



Internal Audit Plan 2021/22

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

INTERNAL AUDIT PLAN 2021/22

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at East Cambridgeshire District Council for 2021/22 for review and approval by the Finance and Assets Committee. Also provided is an indicator of proposed coverage for 2022/23.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, East Cambridgeshire District Council commissions 200 days for delivery of the Internal Audit service on an annual basis, under a delegated, shared service, led by Milton Keynes Council.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the UK public sector. This role requires the Head of Internal Audit to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
 - The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
 - The Head of Internal Audit should consider accepting proposed consultancy engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Finance and Assets Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 At the centre of the organisation, is the core delivery of the Council's corporate objectives and corporate plan. The risk based audits are focused upon providing independent assurance over the controls in place to manage risks faced in achieving these objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies range from key financial controls and systems to health and safety policies, from data management to procurement rules. These policies and controls must be complied with by all service areas to secure the Council's standing.
- 2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council’s objectives and services.

2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council’s delivery of value for money. Assurance over value for money is embedded within each audit assignment.

3. Planning process

3.1 During the last year, the Council has updated its corporate risk register to reflect the key risks facing the authority and changing risk profiles. As such, the content of the two year audit plan has been reviewed to ensure it is equally focused upon the Council’s key corporate risks. This has resulted in some re-prioritisation of assignments across the two year period.

3.2 In order to ensure that the Audit Plan for 2021/22 addresses the Council’s key risks and adds value, the Head of Internal Audit has identified and prioritised the areas for coverage by:

- Reviewing the Council’s risk register and Corporate Plan;
- Undertaking an assurance mapping exercise against the risks identified to highlight any gaps in the assurance framework and identifying any other sources of assurance for each of the Council’s key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years; and
- Consultation with senior management and the Corporate Risk Group to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial.

3.3 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from the councils across the LGSS client base.

3.4 Following this consultation and review, a Draft Internal Audit Plan has been compiled and is provided in Table 3. If the risk environment changes during 2021/22, however, the Audit Plan can be amended accordingly.

3.5 The amendments to the 2021/22 audit plan from the two year plan previously reviewed by the Committee in 2020 are summarised in Tables 1 and 2, along with the reasoning for the amended risk assessment and prioritisation applied.

Table 1: Proposed additions to 2021/22 audit plan against previous two year plan

Audit assignment amended	Days added or reduced within 2021/22 plan	Basis for amendment
Covid-19 recovery	15	Addition to the plan to provide assurance over the management of the Council's response to the pandemic and implications for the controls environment arising from amended ways of working.
Environment and Climate Change Strategy	10	<p>The Council declared a climate emergency in 2019 and has, in 2020/21, adopted an Environment and Climate Change Strategy.</p> <p>Addition to the plan to provide assurance over embedding of the new strategy and effective delivery of the associated actions and vision.</p>
Development control	10	<p>The audit will provide assurance that the Council operates in accordance with key legislation, it monitors and progresses issues to an appropriate conclusion and demonstrates transparency in terms of processes, communication with the public and decisions reached.</p> <p>There has been no coverage of this area in the last four years.</p>
IT Asset management	8	To provide assurance over the Council's IT asset records and management – in light of increased flexible working in 2020/21.
Procurement compliance	9	Added to the Audit Plan for 2021/22 to continue to follow up on actions agreed in the 2019/20 audit work and assurances sought by the Finance and Assets Committee.
Performance management	3	Days allocation increased by three days to enable an informed review of performance management across the Council, rather than limited to Key Performance Indicators.
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Table 2: Proposed deductions from 2021/22 audit plan against previous two year plan

Audit assignment amended	Days added or reduced within 2021/22 plan	Basis for amendment
Fees and charges	5	Assessed as lower risk than other assignments and no related risks/issues highlighted by management. Postpone to 2022/23.
Staff claims	6	Assessed as lower risk/value than other assignments and no related risks/issues highlighted by management. Postpone to 2022/23.
Safeguarding	8	No concerns highlighted from horizon scanning or consultation and good level of assurance from last review. Postpone to 2022/23.
Use of agency staff	7	Assessed as lower risk than other assignments and no related risks/issues highlighted by management. Postpone to 2022/23.
Enforcement policy compliance	7	Assessed as lower risk than other assignments and no related risks/issues highlighted by management. Postpone to 2022/23.
Homelessness	7	No concerns highlighted from horizon scanning or consultation and good level of assurance from last review. Postpone to 2022/23.
ICT systems – general	10	Focus on IT Asset Management considered of greater value in 2021/22 considering new ways of working.
Emergency planning	5	Assessed as lower risk than other assignments and no related risks/issues highlighted by management. Postpone to 2022/23.
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4 Resources

- 4.1 The audit assignments for all of the shared service clients are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including ACCA, CIPFA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider shared team, providing the resilience and stability of a shared service.
- 4.2 Efforts are constantly made to ensure all clients benefit from the shared service arrangement. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.
- 4.3 On an annual basis, the Head of Internal Audit completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Head of Internal Audit must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Members if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

Table 3: Draft Internal Audit Plan 2021/22 and 2022/23

Audit	2021/2 2	2022/2 3	Service area	Corporate Objectives	Corp Risk ref	Assurances to be sought
Anglia Revenues Partnership						
Council Tax	10	10	Revenues and Benefits	Sound Financial Management	B1	To provide assurance over the controls operating in the management of revenues and benefits services – given the high volume and value of transactions.
Benefits & Overpayments	15	15				
National Non Domestic Rates	10	10				
Counter Fraud and Corruption						
Counter Fraud Procedures	5	5	Cross-cutting	Sound Financial Management	Fraud risks	To review the Council’s counter fraud policies and procedures against best practice and to review their robustness in light of latest trends/developments.
National Fraud Initiative	10	10	Cross-cutting		Fraud risks	Support with reviewing and investigating matches identified by the National Fraud Initiative.
Key Financial Systems						
Bank reconciliation	6	6	Finance	Sound Financial Management	B1	To review the design of, and compliance with, key controls within the Council’s financial systems - working on a cyclical basis. Providing assurance over the controls to prevent and detect fraud and error.
Creditors	7	7	Finance		B1	
Debtors	6	6	Finance		B1	
Payroll	7	7	Finance		C5	
Treasury management	5	5	Finance		B1	
Budgetary control	5	5	Cross-cutting		B1	
Fixed assets	7	-	Finance		B1	
Risk management						
Risk management support	12	12	Cross-cutting	All	All	Administration and reporting of corporate risk register, supporting documents and review of the framework against best practice.
Making every penny count						
Procurement compliance	9	9	Cross-cutting	Sound Financial Management	B1	Selection of a sample of transactions over £500, to be checked against the published list, to ensure compliance with contract procedure rules and achievement of value for money.
Key policy compliance						
Fees and Charges	-	5	Cross-cutting	Sound Financial Management	C3	To provide assurance over compliance with key Council policies and procedures, based on sample testing.
Use of agency staff	-	7	Cross-cutting			
Staff claims	-	6	Cross-cutting			
Staff recruitment	7	-	Cross-cutting			

Audit	2021/2 2	2022/2 3	Service area	Corporate Objectives	Corp Risk ref	Assurances to be sought
checks						
Safeguarding	-	8	Cross-cutting			
Enforcement policy compliance	-	7	Cross-cutting			
Risk Based audits						
Covid-19 recovery	15	-	Corporate	<i>Sound Financial Management</i> <i>Social and Community Infrastructure</i>	A5 A6	To provide assurance over the management of the Council's response to the pandemic and implications for the controls environment arising from amended ways of working.
Performance management	8	-	Cross-cutting	<i>All</i>	C6	A Council-wide audit that will seek to provide assurance that the following risk areas are sufficiently controlled: a) Use of performance indicators across the Council; b) Reporting of performance indicators including both positive and negative performance; and c) Deriving value from performance indicators.
Financial management	-	8	Corporate	<i>Sound Financial Management</i>	B1	To assess the Council's financial management arrangements against the latest CIPFA Financial Management Code.
Environment and climate change strategy	10	-	Cross-cutting	<i>Cleaner, Greener East Cambridgeshire</i>	C3	The Council declared a climate emergency in 2019 and has since adopted an Environment and climate change strategy. To provide assurance over embedding of the new strategy and effective delivery of the associated actions and vision.
Development control	10	-	Planning	<i>Social and Community Infrastructure</i>	B2	The audit will provide assurance that the Council operates in accordance with key legislation, it monitors and progresses issues to an appropriate conclusion and demonstrates transparency in terms of processes, communication with the public and decisions reached.
Food safety	-	8	Commercial	<i>Social and Community Infrastructure</i>	C3	The audit will provide assurance on the processes and procedures for supporting the Food Standards Agency's Rating Scheme, including businesses food safety management systems and people fitness to work arrangements.
Community right to bid	-	6	Corporate	<i>Social and Community Infrastructure</i>	C3	To provide assurance over the Council's consistent and compliant handling of applications for assets of community value.
IT asset management	8	-	ICT	<i>All</i>	C2 C6	To provide assurance over the Council's IT asset records and management – in light of increased flexible working in 2020/21.

Audit	2021/2 2	2022/2 3	Service area	Corporate Objectives	Corp Risk ref	Assurances to be sought
Controls review of critical systems /cyber security	-	10	ICT	All	C2	To provide assurance over the robustness of critical IT systems, including review of user access controls, disaster recovery and cyber security.
Client Support						
Advice and guidance	5	5	Cross-cutting			
Follow up of agreed actions	5	5	Cross-cutting			
Annual report and Head of Internal Audit opinion	5	5	Cross-cutting			
Audit plan development	3	3	Cross-cutting			
Committee and Management reporting	10	10	Corporate			
Total	200	200				