

ESPO Internal Audit Plan 2014-15**Appendix 1**

| <u>Category</u> | <u>Entity</u> | <u>KRR</u> | <u>The indicative audit objective is to ensure that...</u> | <u>Days</u> |
|------------------------|-----------------------------|-------------------|--|--------------------|
| Various | Incomplete from 2013-14 | Var | Key IT controls; Anti-Fraud & Corruption; Rebates income; Servicing Authority; Energy | 10 |
| Governance | Budget management | 8&20 | There is a sound framework for the control of the budget | 4 |
| Governance | ESPO services | 8 | The key principles to providing the individual categories within the ESPO service menu are complied with | 7 |
| Governance | Business Strategy | 2&25 | Attainment of the objectives of the Strategy is well governed | 5 |
| Governance | Governance framework | 8 | The requirements of the Consortium Agreement, Constitution and appropriate schedules are embedded - to include role of Servicing Authority | 7 |
| Governance | Risk management | 8 | The revised policy and framework is operating as intended. Lines of defence are understood and complied with. | 3 |
| Governance | Annual governance statement | 8 | There are adequate arrangements to demonstrate compliance to the principles of good governance outlined in the CIPFA/SOLACE Framework. | 5 |
| Governance | Information management | 8 | Information is secure both on and off site and in transit and breaches are identified and investigated | 5 |

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|------------------------|--|-------------------|---|--------------------|
| Risk management | Counter fraud | 20 | There is no pattern of fraud in large data sets - use of data matching tool | 6 |
| Risk management | GEMS replacement | 1&36 | The replacement energy system is well planned, risk managed and governed throughout | 10 |
| Risk management | Applications management | 1&30 | Risks (e.g. continuity and resilience) to the successful operation of key business management systems within ESPO have been identified and appropriately mitigated. | 8 |
| Risk management | Business Strategy | 25 | Control design (of specific project(s)) is adequate to mitigate risk | 10 |
| Risk management | Supply chain | 12 | ESPO identifies, evaluates and monitors its supply chains to ensure integrity and sustainability | 8 |
| Risk management | Procurement & Compliance risk management | 26,32&35 | The framework is sufficiently robust to prove effectiveness and avoid liability | 10 |
| | | | | 48 |

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|--|---|-------------------|---|--------------------|
| Internal control | Rebates income | 27 | Annual audit to evaluate whether rebates received conform to estimates of supplier business generated | 5 |
| Internal control | General ledger reconciliations (*) | 8&20 | Reconciliations are undertaken to facilitate the accuracy and completeness of the general ledger. Usual coverage of cash & treasury; receivables; payables; payroll and stock | 10 |
| Internal control | Trading performance & distribution of surplus (*) | 4 | The trading results provided by ESPO, both for internal use and reported to the Management Committee, are well founded in the general ledger and the distribution of surpluses process is robust. | 10 |
| Internal control | Servicing authority | 8 | The servicing authority is providing service in line with the agreement | 6 |
| Internal control | Electronic transactions | 20 | P-card and other electronic transaction methods are PCI compliant | 5 |
| Internal control | IT general controls (*) | 1 | The range of controls expected by the External Auditor are well designed and consistently applied. | 10 |
| Internal control | Stock management | 2,28&34 | Stock levels are optimised & an effective warehouse management system is operated | 8 |
| Internal control | Fleet management | 2&34 | The outcomes from the logistics review are embedded so that fleet is managed effectively and efficiently | 8 |
| Internal control | E-tendering | 32&35 | ESPO complies with its role in e-tendering arrangements | 5 |
| | Client management | | Planning & research; progress meetings; servicing Committees; confirming implementation of high importance internal audit recommendations External Audit liaison; advice | 20 |
| Total days (note days are indicative & subject to change) | | | | 185 |

(*) Annual audits undertaken to assist the External Auditors to form an opinion that ESPO's financial accounts are not materially mis-stated

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