

Appendix A

Internal Audit & Risk 2018-19 Audit Plan

March 2018



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Internal Audit Plan 2018/ 19

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 Director of Resources, 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 9th April 2018 (TBC).
- 1.4 The plan will be subject to ongoing review by the Head of Internal Audit and Risk, in consultation with senior management, and significant revisions will be presented to the Audit Committee. 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 Internal Audit Plan has been prepared following an audit needs assessment. The 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 information
 - 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,
 - 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 (Appendix 1) 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 Being a risk-based plan, it has been designed to provide some capacity to allow for the timely review of important issues / key risk areas that may arise throughout the course of the year. We will seek regular intelligence from both internal and external means, which will undergo a risk assessment to determine whether it will be added to our work 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 recognises the Authority continues to go through a period of significant change and therefore significant time has been earmarked to supporting that by way of consultancy services, such as providing advice on implementing new systems and controls. 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.

Appendix 1

Priority	Audit Title	2018/19 Days	General Comments	18/19 Comments
Fundamental Systems				
H	Accounts Payable/Purchase Ledger (including feeder systems)	35		
H	Accounts Receivable/Sales Ledger	30		
H	Main Accounting Systems (MAS)	30		
H	Cash And Banking (Non Invoiced Income)	20		
H	Housing Benefits - Key Control walk throughs	10		
H	Council Tax - Key control walk throughs	10		
H	Non Domestic Rates (NDR)	35		
H	Payroll	35		
H	SWIFT Financials - Key Control Walk throughs	5		
H	Housing Rents including tenant arrears	25		
Total - Fundamental Systems		235		
Assurance Audits - Corporate				
M	Data Quality	15	Rolling programme	High level overview of KPIs & Dipstick review of some supporting data.
M	Information Governance	20	Rolling programme	GDPR Compliance Review
M	Ethical Governance	20	Rolling programme	Scope to be determined
M	Corporate Governance Reviews	15	Rolling programme	New Housing Delivery vehicle.
M	Contracts Management	25	Key Contracts Council wide (not already reviewed)	
M	Partnership Governance	15	Rolling programme	
M	Risk Management	0	external review	
Total - Corporate		110		

Assurance Audits - Resources				
M	Budgetary Control	15	Rolling programme	specific focus in 18/19 tbd
M	Debt Management Arrangements	15	review of the new approach	
M	Capital Programme	15		
M	Learning & Development Centralisation	15		
Total - Resources		60		
Assurance Audits - Children's Services				
M	Schools General - School Improvement	70	Desktop reviews with targeted site visit.	
M	School Build Commissioning	15		
L	Children's Homes Facilities Mgmt	10		Kingfisher & Maythorn Homes
M	Themed Reviews	15		To be determined
Total - Children's Services		110		
Assurance Audits - Social Care, Health and Housing				
M	Homelessness	15		
M	Procurement	15		
L	HMO Licensing	10		
M	Direct Payments	15	Prepay Cards post implementation.	
Total - Social Care, Health and Housing		55		
Assurance Audits - Community Services				
M	Section 38 Agreements	10		
M	Highways - assurance on client assurance arrangements	15		
M	School Transport	15		

	IT Reviews:			
H	IT Disaster Recovery	15		
L	IT Customer Service - Problem Resolution	15		
M	ICT audits (ICT Plan to be determined by Contractors)	50		
Total - Community Services		120		
Assurance Audits - Regeneration and Business Support				
M	S106 Follow-up	10		
M	Albion Archeology	12		
L	Broadband Project	10		
Total - Regeneration and Business Support		32		
Assurance Audits - Public Health				
M	Public Health compliance with best practice	15		
Total - Public Health		15		
Special Investigations				
M	National Fraud Initiative (NFI)	20	Statutory responsibility	
M	Special Investigations	40		
Pro active anti fraud reviews				
L	Highest risks resulting from Annual Fraud Risk Assessment	30		
Total - Special investigations		90		
Ad Hoc Consultancy etc.				
H	Risk Management Activities	35		
M	Major projects - Consultancy	80		SAP S4 Hana, Swift Financials replacement, Acolaid Replacement, other key

				change programmes
M	Supporting Annual Governance Statement	6	Statutory responsibility	
M	Audit of Individual Grants	20	To include Troubled Families, Bus Services Operators Grant, Section 31, New Burdens (Efficiency in Council Tax Bills)	
M	General Advice	20		
M	Head of Audit Chargeable Against Plan	60		
M	Assurance Mapping Review	5		
L	Benchmarking Exercise	5		
M	General Fraud Awareness	5		
M	Fraud Investigations Procedure Manual	6		
L	IDEA development	6		
M	Contingency	65	Capacity to review high importance areas that arise in year.	(Follow up reviews will be met from the contingency.)
Total - Ad Hoc Consultancy etc.		313		
Carry over Work				
H	Completion of reviews in progress as at 31st March	120		
Total - Carry over Work		120		
TOTAL CHARGEABLE DAYS REQUIRED		1260		