ITEM 09

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

Internal Audit Plan 2022/23 - Quarter 4

Purpose

1.1   To outline to the Committee the proposals for internal audit work in Quarter 4 of 2022/23. 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.

1.2   The appendix to the report also outlines those areas that the Head of Internal Audit has earmarked for potential audit in 2023/24. These are subject to change in light of new and emerging risks and issues.

Recommendations

2.1   To consider and approve the Internal Audit Plan for Quarter 4 of 2022/23 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 the 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 2022/23 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.

4.2   The Internal audit plans for Quarters 1, 2 and 3, together with indicative coverage for future quarters were approved by Committee at its meetings on 23rd March 2022, 15th June 2022 and 5th October 2022.

Internal Audit Plan 2022/23

4.3   In producing the plan for Quarter 4 and potential areas for 2023/24 audits, the Head of Internal Audit has:
- Reviewed internal audit's work in Quarters 1 to 3 of 2022/23.
- Revisited the Council's Risk Registers.
- Reviewed those areas highlighted in the previous Internal Audit Plan report as potential areas for audit work for quarter 4.
- Identified areas that have not been subjected to audit review for several years.
- Reviewed horizon scanning documents that highlighted some of the challenges and opportunities faced by the public sector.

4.4   Appendix 1 includes the proposed areas of coverage in quarter 4 and also identifies potential areas for audit coverage for the next three quarters (Quarters 1 to 3 in 2023/24) of the rolling 12 month plan. Given the current economic climate the 2023/24 quarterly plans will be influenced by, amongst other things, changes to risk faced by the Council and process/procedural/structural changes within the Council which impact on governance and control.

4.5   Ongoing Internal Audit reviews started in previous quarters are not included, but will be detailed in the Internal Audit progress reports.

Public/stakeholder engagement

5.1   Key stakeholders are consulted on a regular basis as each quarterly plan is formulated.

Other options

6.1   None

Financial and value for money issues

7.1   The Council's contribution to CMAP for 2022/23 is £529,551 (2021/22 was £502,178 less a one-off rebate of £121,355 from the CMAP Reserve). The estimated number of days required to deliver the plan is 1,445.

Legal implications

8.1   None

Climate implications

9.1   None

Socio-Economic implications

10.1   None arising directly from this report

Other significant implications

11.1 None

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This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance		
Service Director(s)		
Report sponsor	Simon Riley, Strategic Director of Corporate Resources	
Other(s)		

Background papers:	Internal Audit Plan Qtr 1 – Item 7, Audit and Governance Committee , 23rd March 2022
	Internal Audit Plan Qtr 2 – Item 11, Audit and Governance Committee , 15th June 2022
	Internal Audit Plan Qtr 3 – Item 9, Audit and Governance Committee , 5th October 2022
List of appendices:	Appendix 1 - Internal audit plan 2022/23 – Qtr 3

Appendix 1 - Internal Audit Plan 2022/23

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Corporate Resources – Quarter 4					
New Financial Management System (Q1to Q4 work)		✓		✓	To provide assurance on the implementation of the new FMS system and how the system is embedded into Council practices.
Claims Handling (Qtr 4 and 23/24)				✓	Consultancy work to assess the proposed processes/procedures.
Records Management	SR8 / CR7		✓		To provide assurance on how the Council is complying with best practice in the retention/disposal of data/information.
National Fraud Initiative				✓	Overseeing the Council's approach to investigating matches highlighted by the NFI exercise.
Communities & Place – Quarter 4					
Long Term Waste Management Project (Q1to Q4 work)	SR14 / C&PR1	✓	✓		To continue to provide assurance at stage boundaries/key decision (embedded assurance) points of the project. Links to the Council Plan "Sustainable Waste and Transport".
General Licensing			✓		To review the main areas of Liquor licensing and Entertainment Licensing + touch on the others. Along with a more in depth look at Animal Welfare arrangements to ensure compliance with the animal health legislative provision, guidance & standards.

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Street Lighting PFI			✓		To review the ongoing management of the Street Lighting PFI, along with the planning /actions being taken for the approaching demobilisation of the contract after 25 years.
Grounds Maintenance			✓		An audit of the Grounds Maintenance service, looking at paid-for services by other Council departments to ensure that costs are being covered, along with general management and retention of employees.
Street Cleansing			✓		A standard audit of the Council's Street Cleansing service arrangements following a recent process review and implementation of a new IT system.
People Services – Quarter 4					
Youth Offending Services				✓	To review the Council's arrangements for Youth Offending Services with a view to assisting with preparations for the next HMIP inspection.
Element 3 Funding	SR30/ PS24			✓	To review the Council's processes for calculating and awarding element 3 funding to schools, which is used to support the delivery of educational health care plans.
Schools Contingency (Qtr 2 to 4)			✓		School Financial Value Standards Audits.
Cross Cutting Services (All the work will be spread across the year)					
DCC Assurance Framework			✓		This is an on-going area of consultancy work with the Council's assurance team.

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
DCC - Governance Framework			✓		Ongoing work to provide assurance on the overall governance framework.
Grant Certification (Q1to Q4 work)				✓	Annual work to provide a certification audit of specific grant claims.
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 and also on the management of risks/key controls around IT infrastructure and applications.
Fraud Contingency (Q1to Q4 work)	SR31/ CR28		✓		This contingency will be used to provide assurance on the Council's counter fraud measures and the overall assessment of fraud risks. Also includes work on the National Fraud Initiative (NFI).
Risk Contingency (Q1to Q4 work)			✓		This contingency will be used to provide assurance on how the Council mitigates new and emerging risks, as well as provide assurance on the adequacy of controls to mitigate those risks identified in the risk registers.
Project Management (Contingency)	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.
Contract Management	SR7 / CR6	✓	✓	✓	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. Contributes to the "insight led Council that delivers value for money" outcome. This also includes work as part of the Contract Management Programme team.

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
New Systems/Changes to existing systems (Contingency)			✓	✓	To provide consultancy/advice where required on new systems (Financial Management System is a specific audit) and on the changes to existing systems.
Indicative Audit Work – 2023/24					
Claims Handling			✓		To provide assurance on the embedding of the In-house Insurance Claims Handling procedures.
Procurement			✓		To provide assurance on the management of procurement risks.
Asset Management			✓		To provide assurance on the management of risks in respect of the Council's key assets.
Trading Standards			✓		To review the Council's Trading Standards service arrangements.
Residential Care	PS2 / PS21		✓		To review the Council's residential care arrangements.
Compliance with Statutory Functions (Assets & Engineering)			✓		To review compliance with the statutory functions within the Assets & Engineering section and evaluate any risks with the current approach.
Pest Control			✓		To review the Council's Pest Control service arrangements.
Home to School Transport				✓	The Contract Management Programme Team has flagged this as a potential higher risk contractual area for the Council.
Corporate Project Management			✓		Review of the corporate project approach and the Project Management Office.
Data Quality			✓		To review the data held by the Council for both accuracy and completeness and to ensure compliance of personal data with GDPR/Data Protection legislation.

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Absence Monitoring	SR21 / CR22		✓		To review the Council's absence monitoring arrangements and ensure they are being used to effectively manage colleague absences.
Corporate Approach to Succession Planning (People Strategy)	CR25		✓		To review and provide assurance on the processes in place in the Council to engender succession planning in directorates/departments/teams.
SEND	SR30 / PS24			✓	Requested by Audit and Governance Committee at its meeting on 5th October 2022.
Schools Attendance	SR27 / PS20		✓		To consider the requirements on the Council from the recent Schools White Paper and Department for Education guidance, with a view to ensuring the Council are adequately supporting the city's Schools with attendance management arrangements.
Customer Complaints and Enquiries Process			✓		Review of compliance with the Council's complaints and enquiries process.
Management of School Exclusions			✓		To provide assurance assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.
People Services – Establishment Reviews			✓		To provide assurance assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.
Supply Chain risks			✓		To provide assurance on how the Council mitigates risks within its Supply Chain.
Fire Safety Compliance Management			✓		To provide assurance on compliance with relevant fire safety legislation/guidance for council buildings (excl council housing)

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Stewardship of Council Vehicles/Fleet Management			✓		To review the framework for the procurement and management of vehicles (and similar equipment) required by the Council to deliver services on a daily basis.
Security of Corporate Buildings			✓		To provide assurance assurance on the adequacy and effectiveness of systems in operation, risk management and the overall control environment.
Equality Diversion and Inclusion (EDI) Plan – Delivery of Actions			✓		To provide assurance on the progress with delivery of the actions to support the five equality objectives.
Savings programme and Medium Term Financial Risk	SR15/ CR16 SR16/ CR17				An on-going programme of assurance against this area of principal risk.
Partnership Governance		✓			A new on-going programme of assurance, focussing on partnership governance arrangements for key partnerships
Risk management – assurance mapping			✓		Internal Audit input into assurance mapping of principal risks.
Schools –establishments reviews			✓		Risk-based review of 5 schools. On conclusion of this programme of work, a common findings report will also be prepared
Safeguarding – The Role of the Local Authority Designated Officer (LADO)			✓		To provide assurance on the arrangements in place to meet the responsibilities of the LADO and the allegations management process.
Joint Agency Funding			✓		To provide assurance on the efficient and effective use of joint agency funding.

Audit Plan Assignments	Risk Register	Council Plan	Audit Needs Assessment	Third Party Request	Assurance/Reason for audit
Debt Management			✓		Consultancy work around the proposal to centralise all debt management functions following the move to a new FMS
Key Financial Risks (2023/24)			✓		To provide assurance on the Council's mitigation of risks within its financial systems.