

Report of the Director of Finance to the meeting of the Governance and Audit Committee to be held on 28 June 2018.

Subject:

B

INTERNAL AUDIT PLAN 2018/19

Summary statement:

This report outlines the Internal Audit Plan for the financial year 2018/19. The delivery of the audit plan will assist with risks within the systems reviewed being managed to an acceptable level through improvement in internal control.

The 2018/19 Internal Audit plan is the first year of a five year internal audit planning cycle which is detailed in the report

Andrew Crookham
Assistant Director of Finance &
Procurement
Report Contact: Mark St Romaine
Phone: (01274) 432888
E-mail:
mark.stromaine@bradford.gov.uk

Portfolio:
Corporate
Improvement Area:
Corporate

1. SUMMARY

- 1.1 The purpose of this report is to inform the Governance and Audit Committee of the Internal Audit Plan for the financial year 2018/19, giving the Committee the opportunity to contribute to the plan. It seeks to demonstrate that Internal Audit adds value to the Council by providing independent and objective assurance of risks to internal control within the Council's systems and processes. The Audit Plan reflects internal stakeholders' needs and the expected needs of the Council's external auditors for 2018/19.
- 1.2 The delivery of the audit plan will assist with risks within the systems reviewed being managed to an acceptable level through improvement in internal control.
- 1.3 This Internal Audit Plan details the work planned for the financial year 2018/19 and indicative plans for the next four years 2019/20 to 2022/23.

2. BACKGROUND

Internal Audit Plan 2018/19

- 2.1 The Council's Constitution gives the Governance and Audit Committee the responsibility of approving the Internal Audit Plan.
- 2.2 The Internal Audit Plan details the work planned for the 2018/19 financial year. The plan demonstrates that Internal Audit's resources are managed effectively and that the coverage is appropriate to allow the Head of Internal Audit, Insurance, Information Governance and Risk to gain sufficient evidence to be able to form an opinion on the internal control systems of the Council that it has reviewed. The opinion must be based on a balance of work so that the internal control environment, the risk management and governance arrangements of the authority can be assessed.
- 2.3 In February 2018 the Internal Audit Service underwent an external review to determine the level of compliance with Public Sector Internal Audit Standards. This resulted in a Quality Assurance Improvement Plan (QAIP) which will be implemented by December 2018 to ensure the Service is fully compliant with the standards. The QAIP has therefore been incorporated into the Internal Audit five year plan. One of the key findings of the peer review was to recommend an increase in the staffing levels on the team, and therefore the overall capacity of the audit plan.
- 2.4 Due to the recruitment process of the additional staff and the high demand for planned audit work in 2018/19, the Service, in conjunction with the s151 officer, has had to consider and prioritise the use of these resources. The main core delivery of Internal Audit in 2018/19 is planned to be the provision of assurance on the Council's fundamental financial and significant systems. The shortfall in resources has however impacted upon planned audit coverage in 2018/19 of fundamental systems; significant systems and corporate risks.
- 2.5 The current plan is based on a five year plan that was redesigned for 2018/19 to 2022/23. The new five year plan re-examined the risks of the authority as stated in the corporate risk register and the financial flows to ensure that internal audit resources are directed appropriately and that the Council's assurance processes are maintained. The five year plan has included contributions from departmental management teams and has also been subject to consultation at Council Management Team. It should be noted that even after the planned recruitment of four Senior Auditors in 2018, the Service is forecasting, an overall shortfall in resources of 1650 days in delivering the five year plan 2018/19 to 2022/23.

Consequently, it is expected that not all planned audits in the five year plan are deliverable and the Service will have to prioritise the use of its resources in producing the individual annual audit plans.

- 2.6 Performance against the plan is expected to be challenging in 2018/19, as the section has reduced resources at the start of the year giving it very limited capacity to absorb unforeseen audit issues and unplanned work until it recruits staff later in the year. Its performance will be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2018 and in the Annual Audit Report in June/July 2019.
- 2.7 The 2018/19 audit plan will enable the Head of Internal Audit, Insurance, Information Governance and Risk to form an opinion at the end of the year on the Council's control, risk and governance arrangements. As part of implementing the QAIP, by December 2018, the 2018/19 audit plan (and future annual audit plans) will be developed further to show clearly how the work planned will contribute to forming audit conclusions on control, risk and governance that will feed into the year end opinion.

3. OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION

- 3.1 Not Applicable.

4. OTHER CONSIDERATIONS

- 4.1 There are no other considerations.

5. OPTIONS

- 5.1 Not applicable.

6. FINANCIAL AND RESOURCE APPRAISAL

- 6.1 There are no direct financial consequences arising from this report. The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk.

7. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 7.1 The work undertaken within Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. The key risks examined in our audits are discussed with management at the start of the audit and the action required from our recommendations is verified as implemented by Strategic Directors.

8. LEGAL APPRAISAL

- 8.1 The Accounts and Audit Regulations 2015 requires the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Council achieves this by complying with the Public Sector Internal Audit Standards (PSIAS), which it does by following the CIPFA Local Government Application Note. The Internal

Audit Plan needs to be approved by the Governance and Audit Committee to ensure compliance with the PSIAS.

9. OTHER IMPLICATIONS

9.1 Equality and Diversity

The Audit Plan seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work Internal Audit will review the delivery of service to ensure that either appropriate charges have been made or that the service provided is in accordance with the formal decision making process of the Council.

9.2 Sustainability implications

When reviewing Council Business Internal Audit will be examining the sustainability of the activity and to ensure that mechanisms are in place so that services are provided within the resources available

9.3 Greenhouse Gas Emissions Impacts

There are no direct impacts on Gas Emissions.

9.4 Community safety implications

There are no direct community safety implications.

9.5 Human Rights Act

There are no direct Human Rights Act implications.

9.6 Trade Union

There are no implications for the Trade Unions arising from the report.

9.7 Ward Implications

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

9.8 Implications for Corporate Parenting

None

9.9 Issues Arising from Privacy Impact Assessment

None

10. NOT FOR PUBLICATION DOCUMENTS

10.1 None

11. **RECOMMENDATIONS**

11.1 That the Committee reviews and approves the Internal Audit Plan for 2018/19.

12. **APPENDICES**

12.1 Appendix 1 – Internal Audit Plan 2018/19

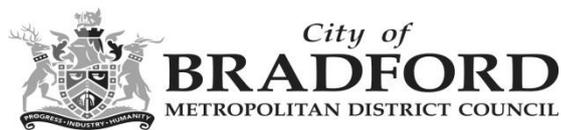
13. **BACKGROUND DOCUMENTS**

13.1 Accounts and Audit Regulations 2015.

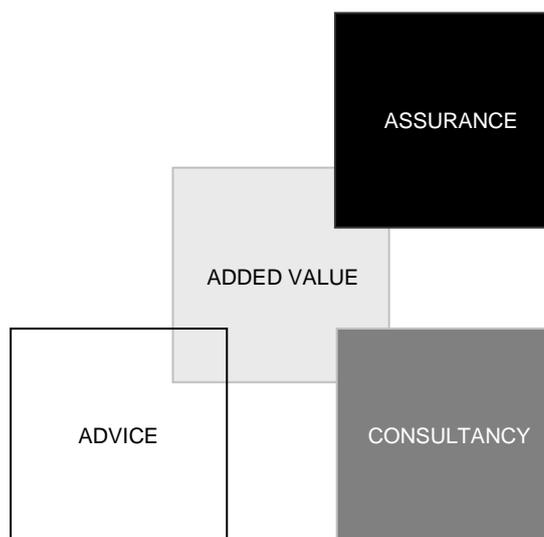
13.2 Public Sector Internal Audit Standards.

13.3 The CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards.

Internal Audit



INTERNAL AUDIT PLAN 2018/19



DEPARTMENT OF CORPORATE RESOURCES

INTRODUCTION

One of the requirements of the “Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note” is that an Annual Internal Audit Plan is produced and approved by the Governance and Audit Committee. Compliance with the PSIAS and the Local Government Application Note is a requirement of the Accounts & Audit Regulations 2015.

The plan has been developed in consultation with Andrew Crookham, the Assistant Director of Finance & Procurement and Section 151 Officer of the Council and the Strategic Directors for each Department along with their management teams. In order to prevent duplication of work and to ensure that the required audit assurances on the Council’s financial systems are provided, the 2018/19 plan will be shared, as is normal practice, with the Council’s external auditors. Internal Audit is committed to maintaining a strong working relationship with External Audit co-planning the internal and external audit programmes as required. Regular meetings will be held with the External Auditors throughout the year in order to share mutually beneficial information relating to risks and controls.

This Internal Audit Plan details the work planned for the financial year 2018/19 and indicative plans for 2019/20 to 2022/23.

Mark St Romaine

Head of Internal Audit, Insurance, Information Governance and Risk

June 2018

Circulation:

Members
Andrew Crookham
Mark Kirkham
All Staff

Governance and Audit Committee
Assistant Director of Finance & Procurement
Director and Engagement Lead, Mazars
Internal Audit

1. KEY AIMS

1.1 The key aims of Internal Audit are to:-

- Support the Governance and Audit Committee.
- Independently review, appraise and report on the adequacy of the systems of financial control throughout the Council and act as a catalyst for positive change and continual improvement.
- Provide assurance to Management that identified risks are controlled to an acceptable level and emerging risks and proposed developments reviewed are also adequately governed and managed with appropriate controls built in.
- Be a source of advice on risk and control issues to service managers on operational matters and the impact of change.
- Champion and promote good practice and support the Council in its wider business objectives.
- Assist in promoting an environment and culture which will help deter and identify suspected fraud.
- Add value to the Council by identifying any improvements during the day to day audit activity.
- Provide required assurance to Government Departments on the entitlement to and application of specific funds.
- Work in partnership with External Audit to minimise duplication of the audit resource.

2. RESOURCES AVAILABLE

2.1 The total net resources available to Internal Audit are 2,276 person days (8.7 FTE) which has increased by 399 days (1.5 FTE) from the 1877 days (7.2 FTE) available in 2017/18. These additional person days will increase the capacity of the function and its service delivery capabilities. The net increase is due to the full year effect of one member of staff leaving the Authority, the planned recruitment of four full time Senior Auditors who are expected to be in post by 1.10.18 and the procurement of 60 computer audit days.

3. INTERNAL AUDIT PLAN SUMMARY 2018/19

3.1 The summary of the Internal Audit Plan for 2018/19 in person days, by type of audit activity, is shown in Appendix A. The Plan initially showed a resourcing gap of 1230 days, which was subsequently balanced after undertaking a prioritisation process (see 5.10 for more details).

3.2 This resource gap is mainly attributable to the recruitment process for the additional four Senior Auditors that it requires and the high demand for planned audit work in 2018/19.

3.3 The Committee needs to determine whether it approves of the Service's proposed action to reprioritise and reduce the scope and coverage of its initial 2018/19 audit plan in order to match it to available resources. Members will need to be mindful that if this action is pursued, it will result in a reduction in audit assurance, as certain risks will not be audited in as much detail as initially planned and in some cases not at all. Consequently, there is an increased risk that any breakdown in internal control will go undetected by Internal Audit.

Performance against the plan is expected to be challenging in 2018/19, as the balanced plan gives the Service limited capacity to absorb unforeseen audit issues and unplanned work, without it affecting the delivery of planned core audit work.

- 3.4 During the year progress against the audit plan will be regularly monitored to ensure that audit resources are efficiently and effectively deployed. The performance will be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2018 and in the Annual Audit Report in June/July 2019.

The majority of assignments will be completed during the year but as is normal working practice some will inevitably be finalised in the following financial year.

The annual plan may change during the year, subject to capacity constraints, to reflect any significant events or new risks that occur through the year.

4. INTERNAL AUDIT PLANNED WORK

- 4.1 An audit risk assessment is undertaken annually on all individual systems throughout the Council. The assessment takes into account a wide number of factors such as financial value, whether the systems operating have changed, Corporate Governance requirements, Corporate and Directors' priorities, prior audit assurance and known areas of concern.

The risk assessment drives the annual audit plan which enables Internal Audit to perform the necessary controls assurance work on the Council's core systems and processes.

The Internal Audit Plan has been designed so that the Head of Internal Audit can provide an opinion which assesses the internal control environment, the risk management and governance arrangements of the authority.

- 4.2 The current audit plan is based on a five year plan that was redesigned for 2018/19 to 2022/23. The new five year plan re-examined the risks of the Authority as stated in the corporate risk register and the key financial flows as stated in the financial ledger, to ensure that Internal Audit resources are directed appropriately and that the Council's assurance processes are maintained. The five year plan has included contributions from departmental management teams and has also been subject to consultation at Council Management Team.

5. BREAK DOWN OF AUDIT ACTIVITY

The following sections provide the detailed breakdown of the major productive areas covered in the Internal Audit Plan, by audit activity type, together with an indication of some of the key considerations in each area.

5.1 Service Assurance Based Internal Audit Activity

PSIAS require Internal Audit to take a broader view on the Council's business risks and objectives. In order to facilitate this, Internal Audit will review the control environment supporting the Council's Corporate risks. An assurance mapping exercise was performed on the Council's Corporate risk register to identify the possible work Internal Audit could complete to benefit the Council.

This was used to produce the new five year audit plan, with the 2018/19 audit plan aiming to provide a broader view of audit coverage, as there is provision in the plan to perform audits that will look at controls which focus on organisational issues, the Council Plan and transformational change rather than financial issues. These audits will, on a cyclical basis, focus on providing assurance regarding the risk management of a sample of the corporate risks as stated in the corporate risk register. Appendix B shows the suggested cyclical

audit coverage of the current corporate risks, the Council Plan and transformational change, which can be revised as appropriate.

The preliminary areas to review in 2018/19 are:

A great start and good schools for all our children
Better skills, more good jobs and a growing economy
Transformational Change

In addition, the audit plan will look to deliver more service assurance based internal audit activity than in previous years. These are included within the significant systems area of the plan, see Appendix D

5.2 Fundamental Financial Systems

The work undertaken by Internal Audit helps the Assistant Director of Finance & Procurement and External Audit to fulfil their statutory responsibilities. Fundamental financial systems are those systems that have a material impact on the Council's accounts, for example Council Tax. These audits ensure that there are adequate controls to support the Annual Governance Statement and influence the level of External Audit testing.

Appendix A shows that a total of 257 days has been allocated to fundamental financial systems work for 2018/19. This is a decrease of 16% on the 307 days allocated in 2017/18. The approach to auditing fundamental financial systems centres on in depth auditing, on a five year cycle, of the controls operating within an element of the fundamental financial systems. This is the prime basis of the Head of Internal Audit, Insurance, Information Governance and Risk's assurance statement.

Details of the fundamental financial systems and their cyclical coverage are shown in Appendix C.

5.3 Significant Systems

The audit risk assessment identifies all the significant audit risks. The work on significant systems of the Council, which are operational within Services, such as Better Care Fund, Leaving Care Placements, Performance Management and Waste Management supports the Head of Internal Audit, Insurance, Information Governance and Risk's assurance statement on the internal control systems of the Council. On a five year cycle, Internal Audit aims to cover most of the Council's significant systems.

Details of the planned five year coverage of core significant departmental systems including schools are shown in Appendix D.

Appendix A shows that 390 days has been allocated to significant systems work for 2018/19, which is almost the same as the 393 days allocated in 2017/18.

5.4 School Audits

Schools operate under delegated financial and governance arrangements and have responsibility for significant resources. The audit plan each year includes time for the review of the systems within schools and supporting schools.

Each year audits are undertaken at a number of individual schools deemed higher risk due, for example, to the level of support they need from the Council's School Funding Team or

significant changes at the school. These audits assess the mitigation of risks at the school across seven key systems. The 2018/19 plan includes capacity to perform eight school audits during the year, the same as in 2017/18 due to resourcing issues. The position regarding academy conversions will continue to be monitored throughout 2018/19 to ensure audit resources are focussed appropriately in the context of this changing landscape.

Further, there is an allocation of time relating to the Schools Financial Value Standard, (SFVS), an Education & Skills Funding Agency initiative, (sitting within the Department for Education), consisting of 25 questions which School Governing Bodies must discuss annually with their Heads and Senior Staff. All maintained schools, except those that meet certain exception criteria, are required to complete an annual SFVS assessment and return it to the Council by the 31 March.

The SFVS also places a requirement on the Assistant Director of Finance & Procurement to have in place a system of audit for schools which gives adequate assurance over their standards of financial management and to take into account the SFVS returns when setting the audit plan for schools. This must be declared within an annual position statement which also details the number of schools carrying out the self assessment. There is an allocation of time within the plan for analysis of the assessments in order to inform the audit plan and the Interim Strategic Director of Corporate Resource's position statement.

Completion of the SFVS is the responsibility of individual schools, however there is an allocation of time in the audit plan to provide schools with training on the completion of their SFVS assessments. The aim of the training is to equip Governing Bodies with the skills needed to produce a good quality SFVS assessment by ensuring that effective financial management is in place in school. This has proved to be an effective use of audit resources as good practice on financial management principles can be disseminated to many schools during one training session. Positive feedback has also been received from delegates on the training delivered to date.

Appendix A shows that the number of resources allocated to schools work for 2018/19 is 166 days, which is an increase of 13% on the 147 days allocated in 2017/18.

5.5 Computer Audit

A total of 60 days has been allocated to computer audit in 2018/19, which is consistent with the days allocated in 2017/18. In 2017/18 the Computer Audit Service was brought in from Wakefield Council. Whilst Bradford would like to retain this service it is currently unlikely to be available. During the next 6 months the Head of Internal Audit will review the options for the delivery of computer audit and establish the appropriate arrangements. In 2018/19 computer audits in the following areas Accreditation and Standards, and Systems and Technical are planned. The computer audit coverage planned to be delivered over the five year cycle is shown in Appendix E.

5.6 Grants

There are no significant differences in the number of grants and funding streams known to require certification in 2018/19 compared to 2017/18, although, as in previous years there is always potential for Internal Audit to receive notification of new grant certifications during the year.

Grant work has been allocated 67 days within the 2018/19 plan to complete the certifications listed below.

Cycle City Ambition Grant 2017/18
Disabled Facilities Grant 2017/18
Families First (Troubled Families Funding) 2018/19
Highways Challenge Fund Grant 2017/18
Highway Flood Recovery Grant 2017/18
Local Authority Bus Subsidy Grant 2017/18
National Productivity Investment Fund Grant 2017/18
PE & Sport Grant 2017/18
WCA Local Transport Block Funding Grant 2017/18
West Yorkshire Plus Transport Fund Grant 2017/18

5.7 Follow Up Audits

The Chief Executive and Strategic Directors have the responsibility, in accordance with Financial Regulations, to ensure that the agreed action on Internal Audit report recommendations has been implemented; and on an annual basis Internal Audit seek written confirmation of the level of progress of implementation.

In addition, a sample of follow up audits are carried out to confirm that actual progress is in line with that stated.

During 2018/19 Internal Audit will look to enhance the way in which recommendations are monitored with the aim of encouraging more timely implementation of recommendations and improving the accuracy of the annual Director's sign off.

Appendix A shows that the number of resources allocated to follow ups in 2018/19 is 45 days, which is a slight reduction from the 2017/18 allocation of 55 days, due to the number of high priority recommendations requiring following up reducing, as a consequence of fewer audits being performed than in prior years.

5.9 Advice & Controls Awareness

Advisory and control awareness work is mainly demand led and includes advice on system design. This has been increased to 104 days from 66 days in 2017/18.

5.10 Audits Deferred from the 2018/19 Plan

Details of the audits removed from the Original Internal Audit Plan 2018/19 Plan to match the level of available resources are shown in Appendix F. The majority of the reduction to produce the Internal Audit Plan for 2018/19, came from the Fundamental Systems (220 days) and Significant Systems (580 days) areas of the audit plan, as these are the largest audited areas.

These deferred audits have not yet been allocated across the future years, 2019/20 to 2022/23, in this five year plan.

It should be noted that even after the planned recruitment of four Senior Auditors in 2018, the Service is forecasting, based on the Audit Universe that was reviewed by departmental management service teams in April 2018, an overall shortfall in resources of 1650 days in delivering the five year plan 2018/19 to 2022/23. Consequently, it is expected that not all planned audits in the five year plan are deliverable and the Service will have to prioritise the use of its resources in producing future annual audit plans. However if the additional posts

are filled there will be significant strengthening in the work supporting the Annual Internal Audit opinion.

6. West Yorkshire Pension Fund (WYPF)

The WYPF Internal Audit Plan (see Appendix G) is for 255 days commissioned work that is split between investments and the administration of pensions. The number of days was increased from 170 in previous years to 255, from 2018/19, at the request of the WYPF Financial Controller, due primarily to increasing risk as a result of the Northern Pool and also an increase in activity in shared services to other Pension Funds such as Lincolnshire Pension Fund and Fire Services.

The volume and value of transactions is used to initially determine the frequency of an audit and necessitates that some of the key financial systems are reviewed more frequently than others. Consideration is also given to the significance of previous recommendations made, new legislation, new systems and the Director's priorities. The timing or frequency of an audit may change if a system is changed or Internal Audit is asked to bring forward a specific audit or has specific concerns. If new systems are introduced these will be prioritised to be audited once the system is embedded.

Investments

Equities are audited every year due to the value of the investments, (68.1% of WYPF's market value at 31.3.18). Other asset classes are audited on either a three or five yearly basis with Direct Property being examined two yearly due to it being a relatively new area of investment

Treasury Management is currently being audited on an annual basis following the banking crisis and the increased risk to cash holdings. The Financial Controller has also requested that we carry out a Quality Check on the WYPF statement of accounts on an annual basis.

Pensions

Ensuring that New Pensions and Lumps Sums are correctly calculated and paid is crucial to the success of the system because all future payments are based on this calculation. Therefore this area is audited annually, using a different pensioner type each year.

Pensioners Payroll is audited twice in every five years as is Local Government Scheme Contributions. Reimbursement of Agency Payments, AVC Arrangements and Life Certificates are audited once every five years because of the low level of recommendations made in previous audits.

All of the other pension audits occur at least once in every five years subject to agreement with the Financial Controller.

Contingency

The WYPF Internal Audit Plan also contains a contingency to accommodate requests for additional work during the year.

7. Compliance with Public Sector Internal Audit Standards

In February 2018 the Internal Audit Service underwent an external review to determine the level of compliance with Public Sector Internal Audit Standards. This resulted in a Quality Assurance Improvement Plan (QAIP) which will be implemented by December 2018 to ensure the Service is fully compliant with the standards. The QAIP has therefore been incorporated into the Internal Audit five year plan and is detailed in Appendix (H) The plan will be monitored through the year and progress reported to the Governance and Audit Committee. One of the key aspects of the QAIP will be looking at the skills of the team and ensuring they meet the future demands of the service.

The 2018/19 audit plan will enable the Head of Internal Audit, Insurance, Information Governance and Risk to form an opinion at the end of the year on the Council's control, risk and governance arrangements. As part of implementing the QAIP, by December 2018, the 2018/19 audit plan (and future annual audit plans) will be developed further to show clearly how the work planned will contribute to forming audit conclusions on control, risk and governance that will feed into the year end opinion.

The Head of Internal Audit is not involved in audits where they have had either existing or previously held operational responsibility. If an audit is undertaken of Risk Management, Information Governance or Insurance the reports are reviewed by an Audit Manager and reported directly to the Assistant Director Finance and Procurement to avoid a conflict of interest.

INTERNAL AUDIT PLANS FOR 2018/19 AND 2017/18 BY AUDIT ACTIVITY

	2017-18 Plan	2018-19 Plan
	2017-18	2018-19
Full Time Equivalents (net of leave & public holidays)	7.2	8.7
	Days	Days
Fundamental Financial Systems	307	257
Significant Systems	393	390
Strategic & Departmental Risks/Council Plan	20	60
Transformational Change	0	25
Schools	147	166
Computer Audit	60	60
Grants	70	67
Follow-up Audits	55	45
Advice & Control Awareness	66	104
West Yorkshire Pension Fund	170	255
Administration	93	207
Management: Plan Delivery	229	208
Management: Technical	22	51
Training	45	70
Management and Overheads Non-BMDC Audit	194	264
Contingency Provision	6	47
TOTAL PRODUCTIVE TIME	1877	2276

**PLANNED AUDIT COVERAGE OF CORPORATE RISKS / COUNCIL PLAN /
TRANSFORMATIONAL CHANGE**

AUDIT	Audit Plan Year				
	2018-19	2019-20	2021-22	2021-22	2022-23
A great start and good schools for all our children	x		x		x
Better skills, more good jobs and a growing economy	x		x		x
A well run council, using all our resources to deliver our priorities			x		x
Decent homes that people can afford to live in			x		x
Better health, better lives				x	
Safe, clean and active communities				x	
Transformational Change	x			x	
Better health, better lives		x			
Safe, clean and active communities		x			
Adults safeguarding incident		x			
Financial Resilience and Sustainability		x			
Children's Safeguarding Incident		x			
Environment and Sustainability		x			
Information Security		x			
Maintenance of Business Continuity Capacity		x			
Partnership Delivery		x			
Public Health Priorities		x			
Governance Breakdown			x		
Quality Accessible and Affordable Housing			x		
Regeneration and Investment attraction into the District				x	
Delivery of Skills and Training Priority					x
Adults Social Care Transformation					x
Educational Attainment					x
Health Management					x
Maintenance of Cohesive Communities					x

FUNDAMENTAL SYSTEMS – 5 YEAR CYCLE OF DETAILED COVERAGE

Fundamental System	AUDIT PLAN YEAR				
	2018-19	2019-20	2020-21	2021-22	2022-23
Council Tax/NNDR					
Valuation/Liability/Billing/Refunds		x			
Enforcement & Write Offs	x			x	
Benefits					
Housing Benefit	x			x	
Assisted Purchase Scheme/Alternative Assistance/Discretionary Housing Benefits		x			x
Free School Meals		x			
Overpayments		x			x
Accounts Receivable					
Invoicing & Refunds					x
Enforcement & Write Offs	x				
Accounts Payable					
Requisitioning/Ordering/Receipting	x			x	
Payments including feeder files and miscellaneous payments		x			x
Supplier Maintenance		x			x
Procurement					
Corporate Contracts & Frameworks	x		x		x
IR35	x			x	
Agency Spend		x			
Contract Management Review					x
Procurement Processes (Quotes, Tenders, Contracts Award)		x		x	
Purchase cards			x		x
Third Sector Contracts				x	
Payroll					
Starters & Leavers*	x	x		x	x
Certification of Pension Contributions	x	x	x	x	x
Payroll Processing including temporary & permanent variations, voluntary deductions, salary sacrifice, statutory payments				x	
Apprenticeship Levy			x		
External Payroll Provision including billing for salary costs			x		x
Expenses and Allowances				x	
* alternate between Schools and Council					

AUDIT PLAN YEAR

Fundamental System	2018-19	2019-20	2020-21	2021-22	2022-23
Cash, Banking, Investments and Loans					
Cash income (collection, banking, management/governance)/Capita cash receipting system	x		x		x
Bank reconciliation/unallocated cash		x			x
Cash Purchasing		x			x
Investments and Loans			x		
Budgetary Control					
Budgetary control		x			x
Capital					
Accuracy of Asset Management register (CAFM): Revaluations, additions and disposals				x	
Capital Programme				x	
Capital Schemes	x	x	x	x	x
Final accounts review		x			
Human Resources					
Flexitime / Timerecording	x				
Sickness Absence				x	

CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS – 5 YEAR PLANNED COVERAGE

	CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS	Audit Plan Year				
		2018-19	2019-20	2020-21	2021-22	2022-23
Health & Wellbeing	Continuing Healthcare	x			x	
	Self Directed Support (Direct Payments/ISFs etc)			x		
	S117 Mental Health	x				x
	Better Care Fund including Support & Enablement	x			x	
	Financial Assessment / Journey of Clients	x				
	BACES		x			
	Residential homes site reviews		x			
	Case Management		x			
	Deferred payment for long term residential care		x			x
	Governance Arrangements re Future Integration with Health		x			x
	Public Health Contracts / Monitoring/ Service Delivery				x	
	Deprivation of Liberties / Court of Protection / Deputyships			x		
	Resource Allocation System			x		
	ContrOCC & System One				x	
	Receiverships & Appointeeships				x	
	Data Quality				x	
	Commissioned Care				x	
	No recourse to public funds					x
Departmental Risk Management		x		x		
Children's Services	Looked After Children (in house fostering, special guardianship) & Leaving Care Placements	x		x		
	Leaving Care Placements			x		
	Outdoor Centres	x				
	Special Educational Needs Placements (out of area)	x		x		
	Case Management		x			
	Early Years		x			x
	Quality Assurance of Social Work activity		x			
	Residential Children Homes		x			
	School transport		x			x
	Commissioning (Fostering agencies)			x		

	Procurement – Children’s			x		
	Departmental Risk Management		x		x	
	School Funding Allocation			x		
Corporate Resources	Building Maintenance/Services/TF/ CAFM	x				
	Risk Management	x		x		x
	Health & Safety		x			
	Rents incl miscellaneous, market and other rents			x		
	Energy Management / Carbon Reduction / Utilities			x		
	Insurance					x
	Member’s Allowances			x		
	Grants certification	x	x	x	x	x
	Grants to Voluntary Organisations					x
	Registrars					x
	Departmental Risk Management	x		x		x
	Place	Waste Management/Recycling	x			
S106 and Community Infrastructure Levy		x				
Swimming Pool and Sports Centre Income		x				
Licensing (Taxis etc)					x	
Car Parking Income			x			
Transport incl vehicle repairs and maintenance, fuel recharge						x
Homelessness			x			
Planning Applications and Building Regulations Fees			x			
Regeneration Grants / Loans/Business Rates Relief			x			
Neighbourhoods and Customer Service					x	
Gritting					x	
Cemeteries and Crematoria			x			
Departmental Risk Management				x		x
Chief Executive	Corporate Governance	x				
	Performance Management	x				
	Conflicts of Interest		x			
	Partnership Governance		x			
	Departmental Risk Management			x		
Schools	School Audits - Finance and Governance	x	x	x	x	x
	Safeguarding & Recruitment				x	
	IR 35	x			x	

	Procurement				X	
	Independent Payroll				X	
	SFVS Assessment	X	X	X	X	X
	SFVS Training	X	X	X	X	X
	In Control news letter	X	X	X	X	X
	6 th Form Funding Assurance	X				

COMPUTER AUDIT – 5 YEAR CYCLE OF DETAILED COVERAGE

	AUDIT PLAN YEAR				
	2018-19	2019-20	2020-21	2021-22	2022-23
Computer Audit					
Accreditation & Standards	x			x	
Business Services			x		
Management		x			x
Systems & Technical	x	x	x	x	x

2018-19 PLANNED AUDITS DEFERRED TO FUTURE YEARS IN ORDER TO BALANCE THE AUDIT PLAN (2018-19) TO AVAILABLE RESOURCES.

THESE DEFERRED AUDITS HAVE YET TO BE ALLOCATED ACROSS 2019-20 TO 2022-23

AUDIT AREA	AUDIT DEFERRED FROM 2018-19 TO FUTURE YEARS
Corporate Risk Management	Delivery of Skills and Training Priority
	Adults Social Care Transformation
	Educational Attainment
	Health Management
	Maintenance of Cohesive Communities
Computer Audit	Business Services
Follow Ups	Provision for 2 follow ups
Accounts Receivable	Invoicing & Refunds
Benefits	Blue badge parking / disabled persons travel permits
Capital	Accuracy of Asset Management register (CAFM): Revaluations, additions and disposals
	Capital Programme
Human Resources	Sickness Absence
Payroll	Expenses/Allowances
	External Payroll Provision including billing for salary costs
	Payroll Processing including temporary and permanent variations, voluntary deductions, salary sacrifice, statutory payments
Procurement	Awarding of Corporate Contracts & Frameworks
	Contract Management Review
	Third Sector Contracts
Health & Wellbeing	Supporting People/Housing Related Support
	Public Health Contracts / Monitoring/ Service Delivery
	ContrOCC & System One
	Receiverships & Appointeeships
	Data Quality
	Commissioned Care
	Homecare income from client
Children's Services	Leaving Care Placements
	Commissioning (Fostering agencies)
	Procurement – Children's
	Respite Homes (Clockhouse/Wedgewood)
	School Funding Allocation
Corporate Resources	Energy Management / Carbon Reduction / Utilities
	Insurance
	Member's Allowances
	Coroners
	Data Protection arrangements
	Election expenditure
	School catering

Place	Trade Refuse and Recycling Income
	Civil Enforcement Parking/Fines & Summonses
	Artists Fees Payments
	Markets
	Theatre Ticket Charges & Admissions
	Transport & Highways
	Departmental Risk Management
Chief Executive	Complaints
	Ethical Governance
Schools	Procurement
	Independent Payroll
	Safeguarding and Safer Recruitment

APPENDIX G

WYPF Plan 2018/19 to 2022/23					
	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23
Pensions Administration					
Local Government Scheme Contributions	x			x	
New Pensions and Lump Sums	x	x	x	x	x
Transfers Out					x
Transfers In		x		x	
Reimbursement of Agency Payments					x
Life Certificates			x		
AVC Arrangements					x
Admission of New Bodies		x			
Pensioners Payroll	x		x		
Purchase of Additional Pension				x	
Annual Benefit Statements		x		x	
New Pension and Lump Sums - Fire Service	x		x		
Information Governance including GDPR	x				
Transfer of Data	x				
Investments					
Equities	x	x	x	x	x
UK Fixed and Index Linked Public and Corporate Bonds		x			x
UK Unit Trusts Property and Other					x
Direct Property		x		x	
Foreign Unit Trusts (Property and Other)		x			
Fund of Hedge Funds			x		
UK and Overseas Private Equity	x		x		
Global Bonds	x				
Cash Treasury Management (Short term Lending)	x	x	x	x	x
Stock Lending					x
Compliance with IAP Investment Decisions and Policies				x	
Verification of Assets					x
Annual Accounts Verification	x	x	x	x	x
Northern Pool Arrangements	x				
Custodial Procurement and Transfer of Custodial Arrangements	x				

APPENDIX H

Bradford Council Internal Audit Quality Assurance Improvement Plan 2018-19

Ref	Assessment Recommendations	Management Actions	Lead Officer	Deadline
1	<p>The Assistant Director Finance and Procurement should look at the future resource requirements for the service, ensuring the review considers:</p> <ul style="list-style-type: none"> • The overall level of resources required to fulfil the statutory and professional requirements of the service • The extent to which the current Head of Audit's position is conflicted due to a high level of other responsibilities • The overall level of non- audit responsibilities performed by the audit team, including the HoIA • There is sufficient access to technical ICT audit resources 	<p>Service resource levels, audit documentation, planning and potential conflict in responsibilities will be assessed and addressed by a review of the service during 2018.</p>	<p>Assistant Director Finance and Procurement (ADFP)</p>	<p>December 2018</p>
2	<p>The Assistant Director Finance and Procurement should ensure there are sufficient safeguards in place to ensure audit independence and objectivity are not compromised by any non- audit responsibilities retained by internal audit, including in particular the HoIA.</p> <p>Safeguards should be reported to, and agreed by, the Governance and Audit Committee.</p>	<p>Building on the action in 1, we will seek to address circumstances that give rise to audit independence and objectivity being compromised, and would expect to report appropriate safeguards as part of our reporting process.</p>	<p>ADFP</p>	<p>December 2018</p>
3	<p>The Assistant Director Finance and Procurement should consider removing the requirement for the HoIA to deputise for the Chief Finance Officer and amend the job description accordingly.</p>	<p>This will be removed. The HoIA post isn't the Deputy Chief Finance Officer (held by the Head of Budgeting, Management Accounting and Projects), and therefore has no statutory standing in relation to those powers.</p>	<p>ADFP</p>	<p>December 2018</p>
4	<p>The HoIA should update the Declarations of Interest form to refer to the current audit Standards.</p>	<p>The Declarations of Interest Form will be updated to refer to the current Standards.</p>	<p>Head of Internal Audit (HOIA)</p>	<p>March 2018</p>

Ref	Assessment Recommendations	Management Actions	Lead Officer	Deadline
5	The Assistant Director Finance and Procurement should determine the required involvement of (1) the Governance and Audit Committee in decisions about the appointment of the HoIA and (2) the Committee and/or the Chief Executive in the HoIA's performance appraisal, and obtain the agreement of the Governance and Audit Committee and Chief Executive as appropriate.	The Council's Standing Orders do not allow for formal/direct involvement of Members in the appointment of the HoIA. The views of the Chair of the Committee and Chief Executive will be sought as part of the annual appraisal process.	ADFP	June 2018
6	The HoIA should ensure the wording of his 2017/18 annual report complies with the requirements of the Accounts and Audit Regulations and the Audit Standards.	The audit opinion within the 2017/18 Annual Head of Audit Report will comply with the requirements of the Accounts and Audit Regulations and Audit Standards. The 2016/17 Annual Head of Audit Report included a long statement on the Council's governance procedures, but included no comment in the actual audit opinion itself.	HoIA	July 2018
7	The HoIA should ensure future plans show clearly how the work planned will contribute to forming an opinion at the end of the year on the Council's control and/or risk and/or governance arrangements.	Future annual audit plans will be designed to clearly show how they contribute to forming audit conclusions on control, risk and governance.	HoIA	July 2018
8	The HoIA should update the Audit Charter as a priority.	The Audit Charter will be updated to reflect the current audit standards. However, it should be noted that CIPFA have not yet issued its Local Government Application Note which should detail how the Charter should be revised.	HoIA	July 2018
9	The HoIA should complete audit procedure notes to supplement the MK Insight process details.	Audit procedure notes will be completed to describe the current audit process now that MK Insight has been implemented.	HoIA	December 2018
10	The HoIA should enhance the Quality Assurance and Improvement Programme to include wider development needs that can be derived from, for example: <ul style="list-style-type: none"> • skills assessments against future needs and resulting team development programmes, • occasional client surveys • feedback loops from file reviews, • personal development reviews • feedback from staff on opportunities for improvement 	The Quality Assurance and Improvement programme will be broadened in scope in future.	HoIA	December 2018
11	The HoIA should undertake an assessment of future service requirements and skills required to meet requirements, and produce a team development plan to deliver the core needs identified.	A team development plan will be produced to deliver the service's future needs.	HoIA	July 2018
12	The HoIA should ensure key audit reports, including the strategic and annual audit plans, and the HoIA annual report are presented to the Corporate Management Team	Internal Audit currently reports through the Chief Finance Officer and the Governance and Audit Committee. There are regular briefings to the Chief Executive. We will explore the merits of periodic reporting to CMT, subject to timetabling, in line with the reports that are presented to Governance and Audit Committee.	ADFP	April 2018

Ref	Assessment Recommendations	Management Actions	Lead Officer	Deadline
13	The HoIA should ensure all reports confirm work has been done in accordance with the Standards, unless this does not apply.	This is the case for non MKI generated reports, which are a small percentage of the reports. All future audit reports are to confirm that work has been done in accordance with the Standards unless this does not apply.	HoIA	April 2018