

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

Internal Audit Plan 2022/23 - Quarter 2

Purpose

- 1.1 To outline to the Committee the proposals for internal audit work in Quarter 2 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 Quarters 3 and 4 of the financial year. 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 2 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 plan for Quarter 1, together with indicative coverage for quarters 2 to 4 was approved by Committee at its meeting on 23rd March 2022.

Internal Audit Plan 2022/23

- 4.3 In producing the plan for Quarter 2 and indicative areas for the rest of the year, the Head of Internal Audit has:
- Reviewed internal audit's work in Quarter 1 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 2 - 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 2 and indicative areas for audit coverage for the next three quarters of the rolling 12 month plan.
- 4.5 Internal Audit reviews started in 2021/22, which were carried forward into 2022/23 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 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	6 th June 2022
Background papers:	Annual Internal Audit Plan Qtr 1 – Item 7, Audit and Governance Committee , 23 rd March 2022	
List of appendices:	Appendix 1 - Internal audit plan 2022/23 – Qtr 2	

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 2					
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.
Grant Certification (Q1 to Q4 work)				✓	Annual work to provide a certification audit of specific grant claims.
Right to Buy (From Q1)			✓	✓	Assurance on compliance with the Right to Buy rules/regulations.
PCI compliance			✓		To provide assurance on the overall policy and procedures around card/data handling practices.
Transparency Code			✓		To provide assurance on the Council's compliance with the publication of information under the Transparency Code 2015.
Contract Management - Data Analytics Follow-Up	SR7 / CR6		✓	✓	Following on from the data analytics work undertaken to identify opportunities for potential savings, along with non-compliance with rules /regulations, an exercise is now required to follow-up on the findings, to identify where the Council could benefit from formalising arrangements with suppliers /service providers in order to further drive down costs and ensure compliance.

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Communities & Place – Quarter 2					
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”.
Derby Live Catering– Stocks and Stores			✓		Follow up work to provide assurance on the changes in procedures.
Ascend Programme		✓	✓		To review the governance around the Council's involvement in the Ascend programme.
People Services – Quarter 2					
Home Care			✓		To review the financial and contract management processes in place for community care providers, with a view to assisting management with improvements in the control environment.
Shared Lives		✓	✓		To provide assurance on the Council's plans to expand the Shared Lives provision.
Individuals/Families in Need (Replaces Tackling Child Poverty from Qtr 1 and Stronger Families)	SR18 / PS13	✓			To provide assurance on the “Resilient City” theme through reviewing an identified strategic risk around health and wealth.
Schools Contingency (Qtr 2 to 4)			✓		School Financial Value Standards Audits.

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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.
DCC - Governance Framework			✓		Ongoing work to provide assurance on the overall governance framework.
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

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					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.
Indicative Audit Work – Qtrs 3 to 4 (2022/23) and Qtr 1(2023/4)					
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.
Claims Handling			✓		To provide assurance on the move in 2022/23 to In-house Insurance Claims Handling.
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
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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National Drug 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.
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 "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".
Home to School Transport				✓	The Contract Management Programme Team has flagged this as a potential higher risk contractual area for the Council.
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.