

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

## **Internal Audit Plan 2022/23 - Quarter 3**

### **Purpose**

- 1.1 To outline to the Committee the proposals for internal audit work in Quarter 3 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 audit review in Quarter 4 of this financial year, along with areas 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 3 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 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 and 2, together with indicative coverage for future quarters were approved by Committee at its meetings on 23<sup>rd</sup> March 2022 and 15<sup>th</sup> June 2022.

### Internal Audit Plan 2022/23

- 4.3 In producing the plan for Quarter 3 and indicative areas for Quarter 4, 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 previous 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.
- 4.4 Appendix 1 includes the proposed areas of coverage in quarter 3 and indicative areas for audit coverage for the next three quarters of the rolling 12 month plan.
- 4.5 Ongoing Internal Audit reviews started in previous quarters are not included, but will be detailed in the Internal Audit progress reports.
- 4.6 In respect to the Contract Management audit work being undertaken, which is cross-cutting all Council directorates, attendance of the Contract Management Programme group has split into three distinct areas, as follows:
- Contract Management Programme Board, overview of the other groups and direction where to focus on specific situations, as required /identified, to improve agreed contracts /operations.
  - The Legacy Project, looking at contract management support, revising the Contracts Register, contract management training /networking and revising the Contract Procedure Rules.
  - The Savings Project, looking at delivering contract savings, along with a Savings Strategy and embedded officer engagement going forward.
- Internal Audit are represented in each of these forums, in order to provide assurance on the risks associated with the Council's contract management arrangements and to contribute to the outcome, to be an *"insight led Council that delivers value for money"*.

### **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 will be £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

## 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)	Simon Riley, Strategic Director of Corporate Resources	
Background papers:	Internal Audit Plan Qtr 1 – Item 7, Audit and Governance Committee , 23 <sup>rd</sup> March 2022 Internal Audit Plan Qtr 2 – Item 11, Audit and Governance Committee , 15 <sup>th</sup> June 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
<b>Corporate Resources – Quarter 3</b>					
New Financial Management System (Q1 to Q4 work)		✓		✓	To provide assurance on the implementation of the new FMS system and how the system is embedded into Council practices.
Key Financial Controls (e.g. reconciliations)			✓	✓	Annual work to provide assurance on the operation of the high level key controls in the Council's financial systems that feed into the accounts.
Cash Handling			✓		To provide assurance that those areas of the Council that still accept cash are adhering to Council policy.
Procurement Cards			✓		Follow up to the consultancy work on procurement cards to see how risks are being managed.
Procurement – Off-Contract Spend	SR7 / CR6		✓	✓	Audit will be working with Procurement to undertake an exercise to pursue opportunities identified from both the Contract Management - Data Analytics work and the subsequent Follow-Up, to formalise arrangements with suppliers /service providers in order to further drive down costs and ensure compliance.

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<b>Communities &amp; Place – Quarter 3</b>					
Long Term Waste Management Project (Q1 to 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".
Cultural Offer		✓			To provide consultancy 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 "Exciting cultural offer representative of communities" outcome within the Council Plan.
Streetpride HGV Driver resources	CP16		✓		To review actions being taken to recruit and retain HGV drivers to maintain highly visible statutory functions that if not undertaken, are likely to result in potentially significant claims against the Council.
Climate Change		✓			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 with the Council Plan outcome on "Cleaner air & lower CO2 emissions".
<b>People Services – Quarter 3</b>					
Whistleblowing – Learning, Inclusion & Skills				✓	To address concerns raised under whistleblowing.
Hospital to Home – Protection of Property				✓	To review the processes for managing personal belongings (cash) on behalf of adults in receipt of social care.
Adult Social Care Reforms	PS26 / PS2 /	✓	✓	✓	To consult with and advise the Adult Social Care Reforms Programme Board, who in turn are overseeing the four project

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	PS19 / PS23				workstreams (Charging, Fairer Charging, Assurance & Inspection Frameworks, Liberty Protection Safeguards).
National Drugs Strategy			✓		To consider the Council's response to the Government's launch of the National Drugs Strategy and provide assurance regarding the Council's role in drug treatment measures in the local area.
Schools Contingency (Qtr 2 to 4)			✓		School Financial Value Standards Audits.
<b>Cross Cutting Services (All the work will be spread across the year)</b>					
DCC Assurance Framework			✓		This is an on-going area of consultancy work with the Council's assurance team.
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			✓		This contingency will be used to provide assurance on how the Council mitigates new and emerging risks, as well as provide

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(Q1 to Q4 work)					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.
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.
<b>Indicative Audit Work – Qtr 4 (2022/23) and Qtrs 1 and 2 (2023/4)</b>					
Claims Handling			✓		To provide assurance on the move in 2022/23 to In-house Insurance Claims Handling.
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.
Records Management	SR8 / CR7		✓		To provide assurance on how the Council is complying with best practice in the retention/disposal of data/information.
Residential Care	PS2/ PS14		✓		To review the Council's residential care arrangements

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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.
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
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.