Deputy Chief Executive & Monitoring Officer being taken by the equivalent officers at Portsmouth City Council from 1 October 2016. There is also shared management at departmental level in a number of areas of the Council.

These new arrangements are intended to provide significant ongoing revenue savings to Gosport Borough Council as well as to create efficiencies and improve services.

This represents a significant change for the Council, which presents an opportunity for significant savings and improved ways of working, but which also brings potential risks around maintenance of governance arrangements and informed decision making, especially during the transition period.

Our approach will focus on:

- ▶ reviewing how the new arrangements have worked in practice since their inception;
- ▶ reviewing the quality of information provided to committees, boards and full council to enable them to make informed decisions since the new arrangements came into place; and
- ▶ assessing the financial impact of the arrangements both in terms of direct revenue savings and the Council's most recent medium term financial planning.

## 4. Our audit process and strategy

### 4.1 Objective and scope of our audit

Under the Code of Audit Practice (the Code) our principal objectives are to review and report on the Council's:

- ▶ financial statements; and
- ▶ arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue a two-part audit report covering both of these objectives.

#### i Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

#### ii Arrangements for securing economy, efficiency and effectiveness

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### 4.2 Audit process overview

As part of our audit planning procedures we have assessed the design of your internal controls and determined where it will be most efficient to adopt a controls reliance approach. In those areas we will test the controls we determine as key to preventing and detecting material misstatement.

#### Processes

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to test key controls:

- ▶ housing benefits.

We have also identified the following key processes which we will seek to test substantively:

- ▶ cash and bank;
- ▶ accounts payable;
- ▶ accounts receivable;
- ▶ payroll;
- ▶ council tax income;
- ▶ business rates income;

- ▶ treasury management;
- ▶ housing rents;
- ▶ property, plant and equipment; and
- ▶ financial statements close process

### **Analytics**

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of payroll transactions and journal entries. These tools:

- ▶ help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management, the Standards and Governance Committee and the Policy and Organisation Board.

### **Internal audit**

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our final reporting where we raise issues that could have an impact on the year-end financial statements. Where relevant, we will seek to use the work of internal audit if they have covered the key controls we wish to test in the Council's key processes outlined above.

### **Use of specialists**

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Property, Plant and Equipment	Council commissioned valuers
Pensions	Pension fund's actuary and EY pensions team

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ assess the reasonableness of the assumptions and methods used;

- ▶ consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ assess whether the substance of the specialist's findings are properly reflected in the financial statements.

### 4.3 Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section three, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

#### ***Procedures required by standards***

- ▶ addressing the risk of fraud and error;
- ▶ reviewing significant disclosures included in the financial statements;
- ▶ reviewing entity-wide controls;
- ▶ reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ considering and reporting on auditor independence.

#### ***Procedures required by the Code***

- ▶ reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- ▶ reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

### 4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have initially determined that overall materiality for the financial statements of the Council is approximately £1.33 million based on 2% of gross expenditure on services. We will communicate uncorrected audit misstatements greater than £66,500 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

## 4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of the Council is £53,044 and for the certification of the grant claims is £13,703.

## 4.6 Your audit team

The engagement team is led by Helen Thompson, Executive Director. Helen is supported by David White and Adrienne Lim who are responsible for the day-to-day direction of audit work and are the key points of contact for the Borough Treasurer and Head of Accounts. Helen has significant external audit experience in the local government sector and with the Council.

## 4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including our value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the committee cycle in 2016/17. These dates are determined to ensure our alignment with the PSAA rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Standards and Governance Committee and Policy and Organisation Board and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Committee timetable	Deliverables
High level planning	<b>December-February 2017</b>	Delivered	Audit Fee Letter
Risk assessment and setting of scopes	<b>December-February 2017</b>	March 2017	Audit Plan
Testing routine processes and controls and early substantive work	<b>March 2017</b>	July 2017	Progress Report
Year-end audit	<b>June-July 2017</b>	September 2017	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and overall value for money conclusion). Audit completion certificate
Completion of audit			Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	<b>October 2017</b>	November 2017	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

## 5. Independence

### 5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us.</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review.</li> <li>▶ The overall assessment of threats and safeguards.</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed.</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto.</li> <li>▶ Written confirmation that we are independent.</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy.</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed; analysed in appropriate categories.

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### 5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

#### ***Self-interest threats***

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the PSAA Terms of Appointment.

At the time of writing, there are no non-audit fees. No additional safeguards are required.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

#### ***Self-review threats***

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

#### ***Management threats***

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

#### ***Other threats***

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

#### ***Overall Assessment***

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Helen Thompson, the Audit Engagement Director and the audit engagement team have not been compromised.

### **5.3 Other required communications**

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016/17 £	Scale fee 2016/17 £	Outturn fee 2015/16 £
Opinion audit and VFM Conclusion	53,044	53,044	53,044
<b>Total Audit Fee – Code work</b>	<b>53,044</b>	<b>53,044</b>	<b>53,044</b>
Certification of claims and returns	13,703	13,703	16,701*

*All fees exclude VAT.*

*\* Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.*

*The final 2015/16 outturn fee is subject to PSAA approval*

The agreed fee presented above is based on the following assumptions:

- ▶ officers meet the agreed timetable of deliverables;
- ▶ the internal controls operate effectively for the key processes outlined in section 4.2 above;
- ▶ we can rely on the work of internal audit as planned;
- ▶ our accounts opinion and value for money conclusion are unqualified;
- ▶ appropriate quality of documentation is provided by the Council; and
- ▶ the Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.



## Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Standards and Governance Committee and Policy and Organisation Board. These are detailed here:

Required communication	Reference
<b>Planning and audit approach</b> Communication of the planned scope and timing of the audit including any limitations.	▶ Audit Plan
<b>Significant findings from the audit</b> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	▶ Report to those charged with governance
<b>Misstatements</b> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	▶ Report to those charged with governance
<b>Fraud</b> <ul style="list-style-type: none"> <li>▶ Enquiries of the P&amp;O Board to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	▶ Report to those charged with governance
<b>Related parties</b> Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	▶ Report to those charged with governance
<b>External confirmations</b> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	▶ Report to those charged with governance
<b>Consideration of laws and regulations</b> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the P&amp;O Board into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Board may be aware of</li> </ul>	▶ Report to those charged with governance

Required communication	Reference
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Fee Information</b></p> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul>
<p><b>Certification work</b></p> <p>Summary of certification work undertaken</p>	<ul style="list-style-type: none"> <li>▶ Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</li> </ul>

EY | Assurance | Tax | Transactions | Advisory

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<b>Board/Committee:</b>	Standards and Governance Committee
<b>Date of Meeting:</b>	23 <sup>rd</sup> March 2017
<b>Title:</b>	Quarterly Internal Audit Monitoring Statement from 1 <sup>st</sup> October 2016 – 9 <sup>th</sup> March 2017
<b>Author:</b>	Head of Internal Audit & Risk Assurance
<b>Status:</b>	FOR DECISION

### **Purpose**

To table the performance of the Internal Audit Section in 2016/17 (1<sup>st</sup> October 2016 – 9<sup>th</sup> March 2017) against the agreed audit plan to the Members with responsibility for governance.

Inform Members of the fraud prevention work being carried out.

Provide Members with an update on the team and their development and provision of Audit Services to Test Valley Borough Council.

### **Recommendations**

- a. That the Standards and Governance Committee review the performance of Internal Audit from 1<sup>st</sup> October 2016 to 9<sup>th</sup> March 2017.
- b. That the Members note the fraud prevention work, developments in the team and provision of Services to TVBC since the last meeting.

### **1. Background**

- 1.1 The purpose of this report is to provide the Standards and Governance Committee with an overview of internal audit activity against assurance work completed in accordance with the approved internal audit plan. Members of this Committee approved the 2016/17 Annual Audit on the 24<sup>th</sup> March 2016. This is the third monitoring statement for the current financial year.

## **2. Report**

### **2.1 Internal Audit Coverage for 2016/17**

- 2.1.1 In the period from October 2016 to 9 March 2017 very good progress has again been made in delivering the internal audit plan.
- 2.1.2 The team, at full capacity, has delivered quality assignments in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2016/17. The trainees have been successful in recent examinations and are working without supervision from start to finish on some fundamental audit projects. One of our trainees has also carried out two assignments at our Audit Partner, Test Valley Borough Council and we have received excellent feedback on the quality of the work performed. The Principal Auditor post is to also update skills, following the redundancy of our counter-fraud specialist, by undertaking an accredited course later in 2017/18.
- 2.1.3 Appendix A details Audit Plan progress for 2016/17. All audits are scheduled for completion before year end with the exception of Housing Benefits, which at the request of management is to be scheduled at the end of March and will be completed in April 2017 and VAT which will be carried forward into 2017/18.
- 2.1.4 Three audit assignments have been carried out for Test Valley Borough Council by Internal Audit staff working in partnership resulting in additional income to the Authority.

### **2.2 Internal Audit Activity**

During the last period up to the 9<sup>th</sup> March 2017, seven audits have been finalised including two fundamental audits.

A summary from the assurance statements for the fundamental audits are below:

#### **2.2.1 Council Tax**

##### **Audit opinion**

All controls were found to be appropriate and operating sufficiently. As a result of the audit seven advisory recommendations were made to update or improve existing controls to further improve the control environment, standardise or stream line processes.

Overall the Audit concluded that the internal control system is good with opportunities for improvement.

## 2.2.2 Central Procurement

### Audit opinion

Testing found that assurance can be given in most of the areas tested. However, the audit found some areas in which improvements could be made resulting in five important recommendations and three advisory recommendations. (The 5 important recommendations and actions are listed below)

Overall the audit rated Central Purchasing as 'good'. However there was some evidence that the Council is not following its procurement procedures.

IMPORTANT RECOMMENDATIONS ADDRESSING LESS SERIOUS CONTROL WEAKNESSES					
REF	FINDING	RECOMMENDATION	CLIENT COMMENT	OFFICER RESPONSIBLE	TARGET DATE
7.1.1	Tested all credit card transactions for one Purchasing Officer using the February 2016 statement to test for authorisation from the budget holder. There were 29 transactions in total of which 19 credit card request forms had budget holders copied into the request and 3 requests came directly from the budget holder. 7 transactions had not received any authorisation from the budget holder.	1. All staff be reminded that all credit card request forms must have the budget holder copied into the email sent to purchasing.	I have reminded the Purchasing Team not to accept any credit card request forms without the budget holder being copied into the email received.	Accountancy Manager	Complete
		2. Purchasing staff do not accept credit card request forms without a budget holder being copied into the email sent to purchasing.	We are about to roll out an updated relaunch of the credit card system whereby more staff will be identified as having a business need for a credit card and will be required to sign up to the newly agreed policy/terms & conditions. The existing process will change as the individual will take responsibility of the purchase and therefore this matter should resolve itself.	Accountancy Manager	31/3/2017

IMPORTANT RECOMMENDATIONS ADDRESSING LESS SERIOUS CONTROL WEAKNESSES					
REF	FINDING	RECOMMENDATION	CLIENT COMMENT	OFFICER RESPONSIBLE	TARGET DATE
7.1.2	Further testing was completed for both Agnew House and Barclay House the actual usage readings and invoiced usage for 15/16 were recorded. For Barclay House Black & White invoice usage was 7709 against actual usage of 6664, Barclay House Colour invoiced usage 3825 actual usage 3536, Agnew House Black White invoiced usage 15744 actual usage 13228, Agnew House Colour invoiced usage 8901 actual usage 7021. In total the difference between actual usage recorded by purchasing and invoiced usage is 1334 at Barclay House and 4396 at Agnew House. No credit notes have been received since the invoices to make up for any estimated readings used on invoices	Further investigation into the invoiced usage against the actual usage at Barclay House and Agnew House be undertaken and any outstanding credit due be recovered.	<p>Both Agnew and Barclay House are asked to provide meeting readings on a quarterly basis. As these are not always received back in time an invoice showing an estimated reading is produced. However, the next quarterly invoice will catch up and either show the next actual reading or an estimated one from the last actual reading and because of this method no credit notes are required.</p> <p>It is hard to compare actual usage against invoiced usage in a set period because at either end there will be slippage due to when the readings have taken place and when they are received by the supplier but it does eventually catch up at some point. For example the Agnew House photocopier was returned back in October. It's last meter reading taken on the day of return matches exactly the meter reading on the last invoice received for that machine. I have no concerns with the current system used.</p>	Accountancy Manager	Complete

IMPORTANT RECOMMENDATIONS ADDRESSING LESS SERIOUS CONTROL WEAKNESSES					
REF	FINDING	RECOMMENDATION	CLIENT COMMENT	OFFICER RESPONSIBLE	TARGET DATE
7.1.5	The suppliers list was last updated approximately 2 years ago where any suppliers who had not been used for over 2 years were deactivated from the system.	A system clean-up be completed whereby any suppliers that have not been used in the past 2 years be deactivated.	Agreed. Suppliers not used for 2 years at the beginning of the financial year will be deactivated.	Accounting Technician	31/3/2017
7.1.6	A report was provided by Accounts that contained all suppliers registered on the E-Financials system. All temporary suppliers were removed as these cannot be duplicated; all accounts showing as deleted were also removed. All 283 possible duplicate suppliers have been highlighted.	Any suppliers that have been duplicated be deactivated on the system. <b>(see separate appendix 3 for list of suppliers)</b>	Agreed to review list of suppliers in Appendix 3 and de-activate in appropriate circumstances.	Accounting Technician	31/3/2017

## 2.3 System Reviews

A summary of the system reviews that have been finalised is below.

### 2.3.1 **Contract Audit – Urbaser**

#### Audit opinion

All controls were found to be appropriate and operating sufficiently. As a result no recommendations were made. Overall the Audit concluded that the internal control system and contract monitoring is 'strong'.

### 2.3.2 **Car Parking**

#### Audit opinion

Testing found that assurance can be given in all areas tested. However, the audit found some areas in which improvements could be made, resulting in two important recommendations and eight advisory recommendations. Two important recommendations were also carried forward from the previous Audit highlighted in italics in the Action Plan. (see table below for important recommendations)

Audit commends the fraud awareness of Enforcement in the detection of the recent alleged theft from ticket machines.

Overall the audit rated Car Parking as 'good'.



IMPORTANT RECOMMENDATIONS ADDRESSING LESS SERIOUS CONTROL WEAKNESSES					
REF	FINDING	RECOMMENDATION	CLIENT COMMENT	OFFICER RESPONSIBLE	TARGET DATE
1.1	<i>There is no Service Level Agreement in place and no payment is received by Enforcement for patrolling Housing car parks. However due to inadequate signage in some of these car parks, the Enforcement Team are unable to patrol them.</i>	Housing ensure that signage is adequate in car parks where enforcement are required to patrol.	The Enforcement Team Leader & Asset Management Officer is currently going through car park signage for Housing car parks.	Enforcement Team Leader	31/03/17
		Consideration be given to a recharge from Enforcement to Housing based on the number of hours service provided.			
7.4.2	2 of 39 collections were banked 3 days after collection and 4 of 39 collections were banked 4 days after collection (only including banking days). The Framework Agreement states "The Contractor must deposit all cash collected in relation to services Types A, B and C within two working days. If that period includes a non-banking day, the deposit will be on the next available banking day"	Take up banking performance with the contractor.	Currently being dealt with by the Principal Contracts & Enforcement Officer and Enforcement Team Leader.	Principal Contracts & Enforcement Officer and Enforcement Team Leader.	01/01/17
7.5.2	Enforcement officers are unable to cancel tickets from the system once they have been issued. If Enforcement Officers require a ticket to be cancelled they go directly to the Admin Assistant who will cancel the PCN and add a note to Uniform. No authorisation is given before the PCN is cancelled.	If an Enforcement Officer requires a PCN to be cancelled before asking the Admin Assistant authorisation must be given by the Senior Enforcement Officer by adding a note on the PCN on Uniform.	Agreed.	Enforcement Team Leader.	31/10/16

### 2.3.3 IT Assets

#### Audit opinion

The audit was expecting to find an inventory type of control in place whereby the asset is accounted for from purchase to disposal. However, there is not an IT inventory and it was found when testing that Business Units do not keep inventories of IT equipment, with the exception of one Service Unit in Housing Services. One of the reasons that IT Services does not have an IT inventory is the cost of software and staff to manage it, relative to the number of assets owned. There are some compensating controls in place to prevent theft and assets not being adequately maintained but overall it was felt that an inventory would ensure that there were complete records for data protection and disposal purposes and that there was adequate consideration of critical assets and their performance. There is a cost attributable to buying inventory management software and keeping records updated that would need to be subject to a more thorough cost benefit analysis.

A cost benefit analysis will need to take into account the IT Strategy and Procurement Strategy to determine future direction, both of which have not had a formal update and management approval for a number of years.

As a result of the audit four recommendations have been made (3 essential and 1 important) to update or improve existing controls to further improve the control environment, standardise or stream line processes.

The inventory and asset marking systems are not in place and as a result the Audit concluded that the internal control system is 'poor' with opportunities for improvement.

<b>ESSENTIAL RECOMMENDATIONS ADDRESSING SERIOUS CONTROL WEAKNESSES</b>					
REF	FINDING	RECOMMENDATION	CLIENT COMMENT	OFFICER RESPONSIBLE	TARGET DATE
7.1.7	Assets are not permanently tagged with an asset number.	All IT assets are permanently tagged identifying the Council and the asset number	I propose to continue with Smart water and will ensure all devices issued will be marked. All computer/printers have a serial number which we will track see 7.1.10	Head of IT	01/04/2017

<b>ESSENTIAL RECOMMENDATIONS ADDRESSING SERIOUS CONTROL WEAKNESSES</b>					
<b>REF</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>	<b>CLIENT COMMENT</b>	<b>OFFICER RESPONSIBLE</b>	<b>TARGET DATE</b>
7.1.10	There is no inventory. The report outlines the Financial Regulations requiring an inventory and benefits in theft prevention and detection as well as IT management benefits.	A cost-benefit analysis is undertaken to establish whether to purchase an inventory system that aligns with change management and configuration management systems. There may be some merit in establishing whether there are any synergies with Portsmouth City Council now both Councils are sharing management arrangements.	Track IT, the IT has the ability to scan and record assets, there will be some work involved to link this asset data to the purchased data but something should be available to use by May 2017. With the intention that all purchases from that date on will be fully tracked and recorded from decision to buy to decision to dispose, with a record of various stages in between, ie. Item description, serial number, software used, components involved, go live date, disposal date and reason etc....	Head of IT	01/04/2017
7.3.3	Critical assets are no identified to ensure their performance requirements are met and kept up to date.	Critical Assets are identified in order that their performance and replacement is actively managed.	Tied in with 7.1.10 above, a visual of GBC systems is envisaged and each system revealed with components that system is made up of.	Head of IT	01/04/2017

<b>IMPORTANT RECOMMENDATIONS ADDRESSING LESS SERIOUS CONTROL WEAKNESSES</b>					
<b>REF</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>	<b>CLIENT COMMENT</b>	<b>OFFICER RESPONSIBLE</b>	<b>TARGET DATE</b>
7.4.4	Items of equipment not connected by Service Units are open to a higher probability of theft and their detection is less likely to be noticed.	Services are required to return items of equipment that are not in situ or they are held on a Service inventory which is subject to regular checking.	See 7.1.10	Head of IT	01/04/2017

## **2.4 Probity Reviews**

Two probity reviews have been completed in this period.

### **2.4.1 Bloxx (Internet usage)**

#### Audit opinion

The aim of the audit was to provide assurance to managers that employees of Gosport Borough Council are not misusing the internet and that the IT system does not allow unsuitable websites to be visited.

The audit testing found there was no excessive internet usage and no unsuitable websites being visited in core time.

As a result of the audit findings no recommendations have been made.

### **2.4.2 Staff expenses**

#### Audit opinion

With continued pressure on financing it is important that only necessary travel using the most cost effective means is completed. Management scrutinising excessive or inefficient transport use is vital to reducing the cost of expense claims.

All controls were found to be appropriate and operating sufficiently. As a result of the audit three advisory recommendations were made to update or improve existing controls to further improve the control environment, standardise or stream line processes.

Overall the Audit concluded that the internal control system is 'good' with opportunities for improvement

## **2.5 Special Investigations work and Fraud Prevention Work**

- 2.5.1 Internal Audit co-ordinate the compulsory data matching exercise, which is undertaken by the Cabinet Office across England and Wales between a number of different public and private sector bodies. The work involves submission of data in a consistent format to be uploaded securely in order that data can be compared to data held elsewhere. At the end of the exercise the 'matches' are returned to the Council and staff across the Authority review the matches. The work is carried out every two years and Internal Audit has now completed the exercise and matches are in the process of being fed back to the relevant services for further investigation.

- 2.5.2 As part of our consultancy role, Internal Audit have undertaken fraud prevention work this period, sending out alerts to managers regarding news of frauds occurring in other organisations as well as publishing some useful advice on the Council's 'Infonet.' Topics covered to date have been: cyber security; the new £5.00 note to recognise forgery and dealing with mandate fraud.
- 2.5.3 Internal Audit has undertaken eleven special investigations, ten of which have now concluded. Three of the investigations resulted in formal action being taken. (Recovery of a council flat that was being sublet; reporting to the police resulting in repayment of counterfeit money that had been paid into cashiers; theft from car parking machines resulting in dismissal of contract operative). Seven investigations have concluded with no further action. In all ten cases, where systems have not been found to be robust, controls have been tightened. One investigation has been referred to the DWP and we are awaiting the outcome before taking further action.

## **2.6 Consultancy**

- 2.6.1 Internal audit have provided some consultancy work to set up a more efficient and effective system for accounting for Cemeteries sundry debtor income. This was at the request of the Head of Streetscene following an audit of Cemeteries where staff shortages prevented them from being able to undertake the work that was recommended in the Audit report. The resource was 3 audit days.

## **3. Risk Assessment**

- 3.1 The work performed by Internal Audit assists in reducing the overall risk exposure in the Council's operations and provides a high degree of assurance to management in placing reliance on the adequacy of internal controls within their Services. The current position places the section in a very good position to complete the agreed audit plan with only minor slippage (work in progress) into early April 2017.

#### 4. Conclusion

That the Committee note the update on the planned and unplanned coverage for 2016/17 as at 9 March 2017 and the opportunity to develop the Audit team with the skills they need to provide a quality service in accordance with Public Sector Internal Audit Standards.

<b>Financial Services comments:</b>	None
<b>Legal Services comments:</b>	None
<b>Crime and Disorder:</b>	Nil
<b>Equality and Diversity:</b>	Nil
<b>Service Improvement Plan implications:</b>	The delivery of the annual audit plan is a key function of the service and is measured quarterly and progress reviewed by the Chief Executive.
<b>Corporate Plan:</b>	It supports the Council in pursuit of excellence through delivering an effective and high quality joint internal audit service.
<b>Risk Assessment:</b>	Section 3
<b>Background papers:</b>	None
<b>Appendices/Enclosures:</b>	Appendix One – Audit Planned 2017/18 as at March 2017
<b>Report author/ Lead Officer:</b>	Chris Davis 02392 545306

**APPENDIX One – AUDIT PLANNED WORK 2016/17 (March 2017)**

<b>AUDIT</b>	<b>PLAN QTR</b>	<b>DRAFT</b>	<b>FINAL</b>	<b>COMMENTS</b>
Budgetary Control and Capital Expenditure	3	31/01/17		Audit Completed
Accounting and Bank Reconciliation	4			WIP
Fixed Assets	4			Due to start in March 2017
Controlled Stationery	1	20/06/16	08/07/16	Completed
Accounts Payable, BACSIP and Cheque Production	2			Audit redesigned to include in scope of central purchasing audit (completed) and Accounting and bank reconciliation audit (work in progress)
Debtors	4			WIP
Financial Management System	4			To start March 2017
Loans / Grants to voluntary Organisations (Fraud)	2			Fraud proofing work completed
Imprests and Floats	1	8/07/16	11/07/16	Completed
Treasury Management	2	15/09/16	4/10/16	Completed
Fraud Awareness	2			Completed. Proactive work for new currency with cashiering staff and promotion of anti-fraud measures on Intranet.
Cash Collection	2	16/09/16	31/10/16	Completed
Payroll Expenses - Probity	2	19/10/16	31/10/16	Completed
Payroll	3			WIP
Council Tax	3-4	1/12/16		Completed
Housing Benefits – Overpayments Recovery	4			To be included in scope of Housing Benefit Audit Q4
Housing	4			At request of Head of Service

AUDIT	PLAN QTR	DRAFT	FINAL	COMMENTS
Benefits				– starts end March 2017.
NNDR	2-3	9/01/17		Completed
Central Purchasing	2	2/12/16	9/03/17	Completed
Cash receipting	2			Scope included in cash collection audit above – completed Q2.
Data Protection	4			WIP
Section 106/CIL	3	8/03/17		Completed
Building Control – joint Venture with FBC.	3	31/01/17		Completed
Economic Prosperity	4			Taken out of this year's audit plan and carried forward to 2017/18
Festivals, Promotions and Events	2			Completed. Audit days used as pre event advice and post event checking. No formal report issued.
Community Safety	1	27/06/16	11/07/16	Completed
Time recording system	1-2	28/07/16	12/09/16	Completed
IT Assets	2	11/11/16	18/01/17	Completed
Internet Usage Review	2	2/12/16	4/12/16	Completed
Telephone Logger and Staff Use	1			Only initial enquiries on function carried out.
Alver Valley	2	12/08/16	31/10/16	Completed
Grounds Maintenance Contractor	Ongoing			Ongoing review
Refuse and Waste and Public Convenience Contracts	Planned as ongoing	7/12/16	10/03/17	Completed
Car Parking and Enforcement	1-2	2/9/16	21/12/16	Completed
Cemeteries	1	01/07/16	01/09/16	Completed



<b>AUDIT</b>	<b>PLAN QTR</b>	<b>DRAFT</b>	<b>FINAL</b>	<b>COMMENTS</b>
Gosport Leisure Centre	1-2	1/11/16	3/11/16	Completed
Housing Maintenance Contract	Ongoing			Ongoing review
Choice Based Lettings	1 and 4	16/08/16	1/09/16	Work undertaken Q2 included wider scope to assist housing review.
Rent Collection and Recovery	4			WIP
Housing Debtors – follow up	4			WIP
Right to Buy Scheme – Fraud proofing	1			Work completed in July 2016
Void Arrangements	1		Complete	Included in the scope of Choice-based lettings audit.
Sheltered Accommodation	1 and 4	15/07/16	16/08/16	Completed
Service Charges	4			WIP

## AGENDA ITEM NO.09

<b>Committee:</b>	<b>Standards &amp; Governance Committee</b>
<b>Date of Meeting:</b>	<b>23 March 2017</b>
<b>Title:</b>	<b>Internal Audit Plan 2017/18</b>
<b>Author:</b>	<b>Head of Internal Audit &amp; Risk Assurance</b>
<b>Status:</b>	<b>For Decision</b>

### **Purpose**

This report provides the Standards and Governance Committee with the planned annual coverage of the Internal Audit resource for 2017/18.

### **Recommendation**

That the Standards and Governance Committee comment on and approve the Internal Audit Plan for 2017/18 as attached in Appendix One.

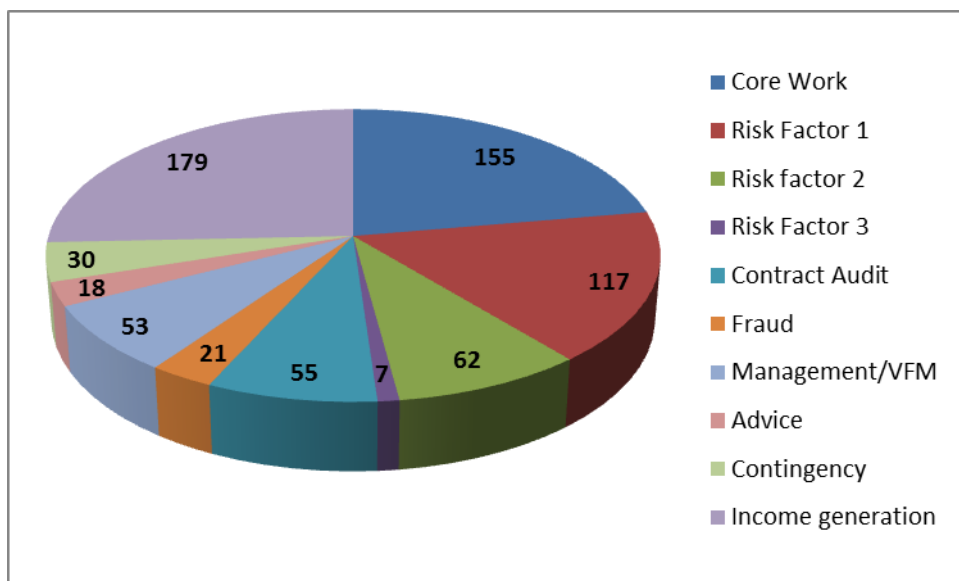
## **1 Background**

- 1.1 The annual internal audit plan has been developed in recognition of the responsibilities of the Borough Treasurer under S.151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2011 (amended 2015) and in accordance with the Public Sector Internal Audit Standards (PSIAS) 2013. Internal Audit support the Council to achieve its priorities and objectives by bringing a systematic, disciplined approach to evaluate and improve the management of risk, control and governance processes.

## **2 Report**

- 2.1 The audit plan has been developed to enable the Council to respond to changes during the year. Whilst every effort will be to deliver the plan, it is flexible and audit activity can be revised in light of changes in circumstances and emerging risks.
- 2.2 Whilst the PSIAS is specific in identifying the requirements of the planning process, there is also a need for flexibility within the plan in recognition of new initiatives, the continuing impact of changes in legislation and the development of strategies both nationally and locally. The plan will be kept under review for 2017/18 with the developing professional audit team.

- 2.3 The annual audit plan is based on 3.4 WTE internal staff and highlights the key components of the planned output from Internal Audit for 2017/18. This equates to 697 audit days for 2017/18. Future monitoring reports will be scheduled (included in the Committee's work plan) for Members throughout the year to compare actual versus planned coverage for the forthcoming year.
- 2.4 2017/18 Audit coverage focuses on the high risk and strategic areas of the Council's activities as highlighted below and within Appendix One.



The 2017/18 internal audit plan allows for a total of 179 days to be provided to Test Valley Borough Council (TVBC) as part of a three year agreement has been agreed with TVBC for this provision as previously reported to Members. This comprises 104 audit management days to provide planning and management of their internal audit resource and audit plan. In addition the in-house team will provide TVBC with 75 internal auditor days to support their team in delivering their audit plan. This will raise in excess of £48,000 in total income from newly extended partnership in 2017/18.

- 2.5 Full consultation has taken place in developing the audit plan with all section heads and senior management as well as External Audit. Every effort will be made to ensure that External Audit will continue to be able to place reliance on the work of Internal Audit when preparing and undertaking their External Audit. The team also intend to leverage assurance from other sources to enable the Head of Internal Audit & Risk Assurance to support the opinion on the Council's governance, risk and control framework for 2017/18.

- 2.6 In developing the Plan it is recognised that Internal Audit are integral to the review of systems and procedures that may be developed over 2017/18 and that “sign off” by Internal Audit is a requirement of any material changes. With a number of service reviews taking place currently it is pleasing to be consulted on these to assist their outcome.
- 2.7 The Plan is endorsed by the Borough Treasurer and the Head of Internal Audit & Risk Assurance as being sound, robust and sufficient to safeguard the Council’s internal control framework.

### **3 Risk Assessment**

- 3.1 The work performed by Internal Audit assists in reducing the overall risk exposure in the Council’s operations and provides a degree of assurance to management in placing reliance on the adequacy of their controls within their Services.
- 3.2 It is important that External Audit are able to continue to place reliance on the work of the Internal Audit Section otherwise additional costs may be incurred in relation to the cost of external audit. It is believed that the resources allocated to the section will be sufficient to meet this objective.

### **4 Conclusion**

- 4.1 This report outlines the planned internal audit coverage for 2017/18.

<b>Financial Services comments:</b>	The Audit Plan for 2017/18 consisting of 697 audit days has been provided for within the 2017/18 budget approved by the Council.
<b>Legal Services comments:</b>	None
<b>Crime and Disorder:</b>	None
<b>Equality and Diversity:</b>	None
<b>Service Improvement Plan implications:</b>	The annual internal plan is part of the Sections improvement plan and regular monitoring features as the operational plan for which the section is scrutinised both externally (External Audit) and internally (by the Standards & Governance Committee).
<b>Corporate Plan:</b>	The Internal Audit coverage supports all Council Services in pursuit of their overall corporate objectives.
<b>Risk Assessment:</b>	See Section 3
<b>Background papers:</b>	None
<b>Appendices/Enclosures:</b>	Appendix One – Draft Internal Audit Plan 2017/18
<b>Report author/ Lead Officer:</b>	Chris Davis 023 9254 5306

**Draft Internal Audit Plan 2017/18**

Service Unit/ Audit Area	Risk Factor	Quarter Planned	Planned Audit Days 2017/18
Based on audit resource:-			3.4 WTE
<b>Financial Services</b>			
Accountancy			
Budgetary Control & Capital Expenditure	Fundamental /High	4	8.00
Accounting & Bank Reconciliation	Fundamental /High	4	15.00
Controlled Stationery (Follow up)	Low	1	3.00
Accounts Payable, BACSiP & Cheque production	Fundamental /High	all	14.50
Debtors	Fundamental /High	3&4	12.00
Financial Management System	Fundamental /High	4	12.00
Loans/Grants to Voluntary Orgs (Fraud view)	Fraud	2	3.00
Imprests & Floats (Follow up)	Low	1	2.00
Treasury Management	Fundamental /High	3	8.00
Financial/Fraud/Risk Awareness Workshops	Fraud	2&4	5.00
Cash Collection (incl. internet, credit/debit card income)	Fundamental /High	all	17.25
Miscellaneous Advice	Advice	all	2.25
<b>Payroll</b>			
Payroll & Expenses	Fundamental /High	1&2	16.50
Miscellaneous Advice	Advice	all	1.00
<b>Revenue &amp; Benefits Services</b>			
Council Tax	Fundamental /High	2&3	12.00
Housing Benefits Overpayments Recovery	High	3	6.00
Housing Benefits & LTSC	Fundamental /High	3&4	20.00
NNDR	Fundamental /High	2&3	10.00
Miscellaneous Advice	Advice	all	1.50
<b>Corporate Purchasing</b>			
Central Purchasing (Purchase Ordering)	High	3	15.00

Service Unit/ Audit Area	Risk Factor	Quarter	Planned Audit Days 2017/18
<b>Customer Services</b>			
CRM & CSC	Medium	1	6.00
Misc Advice	Advice	all	3.00
<b>Management &amp; VFM Audits</b>			
Corporate Governance	Mnt Support	1&2	11.00
AGS production	Mnt Support	1	3.25
Risk Management - Service Reviews	Mnt Support	1-4	6.50
Risk Management - Corporate Review	Mnt Support	1&3	4.00
Audit Plan and Annual Letter Follow up (E&Y) - Covalent	Mnt Support	1-4	1.00
BPR (Consultancy)	Mnt Support	1&2	6.00
Consultancy work (specify)	Mnt Support	all	10.00
Follow up Reviews (by email - link to Covalent)	Mnt Support	2&4	5.00
NFI (PA)	Mnt Support	all	6.00
Fraud Investigations	Fraud	all	13.00
<b>Legal, Democratic &amp; Planning Services</b>			
<b>Legal &amp; Democratic Support</b>			
Land Charges	Medium	4	7.50
Data Protection (compliance) & Fol	High	2	10.00
Miscellaneous Advice	Advice	all	1.00
<b>Planning Policy &amp; Development Control</b>			
Development Control Fees	Medium	1	7.50
Process review of Sct 106's (CIL's)	Medium	4	8.00
Development Services advice	Advice	all	0.50
Legal & Democratic Support			
<b>Chief Executives Unit</b>			
Community Safety	Medium	1	0.50
CX Misc Advice	Advice	all	3.00
<b>Personnel Services</b>			
Time recording system	Medium	4	2.00
<b>Emergency Planning</b>			
Emergency Planning	High	1	10.00
Corporate Business Continuity	High	2	10.00

Service Unit/ Audit Area	Risk Factor	Quarter	Planned Audit Days 2017/18
<b>Information Technology</b>			
IT System Developments (incl patching)	High	4	10.00
IT Disaster Recovery & Business Continuity	High	3	10.00
Systems Security Reviews (IT only access)	High	2	15.00
<b>Housing Services</b>			
<b>Street Scene</b>			
Ground Maintenance (Sodexo)	CONTRACT	all	11.50
Public Conveniences and Other Cleaning Services (Urbaser)	CONTRACT	all	7.50
Refuse Services and Waste Recycling (Urbaser)	CONTRACT	all	7.50
Open Market (Joint audit with FBC)	Medium	2	7.50
Car Parking	High	3	10.00
Cemetery - new provision (Follow up)	Medium	4	3.00
Coastal Protection Project	CONTRACT	all	10.00
Gosport Leisure Centre (Client)	Low		2.00
Fees & Charges/Booking System - Pitches	Medium	1	4.00
Street Scene Miscellaneous Advice	Advice	all	4.00
<b>Countryside</b>			
Alver Valley (Contract work)	High	2	10.00
Miscellaneous Advice	Advice	all	1.00
<b>Environmental Health &amp; Licencing (FBC)</b>			
EH Licencing (Joint audit with FBC)	Medium	1	6.00
<b>Housing</b>			
Rent Collection & Recovery	Fundamental / High	3	10.00
Housing Debtors	High	4	3.00
Kier Contract work	CONTRACT	all	18.75
Miscellaneous Advice	Advice	all	1.00
<b>Assets &amp; Facilities Management</b>			
Caravan Park	Medium	4	10.00
Town Hall Security	High	1	5.00
Depot Security	High	1	2.50
Test Valley Borough Council		1-4	179
Contingency			30
<b>Total Days</b>			<b>697</b>