



APPENDIX 2 - INTERNAL AUDIT PLAN 2012-13

Category	System/Audit area	Proposed scope	General Audit	IT	Days
Audits to be completed (from 2010-11 Audit Plan)					
Operational	Warehouse Picking System	Complete phase 2 - The objective of the audit is to build on the phase one audit (undertaken in 11/12) which was to evaluate key performance indicators. Phase 2 is to measure the performance indicators against the new system to confirm the required efficiencies have been achieved.	5	0	5
11/12 Closedown of audits	Various	Finalise audits (Rebates, supplier verification, stock)	5	0	5
Governance Areas					
Governance	Risk Management	ESPO's risk management processes are robust; management has identified and is managing key risks. Review arrangements to ensure revised policy and framework is operating as intended	10	0	10
Governance	Annual Governance Statement	Review of process to cover: <ul style="list-style-type: none"> ➤ The principles of good governance are reflected in ESPO's Code of Corporate Governance ➤ Arrangements are in place to review the Code at least annually to ensure that it remains current and reflects best practice ➤ Governance arrangements are effectively monitored 	5	0	5
Governance	Budgetary Control	There is a sound financial framework for the control of the budget. Potentially coverage could include: <ul style="list-style-type: none"> • Delegation of budgetary responsibility and operational management 	10	0	10

		<ul style="list-style-type: none"> • Reporting arrangements • Management information and decision making • A framework exists to identify, investigate and instigate corrective action 			
Contingency Planning	Business Continuity	Arrangements to ensure acceptable continuation of core activities in the event of system failures or emergency events/ business continuity of key external suppliers (rolled forward from 2011/12 audit plan)	10	0	10
Procurement					
Procurement	Contract Management	Contract management procedures (including performance/KPIs, quality standards, customer feedback, and financial information) are clearly specified and monitored regularly. Key issues are managed effectively and reported upon.	10	0	10
Procurement	Vetting of Suppliers	Adequate vetting procedures are followed using up to date information, results are reported promptly and accurately and adequate documentation is retained	10	0	10
Procurement	Compliance	Select a sample of 'contracts' or 'projects' to ensure that legislation / ESPO directives have been correctly applied in relation to the advertisement; tender opening and award, competitive dialogue etc	10	0	10
Procurement	E tendering Solution	Advisory – provide ongoing advice upon key controls	5	0	5
Operational					
Operational	Energy	Risks connected with the changeover of contracts re gas supplier for energy are adequately managed (exposure to EPSO is high especially regarding customer re service continuity, transfer of data etc)	5	0	5

Operational	Directs Delivery-Customer Satisfaction	Poor supplier performance is identified, monitored, and managed effectively	10	0	10
Operational	Practice Management Function	Advisory – input into development (Timing –September 2012)	TBC		TBC
Income /Amounts Due					
Income	Rebates	Test checks to confirm completeness and accuracy of income (Supplier Verification)	10	0	10
Income/Debtors	SP & C- Special Projects and Commissioning	Review risks around projects management arrangements and ascertain the impact on expenditure and income currently (this service line currently produces negative contribution/loss)	10	0	10
Amounts Due/Income	Rebates	Ensure processes are working as intended (Energy, Directs, Frameworks etc) – follow up of phase one of the report to ensure effective implementation	10	0	10
IT /system developments					
Information Technology	IT systems	High level overview : IT systems are integrated and fit for purpose	0	10	10
Personnel					
Personnel	Payroll- Payments	Starters, leavers, variations to pay are accurate	N/A		See PWC (below)
Personnel/ Liabilities	Pre-Employment checks	Recruitment and induction processes are robust in relation to the confirmation of:-	5	0	5

		<ul style="list-style-type: none"> ➤ References ➤ Qualifications ➤ Right to work in the UK ➤ CRB clearance ➤ Insurance 			
Personal /Liabilities	Health and Safety	ESPO assess and monitor that they are compliant with health and safety requirements (High level review to cover risks assessments, and the recommendations coming from the LCC review of health & safety have been fully implemented)	5	0	5
Assets					
Assets	Warehouse	Stock- take and adjustments	N/A		See PWC (below)
Warehouse (Assets)	Stock	Receipts into stores, movements and issues from stores, accurate recording. Issues from stores supported by sales ledger invoice	10	0	10
PWC (Joint Audit)					
Joint Audit	PWC	<p>There will be a three-staged approach to the Joint Audit in 2012/13 to provide assurance upon the:-</p> <ul style="list-style-type: none"> ⇒ Integrity of the trading information (provided to the Senior Management and ESPO's Management Committee) in line with GL. (Stage 1) ⇒ Integrity of the IT controls in place ⇒ Completeness and integrity of the 2012/13 General Ledger (to include tri-annual review of BACS). 	10 0 10	0 10 0	10 10 10

Joint Audit	Various	Additional work undertaken by IAS (to reduce external audit fees)	TBC		TBC
Client Management					
Client management		Planning - mtgs, MILE, update R&D Progress - report/liaison/opinion Management Committee External Audit liaison Provide advice & information High Importance recommendations- Follow up	15	0	15
TOTAL			180	20	200