



**Internal Audit Plan
2018/19**

EAST CAMBRIDGESHIRE DISTRICT COUNCIL



INTERNAL AUDIT PLAN 2018/19

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at East Cambridgeshire District Council for 2018/19 for review and approval by the Resources and Finance Committee.
- 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.
- 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 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.
- 1.5 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 consulting 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 Resources and Finance 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 adopted a new risk management framework and corporate risk register. As such, this provides an ideal opportunity for the content of the audit plan to be reviewed to ensure it is equally focuses upon the Council's key corporate risks and to link it to the corporate risk register. This has resulted in some amendments to the previous draft audit plan for 2018/19.
- 3.2 In order to ensure that the Audit Plan for 2018/19 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 new risk register and the 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 LGSS.

3.4 Following this consultation and review, a Draft Internal Audit Plan has been compiled and is provided in Table 1. If the risk environment changes during 2018/19, however, the Audit Plan will be amended accordingly.

4 Resources

4.1 The audit assignments for all of the LGSS 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 LGSS 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 1: Draft Internal Audit Plan 2018/19 and 2019/20

Audit	2018/19	2019/20	Service area	Corporate Objectives	Corp Risk ref	Reason included and assurance sought
Anglia Revenues Partnership						
Council Tax	10	10	Revenues and Benefits	<i>Delivering a Financially Sound and Well Managed Council</i>	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	<i>Delivering a Financially Sound and Well Managed Council</i>	<i>Fraud risks</i>	To review the Council's counter fraud policies and procedures against best practice and to review their robustness in light of latest trends/developments.
Ethical Governance	0	5	Cross-cutting		<i>Fraud risks</i>	To provide assurance over the Council's ethical governance arrangements and embedding of ethical behaviours, including confidence in whistleblowing procedures and declaration of interests/hospitality.
National Fraud Initiative	10	10	Cross-cutting		<i>Fraud risks</i>	Support with reviewing and investigating matches identified by the National Fraud Initiative.
Key Financial Systems						
Bank Reconciliation	6	6	Finance	<i>Delivering a Financially Sound and Well Managed Council</i>	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	8	7	Finance		C5	
Treasury Management	5	5	Finance		B1	
Budgetary Control	5	5	Cross-cutting		B1	To specifically review the new payroll/HR system following outsourcing in 2017.
Risk Management						
Risk Management support	12	12	Cross-cutting	<i>Delivering a Financially Sound and Well Managed Council</i>	All	Administration and reporting of corporate risk register, supporting documents and review of the framework against best practice.
Making every penny count						
Invoices over £500	5	5	Cross-cutting	<i>Delivering a Financially Sound and Well Managed Council</i>	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.

Audit	2018/19	2019/20	Service area	Corporate Objectives	Corp Risk ref	Reason included and assurance sought
Key Policy Compliance						
Fees and Charges	0	5	Cross-cutting	<i>Delivering a Financially Sound and Well Managed Council</i>	C3	To provide assurance over compliance with key Council policies and procedures, based on sample testing.
Agency Staff compliance	7	0	Cross-cutting			
Key Performance Indicators	0	5	Cross-cutting			
Scheme of Delegation compliance	5	0	Cross-cutting			
Use of GPC	0	5	Cross-cutting			
Contract Extensions	0	5	Cross-cutting			
Off contract spend	0	7	Cross-cutting			
Grants to voluntary organisations	0	5	Cross-cutting			
Risk Based audits						
Local Authority Trading Company	12	10	Corporate	<i>Delivering a Financially Sound and Well Managed Council</i>	A2	To provide assurance that governance arrangements are robust and effective and services deliver value for money. <i>[Scope dependent on rights of access]</i> .
Business Continuity Management	7	0	Cross-cutting	<i>Delivering a Financially Sound and Well Managed Council</i>	C1	To provide assurance over the Council's plans and supporting procedures to enable continuity of key service delivery in the case of unforeseen incidents.
Waste management	12	0	Corporate	<i>A Fantastic Place to Live, Work and Visit</i>	D7	To review the management of the waste services following transfer to a Trading Company and provide assurance over management controls, quality and risk management.
Taxi Licensing checks	5	0	Cross-cutting	<i>A Fantastic Place to Live, Work and Visit</i>	C3	To provide assurance that the Council is fulfilling its safeguarding duties in ensuring suitable checks are conducted before issuing of Hackney and private hire licences, to ensure holders are 'fit and proper' and that vehicles are roadworthy.
Health and Safety	0	7	Cross-cutting	<i>Delivering a Financially Sound and Well Managed Council</i>	C3	To provide assurance over the Council's compliance with Health and Safety legislation and to review design of controls against best practice.

Audit	2018/19	2019/20	Service area	Corporate Objectives	Corp Risk ref	Reason included and assurance sought
ICT and Information Governance						
Controls review of critical systems / Cyber Security	5	15	ICT	<i>Delivering a Financially Sound and Well Managed Council</i>	C2	To provide assurance over the robustness of critical IT systems, including review of user access controls, disaster recovery and cyber security.
Information Governance / GDPR	15	0	Cross-cutting	<i>Delivering a Financially Sound and Well Managed Council</i>	C4	To provide assurance over the Council's control framework for ensuring compliance with new data legislation and robust information governance.
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				