



**AUDIT & GOVERNANCE COMMITTEE**  
**3 November 2021**

**ITEM 07**

Report sponsor: Strategic Director of Corporate Resources  
Report author: Head of Internal Audit

**Internal Audit Plan 2021/22 – Quarter 4**

**Purpose**

- 1.1 To outline to the Committee the proposals for internal audit work in quarter 4 of 2021/22. This is in accordance with the Public Sector Internal Audit Standards (PSIAS) which requires that Internal Audit develops a risk-based plan to direct their work in the forthcoming financial year.

**Recommendations**

- 2.1 To consider and approve the Internal Audit Plan for Quarter 4 of 2021/22 at Appendix 1.

**Reasons**

- 3.1 The Audit and Governance Committee is responsible for providing assurance to the Council on the effectiveness of its governance arrangements, its risk management framework and the internal control environment. The work of Internal Audit supports Committee in providing this assurance.

**Supporting information**

Background to Internal Audit Planning

- 4.1 The Audit Plan must incorporate sufficient work to enable the Chief Audit Executive (Head of Internal Audit) to give an opinion for the 2021/22 financial year on the adequacy of the Council's overall governance, risk and control environment. Internal Audit must therefore have sufficient resources to deliver the Audit Plan. The Audit Plan needs to align strategically with the aims and goals of the Council and the risks to their achievement.
- 4.2 The Internal Audit plan for Quarter 1, together with indicative coverage for quarters 2 to 4 was approved by Committee at its meeting on 24<sup>th</sup> March 2021. The plan for quarter 2 was approved at the meeting on 16<sup>th</sup> June 2021 and the quarter 3 plan was approved at the meeting on 29<sup>th</sup> September 2021.

## Internal Audit Plan 2021/22

- 4.3 In producing the plan for Quarter 4 and indicative areas for future audit work, the Head of Internal Audit has:
- Reviewed internal audit's work in Quarters 1 and 2 to date, together with what areas of the quarter 3 plan had been started/ allocated to auditors as at the point this report was finalised.\*
  - Revisited the Council's Risk Registers and has monthly discussions with the Head of Strategy and Performance on key assurance areas.
  - Reviewed those areas highlighted in the previous Internal Audit Plan report (29<sup>th</sup> September) as potential areas for audit work for quarter 4 together with those areas identified as potential areas for 2022/23 audits.
  - Reviewed horizon scanning documents that highlighted some of the challenges and opportunities faced by the public sector which should be considered by Heads of Audit when determining the assurance requirements of their organisation and when formulating their internal audit plan for 2021/22. Reference has also been made to the "2022 Risk in Focus: Hot Topics For Internal Auditors" document produced by the Institute of Internal Auditors.

*\* Quarterly plans rely on an analysis of the work done to date in the previous quarter. The timings of Committees for this year has meant that the Quarter 4 Plan report has had to be written with only two full weeks of Quarter 3 work performed. Therefore no meaningful assessment of audit work in quarter 3 can inform the quarter 4 plan. Given this anomaly, it is suggested that an updated Quarter 4 plan report is brought to the Committee meeting on 26<sup>th</sup> January 2022 if any notable impacts on the quarter 4 coverage are identified from quarter 3 work.*

- 4.4 In response to a forecast overspend for 2021/22, the Council have introduced a series of Budget Gap Emergency Measures. A key element of these measures is for services to seek savings from existing contracts. Internal Audit has pumped resources into supporting the Contract Management Programme team in order to undertake data analytics over the GL data for Council spend with all suppliers, in order to identify potential off contract spend that should be considered for this exercise. This will identify gaps in the Contracts Register, non-compliance with the Public Contract Regulations and/or the requirements to publish contract opportunities on the Contract's Finder website. This work has commenced in Q3 and will span all three Council directorates. Initial assessment of the resources required for this work has necessitated the slippage of some Quarter 3 audits into Quarter 4 (see Appendix 1).
- 4.5 Appendix 1 includes the proposed areas of coverage in quarter 4 and some potential areas of work for the 2022/23 plan as part of our rolling 12-month plan. The plan will be adapted to reflect internal audit assurance and consultancy work around the measures to mitigate the financial pressures the Council is facing post-COVID pandemic. The exact work that internal audit will undertake will be developed as we are given further information on how the mitigations will operate.

## **Public/stakeholder engagement**

- 5.1 None

## Other options

6.1 None

## Financial and value for money issues

7.1 The Council's contribution to CMAP for 2021/22 is £502,178 (2020/21 was £496,714). The CMAP Board agreed at its meeting on 19 February 2021 that a one-off rebate would be paid to each partner from the CMAP reserve in 2021/22. The rebate payable to the City Council is £139,442. The estimated number of days required to deliver the plan is 1,480.

## Legal implications

8.1 None

## Climate implications

9.1 None

## Other significant implications

10.1 None

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal Finance Service Director(s) Report sponsor Other(s)	Strategic Director of Corporate Resources	
Background papers:	Audit and Accounts Committee 24 March 2021 Item 7 – Internal Audit Plan 2021-22 Audit and Governance Committee 16 June 2021 Item 11 – Internal Audit Plan 2021-22 Qtr 2 Audit and Governance Committee 29 September 2021 Item 6 – Internal Audit Plan 2021-22 Qtr 3	
List of appendices:	Appendix 1 - Internal Audit Plan 2021/22 – Qtr 4	

## Appendix 1 - Internal Audit Plan 2021/22 – Quarter 4

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
<b>Corporate Resources – Quarter 4</b>					
Grant Certification (Q1to Q4 work)				✓	Mandatory work to certify the spend of grant monies
Management of Information in a remote environment			✓		To provide assurance on the risks associated with remote working.
Data Quality & Performance Management		✓			To provide assurance on the accuracy etc of performance data. This links to the <i>Intelligence Led Decisions</i> outcome within the DCC Recovery Plan.
Strategic Communications	CR20	✓			To provide assurance on the robustness of the Council's communication processes.
Right to Buy			✓	✓	Assurance on compliance with the Right To Buy rules and regulations
IT Contingency (Q1to Q4 work)	SR3 / CR3 & CR13		✓		To provide assurance on the risks and the actions in place to reduce the vulnerability of the Council's IT estate to cyber-attacks. The contingency will also be used on IT Audit work in connection with the Sharepoint Project and also on the management of risks/key controls around IT infrastructure and applications.
Fraud & Risk Contingency (Q1to Q4 work)			✓		This contingency will be used to provide post payment assurance on the Covid Business Grants, to assess compliance with fraud policies, co-ordinate the Council's work on the National Fraud

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					Initiative (NFI), provide assurance on the Council's fraud risk assessment etc.
<b>Communities &amp; Place – Quarter 4</b>					
Sinfin Waste Plant (Q1to Q4 work)	SR14 / C&PR1		✓		Ongoing work to provide assurance at stage boundaries/key decision (embedded assurance) points of the project. This links to the <i>Confidence</i> outcome within the DCC Recovery Plan.
Governance Around Regeneration Projects (Q1to Q4 work)	SR6 / CR19	✓			To provide assurance on the role of the Council in connection with new investment in the city. This links to the <i>Diversification and Intelligence Led Decisions</i> outcomes within the DCC Recovery Plan. Linked with the project management for Smart Park.
Climate Change <b>(Slipped From Qtr 3)</b>	C&P-R8	✓			To provide assurance on the compliance with relevant legislation (Environment Act 1995, Ministerial Direction). The review's possible sub-areas include decarbonisation, carbon emissions, walking & cycling, household waste, Council impact on the environment, Carbon Change Action Plan. This links to the <i>Decarbonisation</i> outcome within the DCC Recovery Plan.
Economic Recovery <b>(Slipped From Qtr 3)</b>		✓			To review the governance around the Council's involvement in the economic recovery of the City Centre - Future High Street Fund, Supporting business, Ascend, DCC Masterplan. This links to the <i>Confidence and Diversification</i> outcomes within the DCC Recovery Plan.
Building Consultancy			✓	✓	To review how the Council manages the risks associated with the Building Consultancy arrangement.
<b>People Services – Quarter 4</b>					
Tackling Child Poverty	SR18 / P-R13	✓			To provide assurance on the <i>Healthy Citizens</i> outcome within the DCC Recovery Plan.

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Special Educational Needs and/or Disabilities (SEND)	SR17 / P-R12 & P-R3b	✓			To provide assurance on the Council's approach to processing requests for Education, Health & Care Plans (EHCPs). This links to the <i>Thriving Children and Young People</i> outcome within the DCC Recovery Plan.
School Financial Value Standard (SFVS) Audits (Q3 and Q4)			✓		To undertake School visits and analysis of self-assessments as part of the SFVS Framework, to enable the s151 Officer to sign off the return to the Department for Education.
<b>Cross Cutting Services (All the work will be spread across the year)</b>					
DCC Assurance Framework		✓	✓		<p>This is an area of consultancy work with the Council's assurance team. As well as looking at how assurance mapping may benefit the Council, it will also include time for leading the Scheme of Delegation Working Group. Time will also be set aside for audit input into the new Performance Management framework.</p> <p>All of this work will link to the "Review and reshape what and how we deliver" outcome within the DCC Recovery Plan.</p>
DCC - Governance Framework			✓		To provide assurance on the overall governance framework. This will include a review of the Local Code of Governance and work undertaken around risk mitigations.
Project Management	SR6 / CR19	✓	✓		To provide assurance on the risks associated with the project management approaches across the Council in respect of the management and delivery of major capital projects to agreed objectives and budget. There is a link with the <i>Confidence</i> outcome within the DCC Recovery Plan.
Contract Management	SR7 / CR6 & P-R2		✓	✓	To provide assurance on the risks associated with the Council's contract management arrangements and to ensure that they are in line with agreed standards.

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
					As part of our collaborative work Internal Audit will be looking to provide assurance over work being undertaken to mitigate "Strategic Risk 7 /CR6 – Ineffective Contract management – Inconsistent and/or poor contract management arrangements that are not in line with good contract management practice." As part of this work Internal Audit is a member of the recently formed Contract Working Group on a consultancy basis to the Council to make efficiency savings, where possible, on new and existing contracts.
New Systems/Changes to existing systems			✓	✓	To provide consultancy/advice where required on new systems (Financial Management System) and on the changes to existing systems.
<b>Indicative Audit Work suggested for 2022/23</b>					
Corporate Approach to Succession Planning	CR25		✓		To review and provide assurance on the processes in place in the Council to engender succession planning in directorates/departments/teams.
Inclusion & Equality		✓			To provide assurance on the <i>Resilient Neighbourhoods</i> outcome within the DCC Recovery Plan.
Stronger Families	SR18 / P-R13	✓			To review Derby's Strength-Based Approach Strategy. This links to the <i>Thriving Children &amp; Young People</i> outcome within the DCC Recovery Plan.
Vibrant City Events Plan		✓			To provide assurance on the governance of the Council's cultural offer and its work with key partners to bring vitality into the city centre through events, creativity and performance arts. This links to the <i>Diversification</i> outcomes within the DCC Recovery Plan.

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Contract Management	SR7 / CR6 & P-R2		✓	✓	To continue to build on work already undertaken with the "Contract Working Group" to provide assurance on the risks associated with the Council's contract management arrangements and to ensure that they are in line with agreed standards.
Foster Recruitment	SR10/P-R1	✓	✓		To provide assurance on the processes in place for foster care recruitment. This links to the <i>Thriving Children &amp; Young People</i> outcome within the DCC Recovery Plan.
Procurement			✓		To provide assurance on the management of procurement risks.
Records Management	SR8 / CR7	✓			To provide assurance on how the Council is complying with best practice in the retention/disposal of data/information.
Declarations of Interest			✓		Councillors and Officers have a duty to declare any financial and non-financial interests that may conflict with their role.
Budget Setting			✓		To review how the Council sets its budgets across the authority and how it manages the associated risks.
Property Design & Maintenance			✓		Provision of an assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.
Cash Handling			✓		To provide assurance that those areas of the Council that still accept cash are adhering to Council policy.
Recruitment Processes			✓		To provide assurance on key areas of recruitment such as pre-employment checks.
Roadside Air Quality			✓		There is a ministerial direction which requires the Council to achieve N02 compliance for the area, so the legal limit is met. The value of the grant does not cover the forecasted cost and agreed budget

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
					envelope for the project. Costs are forecast to escalate and Covid is also having an impact.