



AUDIT & GOVERNANCE COMMITTEE
29 September 2021

ITEM 06

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

Internal Audit Plan 2021/22 – Quarter 3

Purpose

- 1.1 To outline to the Committee the proposals for internal audit work in quarter 3 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 3 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 24th March 2021. The plan for quarter 2 was approved at the meeting on 16th June 2021.

Internal Audit Plan 2021/22

- 4.3 In producing the plan for Quarter 3 and indicative areas for the rest of the year, the Head of Internal Audit has:
- Reviewed internal audit's work in Quarters 1 and 2 to date.
 - Revisited the Council's Risk Registers.
 - Reviewed those areas highlighted in the Internal Audit Plan report as potential areas for audit work for quarters 3 and 4.
 - 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.
- 4.4 Appendix 1 includes the proposed areas of coverage in quarter 3 and indicative areas for audit coverage for quarter 4 and some potential areas of work for the first two quarters of 2022/23 as part of the 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. Currently, Internal Audit has a representative on the "Contract Working Group" which is exploring efficiency savings.
- 4.5 Internal Audit reviews started in 2020/21, which were carried forward into 2021/22 are not included, but will be detailed in the Internal Audit progress reports.

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	17 th September 21

Background papers:	Audit and Accounts Committee 24 March 2021 Item 07 – Internal Audit plan 2021-22 Audit and Governance Committee 16 June 2021 Item 11 – Internal Audit Plan 2021-22 Qtr 2
List of appendices:	Appendix 1 - Internal Audit Plan 2021/22 – Qtr 3

Appendix 1 - Internal Audit Plan 2021/22 – Quarter 3

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Corporate Resources – Quarter 3					
Grant Certification (Q1 to Q4 work)				✓	Mandatory work to certify the spend of grant monies
Key Financial Controls (e.g. reconciliations) Carried forward from Qtr 2			✓	✓	To provide assurance on the operation of the high level key controls in the Council's financial systems that feed into the accounts.
Asset Management			✓		To provide assurance on the management of risks in respect of the Council's key assets
Health & Safety			✓		To review the management of health and safety risks within the administrative buildings/Council House
IT Contingency (Q1 to 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 (Q1 to 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 Initiative (NFI), provide assurance on the Council's fraud risk assessment etc.

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Communities & Place – Quarter 3					
Sinfin Waste Plant (Q1 to 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 (Q1 to 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.
Leisure Centres			✓		Provision of an assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.
Parking Services				✓	Provision of assurance on the MiPermit system. This is follow on assurance work from a previous audit. (Postponed from 2020/21)
Land Drainage & Flood Control	C&P R9 & R10	✓			Assurance over the system in place to monitor compliance with The Flood and Water Management Act (FWMA) 2010.
Climate Change	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		✓			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.

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
People Services – Quarter 3					
Children's Residential Homes	SR10 & P-R3b		✓	✓	Provision of an assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.
Payments for Children's Social Care				✓	The Director of Financial Services has requested some internal audit work around the application of cash payment policies and processes and their monitoring.
Schools Contingency			✓		SFVS Audits. Preparation work for proposed changes to SFVS to be announced by Government in June 2021.
Cross Cutting Services (All the work will be spread across the year)					
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.

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Contract Management	SR7 / CR6 & P-R2		✓	✓	<p>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.</p> <p>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.</p>
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.
Indicative Audit Work – Quarter 4 Onwards					
Quarter 4					
Corporate Resources					
Management of Information in a remote environment			✓		To provide assurance on the risks associated with remote working.
Procurement			✓		To provide assurance on the management of procurement risks.
Property Design & Maintenance			✓		Provision of an assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
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.
Records Management	SR8 / CR7				To provide assurance on how the Council is complying with best practice in the retention/disposal of data/information.
Right to Buy			✓	✓	Assurance on compliance with the Right To Buy rules and regulations
Communities & Place					
Building Consultancy			✓	✓	To review how the Council manages the risks associated with the Building Consultancy arrangement.
People Services					
Tackling Child Poverty	SR18 / P-R13	✓			To provide assurance on the <i>Healthy Citizens</i> outcome within the DCC Recovery Plan.
SEND	SR17 / P-R12 & P-R3b	✓			To provide assurance on the Council's approach to processing requests for EHCPs. This links to the <i>Thriving Children and Young People</i> outcome within the DCC Recovery Plan.
Cross Cutting Services					
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.

Audit Plan Assignments	Risk Register	Recovery Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
2022/23					
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 & 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.
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 & Young People</i> outcome within the DCC Recovery Plan.