

Appendix A

# **Internal Audit & Risk 2016-19 Audit Plan**

March 2016



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# Internal Audit Plan 2016 to 2019

## 1 Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit and Risk to establish risk based audit plans to determine the priorities for internal audit work, consistent with the Council's objectives. In preparing this plan, the Head of Internal Audit and Risk is required to take account of the Council's:
  - Risk management framework, and relative risk maturity of the organisation
  - Assurance framework
  - Vision, objectives and priorities and
  - How the work will address local and national issues and risks.
- 1.2 The Head of Internal Audit and Risk is required to provide an annual opinion to the Council and to the Chief Finance Officer, through the Audit Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. The plan, therefore, needs to be sufficient to enable this opinion to be issued. In addition the results of Internal Audit's reviews will help inform the Annual Governance Statement.
- 1.3 The audit plan has been agreed with senior management and was approved by the Audit Committee on 4th April 2016 (TBC).
- 1.4 The plan will be subject to periodic review by the Head of Internal Audit and Risk, in consultation with senior management, and significant revisions will be presented to the Audit Committee for approval. Revisions made would be in response to changes in the Council's business, risks, operations, programmes, systems or controls.
- 1.5 The plan will be delivered in accordance with the Internal Audit Charter and Internal Audit Engagement Protocol.

## 2 Strategic Aims and Objectives

- 2.1 Internal Audit supports the Council in its vision and strategic priorities, which sets the Council's focus over the coming years.
- 2.2 Internal Audit strives to provide a high quality service that gives management reasonable assurance on the effectiveness of the Council's internal control environment and acts as an agent for change by making recommendations for continual improvement. The service aims to be flexible, pragmatic and deliver a service in collaboration with management to suit organisational needs. Through a risk based approach, the service will aim to make a positive contribution to corporate governance arrangements and assist management in developing a framework for achieving objectives within acceptable levels of risk. Within the team, it is intended to provide a work environment that is both supportive and challenging to facilitate the development and retention of high calibre staff.

### 3 Audit Needs Assessment

- 3.1 The 2016 to 2019 Internal Audit Plan has been prepared following an audit needs assessment.
- 3.2 The audit needs assessment focuses internal audit work on key risk areas whilst ensuring comprehensive coverage by prioritising its work and considering;
- previous audit needs assessments undertaken
  - consultation with senior management
  - Internal Audit's own analysis of risk areas
  - outcomes of previous audits
  - known areas of concern
  - reference to the strategic and operational risk registers
  - the outcome of the assurance mapping exercise on the risks documented within the Strategic Risk Register
  - the requirements of the Public Sector Internal Audit Standards to include reviews of risk, control, ethics and governance.
- 3.3 In developing the audit plan consideration has also been given to;
- providing assurance on the Council's fundamental systems
  - ICT assurance work
  - grant claim sign off work
  - Anti Fraud activity
  - system reviews of key service activities, including governance arrangements
  - follow up work, where appropriate
  - key contracts and partnership arrangements
  - consultancy and advice
  - special investigations
  - engagement in key transformation programmes and projects, as appropriate
  - new Government initiatives, such as the Better Care Fund and the Community Infrastructure Levy
  - local initiatives, including the Medium Term Plan
  - the need to ensure that basic systems and controls are robust and being complied with at a time when the Council is going through a period of significant change.
- 3.4 The plan covers a three year period and is attached at Appendix 1. The 2016-17 plan is detailed. The plan for the following two years includes less detail and will be regularly reviewed to ensure that the work programme remains relevant. It has been prepared following discussion with senior management.
- 3.5 The plan includes provision for a rolling programme of reviews in several areas, including information governance, corporate governance, contracts management and partnership governance. The specific areas for review will be determined based on the progress of planned initiatives and may involve Internal Audit being involved in the early stages of development, as appropriate.
- 3.6 In addition to delivering the agreed audit plan, Internal Audit also carry out special reviews or assignments where requested by management, which fall outside the approved work plan and for which a contingency is included within the audit plan.

## **4 Priorities for Internal Audit Work**

- 4.1 When preparing the audit plan, the following list represents the classification within which audits are considered:
- audits in progress from previous year
  - fundamental system assurance work
  - mandatory work, such as grant certification
  - follow up of “No assurance” audits or audits where on going risks have been identified
  - audits to mitigate key control weaknesses identified in the risk registers and through research and discussion with senior managers
  - new developments
  - unplanned work (contingency).

## **5 Auditor Independence**

- 5.1 Internal Audit will remain independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.
- 5.2 Internal auditors are required to declare any personal interests which may impact on their objectivity and these are factored into audit planning.
- 5.3 Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee. To maintain independence, any audit staff involved in significant consulting activity will not be directly involved in the audit of that area for at least 12 months, or their involvement will be managed by someone independent of the consultancy activity.

## **6 Internal Audit Resources**

- 6.1 Internal Audit will be appropriately staffed in terms of numbers, qualifications and experience, having regard to its objectives and to the standards within which it is required to operate.
- 6.2 The Head of Internal Audit and Risk is responsible for ensuring that the resources of the Internal Audit section are sufficient to meet its responsibilities and achieve its objectives. They will also ensure that the appropriate mix of qualifications, experience and audit skills exist within the unit.
- 6.3 If a situation arose whereby Internal Audit resources were insufficient, the Head of Internal Audit and Risk would discuss this with the Chief Finance Officer.
- 6.4 Internal Auditors will maintain their professional competence through an appropriate ongoing development programme.
- 6.5 It may be necessary, from time to time, to buy in either agency staff or sub-contractors, of a suitable quality.

## **7 Reporting**

- 7.1 Reporting will be in accordance with the Internal Audit Charter.

7.2 As required by the PSIAS any significant consulting activity not already included in the Audit Plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee.

<u>Priority</u>	<u>Audit Title</u>	<u>2016/17</u> Days	<u>2017/18</u> Days	<u>2018/19</u> Days	<u>Comments</u>	<u>Linked to</u> <u>Risk</u>
<b>Fundamental Systems</b>						
<b>H</b>	Accounts Payable/Purchase Ledger ( including feeder systems)	35	35	35	No change 16/17. Will review for later years	STR0001/22
<b>H</b>	Accounts Receivable/Sales Ledger	30	30	30	As above	STR0001
<b>H</b>	Asset Management (incl. Asset Register)/Capital Accounting	30	30	30	As above	STR0001
<b>H</b>	Council Tax (including Council Tax Support Scheme)	35	35	35	As above	STR0001
<b>H</b>	Housing Benefits	40	40	40	As above	STR0001
<b>H</b>	Main Accounting Systems (MAS)	30	30	30	As above	STR0001
<b>H</b>	National Non Domestic Rates NNDR	35	35	35	As above	STR0001
<b>H</b>	Payroll	35	35	35	As above	STR0001
<b>H</b>	SWIFT Financials	15	15	15	As above	STR0001
<b>H</b>	Treasury Management	25	25	25	As above	STR0001
<b>H</b>	Housing Rents including tenant arrears	25	25	25	As above	STR0001
<b>H</b>	Cash And Banking (Non Invoiced Income)	20	20	20	As above	STR0001
<b>Total - Fundamental Systems</b>		<b>355</b>	<b>355</b>	<b>355</b>		
<b>Assurance Audits - Improvement and Corporate Services</b>						
<b>M</b>	Data Quality	15	15	15	Rolling programme planned	
<b>L</b>	Ethics - Gifts and Hospitality - Members and Officers	15	0	0		
<b>L</b>	Ethics - Declarations of Interests - Members and Officers	0	15	0		
<b>L</b>	Ethics - Code of Conduct - Members and Officers	0	0	15		
<b>M</b>	Information Governance	15	15	15	Rolling programme planned - to include Records management 16/17 (consultancy) data centres 17/18	STR0013

## Appendix 1

<b>Priority</b>	<b>Audit Title</b>	<b>2016/17 Days</b>	<b>2017/18 Days</b>	<b>2018/19 Days</b>	<b>Comments</b>	<b>Linked to Risk</b>
<b>M</b>	Safer Recruitment	15	0	0		STR0010
<b>M</b>	Comensura	15	0	0		STR0010/22
<b>M</b>	Corporate Governance Reviews	15	15	15	Proposed to include review of Legal Services governance arrangements in 16/17	
	<b>IT Reviews:</b>					
<b>M</b>	Cloud Hosting Data Storage	0	15	0		STR0008
<b>M</b>	IT inventories	15	0	0		
<b>M</b>	IT contracts managed outside IT	15	0	0		STR0008
<b>M</b>	Project Management - IT Governance	0	15	0		
<b>M</b>	Desk Top Environment - End User Compliance	0	15	0		STR0008
<b>H</b>	IT Disaster Recovery	10	10	10		STR0008
<b>H</b>	SAP Access and Security	10	10	10		STR0013
<b>M</b>	IT Customer Service - Problem Resolution	10	0	0		
<b>M</b>	Partnership Relationship Hosting	0	15	15	Rolling programme to capture areas provided by third party providers	STR0008
<b>Total - Improvement and Corporate Services</b>		<b>150</b>	<b>140</b>	<b>95</b>		
<b>Assurance Audits - Finance</b>						
<b>M</b>	VAT reviews	10	10	10	Rolling programme	STR0001
<b>M</b>	Teachers' Pensions	15	0	0		
<b>M</b>	Budgetary Control	15	15	15	Rolling programme - to focus on Children's Services in 16/17	STR0001
<b>L</b>	Highways Infrastructure - processes for accounting	0	5	0		STR0001
<b>Total - Finance</b>		<b>40</b>	<b>30</b>	<b>25</b>		



<b>Priority</b>	<b>Audit Title</b>	<b>2016/17 Days</b>	<b>2017/18 Days</b>	<b>2018/19 Days</b>	<b>Comments</b>	<b>Linked to Risk</b>
<b>Assurance Audits - Children's Services</b>						
<b>M</b>	Schools General - School Improvement	80	80	80		
<b>M</b>	Themed Reviews	15	15	15	Financial Management and Safeguarding have been identified for review	STR0001/10
<b>Total - Children's Services</b>		<b>95</b>	<b>95</b>	<b>95</b>		
<b>Assurance Audits - Social Care, Health and Housing</b>						
<b>M</b>	Housing Repairs follow up	10	0	0		
<b>L</b>	Day Centres	10	10	10	Rolling programme of establishment visits	
<b>M</b>	Better Care Fund Integration	0	15	0	Was originally planned for 15/16	STR0028
<b>M</b>	Joint Procurement Arrangements	0	15	0		STR0010
<b>M</b>	New Generation Housing	0	0	15		
<b>M</b>	Review of MANOP (Managing the Accommodation Needs of Older People)	0	15	0		
<b>Total - Social Care, Health and Housing</b>		<b>20</b>	<b>55</b>	<b>25</b>		
<b>Assurance Audits - Community Services</b>						
<b>M</b>	Assets Disposal Programme	10	0	0		STR0024
<b>M</b>	Section 38 income	10	0	0		STR0001
<b>H</b>	Section 278 Follow Up audit	5	0	0		
<b>M</b>	Highways - assurance on client assurance arrangements	10	10	0		
<b>M</b>	Corporate Asset Management Strategy	0	15	0		
<b>M</b>	Compliance - Assets	15	0	0	Was originally planned for 15/16	
<b>M</b>	School Transport	0	15	0	Was originally planned for 15/16	

## Appendix 1

<b>Priority</b>	<b>Audit Title</b>	<b>2016/17 Days</b>	<b>2017/18 Days</b>	<b>2018/19 Days</b>	<b>Comments</b>	<b>Linked to Risk</b>
<b>M</b>	Leisure Services Outcomes - Post implementation review of Flitwick Leisure Centre	15	0	0	Was originally planned for 15/16	
<b>Total - Community Services</b>		<b>65</b>	<b>40</b>	<b>0</b>		
<b>Assurance Audits - Regeneration and Business Support</b>						
<b>M</b>	European Social Fund	15	15	15		
<b>M</b>	Community Infrastructure Levy (CIL)	15	0	0		STR0027
<b>M</b>	Building Control/Albion Archaeology	0	15	0		
<b>Total - Regeneration and Business Support</b>		<b>30</b>	<b>30</b>	<b>15</b>		
<b>Assurance Audits - Contracts and Partnerships</b>						
<b>M</b>	Contracts Management	20	20	20	Will include Household Waste Recycling Contract in 16/17	STR0010
<b>M</b>	Value for Money reviews	15	15	15	Rolling programme. To include review of Legal Services payment mechanisms (consultancy)	STR0010
<b>M</b>	Partnership Governance	15	15	15	Rolling programme	STR0009
<b>Total - Contracts and Partnerships</b>		<b>50</b>	<b>50</b>	<b>50</b>		
<b>Assurance Audits - Public Health</b>						
<b>M</b>	Public Health compliance with best practice	15	15	15	Rolling programme proposed - agreed to focus on new Obesity Management contract in 16/17	
<b>Total - Public Health</b>		<b>15</b>	<b>15</b>	<b>15</b>		

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<b>Priority</b>	<b>Audit Title</b>	<b>2016/17 Days</b>	<b>2017/18 Days</b>	<b>2018/19 Days</b>	<b>Comments</b>	<b>Linked to Risk</b>
<b>Special Investigations</b>						
<b>M</b>	National Fraud Initiative (NFI)	20	20	20		
<b>M</b>	Special Investigations	40	40	40		
	<b>Pro active anti fraud reviews</b>					
<b>L</b>	Procurement processes	0	0	10		STR0010
<b>L</b>	Cash disbursements	10	0	0		
<b>L</b>	Allocation of Grants	10	10	10	To include Grants for 2 year olds and Disabled Facilities Grant (DFG)	
<b>Total - Special investigations</b>		<b>80</b>	<b>70</b>	<b>80</b>		
<b>Ad Hoc Consultancy etc.</b>						
<b>H</b>	Risk Management Activities	35	35	35		
<b>M</b>	Major projects - Consultancy	40	40	40		
<b>M</b>	Supporting Annual Governance Statement	5	5	5		
<b>M</b>	Audit of Individual Grants	20	20	20	To include Troubled Families	
<b>M</b>	General Advice	20	20	20		
<b>M</b>	Head of Audit Chargeable Against Plan	60	60	60		
<b>M</b>	Assurance Mapping Review	5	5	5		
<b>M</b>	Benchmarking Exercise	5	5	5		
<b>L</b>	Contingency	50	70	195		
<b>Total - Ad Hoc Consultancy etc.</b>		<b>240</b>	<b>260</b>	<b>385</b>		
<b>Carry over Work</b>						
<b>H</b>	Completion of reviews in progress as at 31st March	120	120	120		
<b>Total - Carry over Work</b>		<b>120</b>	<b>120</b>	<b>120</b>		
<b>TOTAL CHARGEABLE DAYS REQUIRED</b>		<b>1260</b>	<b>1260</b>	<b>1260</b>		