

APPENDIX A

Internal Audit & Risk 2017-19 Audit Plan

Updated March 2017



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Internal Audit Plan 2017 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 2016-2019 three audit plan was agreed with senior management and approved by the Audit Committee on 4th April 2016. 2017/18 represents the second year of the three year plan. It has been reviewed and refreshed following discussion with senior management and the updated plan is attached at Appendix 1.
- 1.4 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 original 2016 to 2019 Internal Audit Plan was 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 was also 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 2017/18 plan is detailed. However, the plan for 2018/19 includes less detail and will be reviewed later in the year to ensure that the work programme remains relevant.
- 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 Director of Resources.
- 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>2017/18 Original Days</u>	<u>2017/18 Updated Days</u>	<u>2018/19 Provisional Days</u>	<u>Comments</u>	<u>Linked to Risk</u>
Fundamental Systems						
H	Accounts Payable/Purchase Ledger (including feeder systems)	35	35	35	No change 17/18. Will review for later years	STR0001/22
H	Accounts Receivable/Sales Ledger	30	30	30	As above	STR0001
H	Council Tax (including Council Tax Support Scheme)	35	35	35	As above	STR0001
H	Housing Benefits	40	40	40	As above	STR0001
H	Main Accounting Systems (MAS)	30	30	30	As above	STR0001
H	National Non Domestic Rates NNDR	35	35	35	As above	STR0001
H	Payroll	35	35	35	As above	STR0001
H	SWIFT Financials	15	15	15	As above	STR0001
H	Housing Rents including tenant arrears	25	25	25	As above	STR0001
H	Cash And Banking (Non Invoiced Income)	20	20	20	As above	STR0001
M	Asset Management (incl. Asset Register)/Capital Accounting	30	0	30	Audit removed for 2017/18. Will review for later years.	STR0001
H	Treasury Management	25	20	25	Time requirement reviewed.	STR0001
Total - Fundamental Systems		355	320	355		
Assurance Audits –Chief Executive						
M	Data Quality	15	15	15	Rolling programme planned	
M	Information Governance	15	15	15	Rolling programme planned	STR0013
	IT Reviews:					
M	Cloud Hosting Data Storage	15	15	0		STR0008
M	Project Management - IT Governance	15	15	0		
M	Desk Top Environment - End User Compliance	15	15	0		STR0008
H	IT Disaster Recovery	10	10	10		STR0008
H	SAP Access and Security	10	10	10		STR0013
M	Partnership Relationship Hosting	15	15	15	Rolling programme to capture areas provided by	STR0008

Appendix 1

<u>Priority</u>	<u>Audit Title</u>	2017/18 Original Days	2017/18 Updated Days	2018/19 Provisional Days	Comments	Linked to Risk
					third party providers	
Total – Chief Executive		110	110	65		
Assurance Audits - Resources						
M	VAT reviews	10	10	10	Rolling programme	STR0001
M	Budgetary Control	15	15	15	Rolling programme - to focus on SCHH in 17/18	STR0001
M	Highways Infrastructure - processes for accounting	5	15	0	Time requirement revised	STR0001
L	Ethics – Officers Gifts and Hospitality and Declaration of Interests -	15	10	0	Time requirement revised	
L	Ethics - Code of Conduct - Members and Officers	0	0	15		
M	Corporate Governance Reviews	15	15	15	Rolling programme	
L	Democratic Services Review	0	10	10	Additional review	
M	Debt Management Arrangements	0	0	15	Additional review	
Total - Resources		60	75	80		
Assurance Audits - Children's Services						
M	Schools General - School Improvement	80	80	80		
M	Themed Reviews	15	15	15	Financial Management and Safeguarding have been identified for review	STR0001/10
M	Assurance over implementation of OFSTED action plan	0	0	10	Additional review	
Total - Children's Services		95	95	105		

Assurance Audits - Social Care, Health and Housing						
L	Day Centres	10	10	10	Rolling programme of establishment visits	
M	Better Care Fund Integration	15	15	0	Was originally planned for 15/16	STR0028
M	New Generation Housing	0	15	0	Was 18/19. Move to 17/18	
M	Review of MANOP (Managing the Accommodation Needs of Older People)	15	0	0	Taken out – Substitute Direct Payments	
M	Direct Payments – review of controls	0	15	0	Additional review	
Total - Social Care, Health and Housing		40	55	10		
Assurance Audits - Community Services						
M	Highways - assurance on client assurance arrangements	10	10	0		
M	Corporate Asset Management Strategy	15	0	15	Timing of audit revised	
M	Compliance - Assets	0	10	0	Was originally planned for 15/16	
M	School Transport	15	15	0	Was originally planned for 15/16	
Total - Community Services		40	35	15		
Assurance Audits - Regeneration and Business Support						
M	European Social Fund	15	15	15		
M	Community Infrastructure Levy (CIL)	0	0	15	Timing of audit revised	STR0027
M	Building Control	0	0	15	Was previously shown as one line. Now split, with a review in each year.	
M	Albion Archaeology	15	15	0		
Total - Regeneration and Business Support		30	30	45		

Assurance Audits - Contracts and Partnerships						
M	Contracts Management	20	20	20	Will consider Strategic procurement arrangements in 17/18	STR0010
M	Value for Money reviews	15	15	15	Rolling programme. To include review of NEPRO in 17/18	STR0010
M	Partnership Governance	15	15	15	Rolling programme	STR0009
Total - Contracts and Partnerships		50	50	50		
Assurance Audits - Public Health						
M	Public Health compliance with best practice	15	15	15	Rolling programme proposed -	
M	Joint Procurement Arrangements	15	15	0	Moved from SCHH as Director of Public Health is lead for some elements.	STR0010
Total - Public Health		30	30	15		
Special Investigations						
M	National Fraud Initiative (NFI)	20	20	20		
M	Special Investigations	40	40	40	Will include a review of Anti Fraud Strategy	
Pro active anti fraud reviews						
L	Procurement processes	0	0	10		STR0010
L	Allocation of Grants	10	10	10	To include Grants for 2 year olds and Disabled Facilities Grant (DFG)	
Total - Special investigations		70	70	80		

Ad Hoc Consultancy etc.						
H	Risk Management Activities	35	35	35		
M	Major projects - Consultancy	40	70	40	Provision increased	
M	Supporting Annual Governance Statement	5	5	5		
M	Audit of Individual Grants	20	20	20	To include Troubled Families	
M	General Advice	20	20	20		
M	Head of Audit Chargeable Against Plan	60	60	60		
M	Assurance Mapping Review	5	5	5		
M	Benchmarking Exercise	5	5	5		
L	Contingency	70	50	130		
Total - Ad Hoc Consultancy etc.		260	270	320		
Carry over Work						
H	Completion of reviews in progress as at 31st March	120	120	120		
Total - Carry over Work		120	120	120		
TOTAL CHARGEABLE DAYS REQUIRED		1260	1260	1260		