

# Report of the Strategic Director of Corporate Resources to the meeting of the Governance and Audit Committee to be held on 18 April 2019.

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**Subject:**

INTERNAL AUDIT PLAN 2019/20

**Summary statement:**

This report outlines the Internal Audit Plan for the financial year 2019/20. 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 2019/20 Internal Audit plan is the second year of a five year internal audit planning cycle which is detailed in the report.

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Joanne Hyde  
Strategic Director of Corporate  
Resources

**Portfolio:**

**Corporate**

Report Contact: Mark St Romaine  
Phone: (01274) 432888  
E-mail: [mark.stromaine@bradford.gov.uk](mailto:mark.stromaine@bradford.gov.uk)

**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 2019/20, 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 2019/20.
- 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 is the second year of a five year internal audit planning cycle and details the work planned for the financial year 2019/20, together with indicative plans for the next four years 2020/21 to 2023/24.

## 2. BACKGROUND

### Internal Audit Plan 2019/20

- 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 2019/20 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 has been substantially implemented as at March 2018. The QAIP has been incorporated into the Internal Audit five year plan 2018/19 to 2022/23. 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 Four additional Senior Auditors (3.35FTE) were recruited in August 2018. However, due to the high demand for planned audit work in 2019/20, 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 2019/20 is planned to be the provision of assurance on the Council's fundamental financial and significant systems.
- 2.5 The current plan is based on a five year plan that was redesigned for 2018/19 to 2022/23. The 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 with Council Management Team. It is the case that there will always be a shortfall of resources against the planned work required. 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 will be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2019 and in the Annual Audit Report in June/July 2020.

2.7 The 2019/20 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, the 2019/20 audit plan has been developed 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 Internal Audit Plan for 2019/20 be reviewed and approved.

## **12. APPENDICES**

12.1 Appendix 1 – Internal Audit Plan 2019/20.

13. **BACKGROUND DOCUMENTS**

13.1 Accounts and Audit Regulations 2015.

13.2 Public Sector Internal Audit Standards 2017.

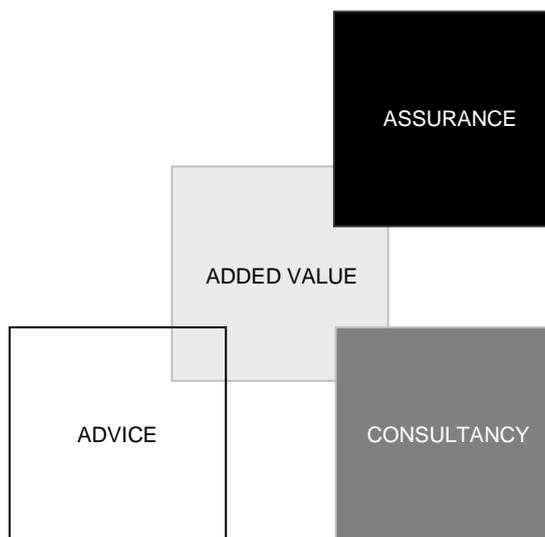
13.3 The CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards 2019 Edition.

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# Internal Audit



## INTERNAL AUDIT PLAN 2019/20



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 Joanne Hyde, the Strategic Director of Corporate Resources, the 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 2019/20 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 2019/20 and indicative plans for 2020/21 to 2023/24.

*Mark St Romaine*

Head of Internal Audit, Insurance, Information Governance and Risk

April 2019

### **Circulation:**

Members  
Joanne Hyde  
Cameron Waddell  
All Staff

Governance and Audit Committee  
Strategic Director of Corporate Resources  
Director and Engagement Lead, Mazars  
Internal Audit

## 1. KEY AIMS

- 1.1 Internal Audit's role is to independently review, evaluate and report upon the internal control procedures that management have established, both in financial and non financial systems and make appropriate recommendations whenever controls are found to be missing, excessive or not operating effectively.
- 1.2 Internal Audit will assess and make appropriate recommendations to improve the organisation's governance processes for:
- making strategic and operational decisions
  - overseeing risk management and control
  - promoting appropriate ethics and values within the organisation
  - ensuring effective organisational performance management and accountability
  - communicating risk and control information to appropriate areas of the organisation, and
  - coordinating the activities of and communicating information among CMT, Governance and Audit Committee, external and internal auditors, other assurance providers and management
- 1.3 Internal audit activity will evaluate risk exposures and the effectiveness of control relating to the organisation's governance, operations and information systems regarding the
- achievement of the organisation's strategic objectives
  - reliability and integrity of financial and operational information
  - effectiveness and efficiency of operations and programmes
  - safeguarding of assets, and
  - compliance with laws, regulations, policies, procedures and contracts
  - occurrence and management of fraud risk
- 1.4 Overall Internal Audit undertakes the following functions:-
- a) The continuous, systematic and structured review of the soundness, adequacy and application of the Council's internal control systems in accordance with the audit plan.
  - b) Receiving notifications of all suspected or known losses or irregularities concerning cash, property, stores or other financial matters.
  - c) Undertaking management reviews and reporting the findings to management for them to take the appropriate course of action.
  - d) Reviewing and advising upon developing systems.
  - e) Providing advice on financial systems, procedures, regulations, corporate governance issues and risk management.
  - f) Contributing to the Council's objectives and best value whenever possible

## 2. RESOURCES AVAILABLE

- 2.1 The total net resources available to Internal Audit are 2505 person days (9.6 FTE) which has increased by 229 days (0.9 FTE) from the 2276 days (8.7 FTE) available in 2018/19. The net increase is due to the full year effect of recruiting four Senior Auditors (3.35FTE) in August 2018, the reduction in working hours of one Senior Auditor effective from 1.4.19 (0.4FTE) and the secondment of one member of staff to Financial Services (1FTE). The

additional resources have ensured that the Internal Audit Opinion can be supported by sufficient evidence and correct the weakness identified in the external review of Internal Audit completed in March 2018. During 2019/20 resources permitting, Internal Audit would like to appoint a number of apprentices to support succession planning for the Service

### **3. INTERNAL AUDIT PLAN SUMMARY 2019/20**

- 3.1 The summary of the Internal Audit Plan for 2019/20 in person days, by type of audit activity, is shown in Appendix A. The Plan initially showed a resourcing gap of 265 days, which was subsequently balanced after undertaking a prioritisation process (see 5.9 for more details).
- 3.2 This resource gap is mainly attributable to the high demand for planned audit work in 2019/20. 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 2019/20 audit plan in order to match it to available resources. Members will need to be mindful that certain risks will not be audited in as much detail as initially planned and in some cases not at all. This is detailed in Appendix E.
- 3.3 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 2019 and in the Annual Audit Report in June/July 2020. These reports will also be presented to Council Management Team.

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 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 five year audit plan, with the 2019/20 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 as well as financial issues. These audits will, on a cyclical basis, focus on providing assurance on 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 2019/20 are:

- Safe, clean and active communities
- Transformational Change
- Adults safeguarding incident
- Children's Safeguarding Incident
- Environment and Sustainability
- Information Security

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 Strategic Director of Corporate Resources 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 305 days has been allocated to fundamental financial systems work for 2019/20. This is an increase of 19% on the 257 days allocated in 2018/19.

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 all of the Council's significant systems.

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

Appendix A shows that 421 days has been allocated to significant systems work for 2019/20, which is an increase of 8% on the 390 days allocated in 2018/19.

#### **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 other significant changes known about a school. These audits assess the mitigation of risks at schools across seven key system areas. The 2019/20 plan includes capacity to perform eight school audits during the year, the same as in 2018/19. The position regarding academy conversions will continue to be monitored throughout 2019/20 to ensure audit resources are focussed appropriately in the context of this changing landscape.

In 2019/20 Internal Audit will look to review its audit approach for maintained schools in an effort to provide additional audit assurance and guidance to as many schools as possible. An allocation of time has been made for this development work.

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), currently consisting of 25 questions which school Governing Bodies must discuss annually with their Heads and Senior Staff, to give them assurance that they have secure financial management in place. 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 31st March each year.

The SFVS scheme also places a requirement on the Council's Director of Finance to have in place a system of audit for schools which gives adequate assurance over 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 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 support on the consideration and 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 been received from delegates on training delivered to date.

The Department for Education (DfE) announced in May 2018 that the SFVS scheme would change and the final returns for the current scheme are due by 31<sup>st</sup> March 2019. In February 2019, the new SFVS scheme was formally released for returns to be completed

during 2019/20 and submitted before the 31<sup>st</sup> March 2020. The SFVS scheme has significantly changed and now comprises a checklist of 29 questions and also a dashboard which will provide ratings based on a school's own data of spend and characteristics. Time is allocated to provide schools with training support to prepare for the changes required by the introduction of the new SFVS scheme.

Appendix A shows that the number of resources allocated to schools work for 2019/20 is 166 days, which is the same number of days that were allocated for schools audit work in 2018/19.

## **5.5 Computer Audit**

A total of 60 days has been allocated to computer audit in 2019/20, which is consistent with the days allocated in 2018/19. However, the Service does not currently have a Computer Audit capability since the Service bought in from Wakefield Council ceased in 2017/18. Discussions have commenced with Salford Council who will be completing an Audit Needs assessment of Bradford's ICT functionality. Once this has been completed a decision will be made how to fulfil this requirement. Salford Council also provide Computer Audit Services for a number of Councils and organisations in the North West and have indicated they would be willing to provide a similar service for Bradford Council on a Service Level agreement or contractual basis.

## **5.6 Grants**

There are no significant differences in the number of grants and funding streams known to require certification in 2019/20 compared to 2018/19, 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 66 days within the 2019/20 plan to complete the certifications listed below.

Cycle City Ambition Grant 2018/19  
Disabled Facilities Grant 2018/19  
Families First (Troubled Families Funding) 2019/20  
Highways Challenge Fund Grant 2018/19  
Pot Hole Action Fund Grant 2018/19  
Local Authority Bus Subsidy Grant 2018/19  
National Productivity Investment Fund Grant 2018/19  
PE & Sport Grant 2018/19  
WCA Local Transport Block Funding Grant 2018/19  
West Yorkshire Plus Transport Fund Grant 2018/19  
Bradford Interchange Access Improvement Grant 2018/19

## **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 2019/20 Internal Audit will look to enhance the way in which recommendations are monitored with the aim of encouraging more timely implementation of recommendations, by following them up more frequently, which is expected to assist in improving the accuracy of the annual Director's sign off.

Appendix A shows that the number of resources allocated to follow ups in 2019/20 is 45 days, which is the same allocation as in 2018/19.

## **5.8 Advice & Controls Awareness**

Advisory and control awareness work is mainly demand led and includes advice on system design. An allocation of 104 days has been made for this work in 2019/20, which is the same allocation as in 2018/19.

## **5.9 Audits Deferred from the 2019/20 Plan**

Details of the audits removed from the Original Internal Audit Plan 2019/20 to match the level of available resources are shown in Appendix E. The majority of the reduction to produce the Internal Audit Plan for 2019/20, came from the Significant Systems (185 days) area of the audit plan, as this is the largest audited area.

These deferred audits have been provisionally allocated across the remaining future years, 2020/21 to 2022/23, of the five year plan.

It should be noted that even after the recruitment of the four Senior Auditors in 2018, there will still be an overall shortfall in resources 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, it is recognised that the recruitment of the additional Senior Auditors does significantly strengthen the work supporting the Annual Internal Audit opinion.

## **6. WEST YORKSHIRE PENSION FUND (WYPF)**

The WYPF Internal Audit Plan (see Appendix F) 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 LGPS and also an increase in activity in shared services to other Pension Funds such as Lincolnshire Pension Fund, London Borough of Hounslow Pension Fund and Fire Services. As a result of this increase in days, the 2018/19 Internal Audit plan included additional audit areas such as GDPR Compliance, Transfer of Data into WYPF systems (from new shared service partners) and Investment Pooling Arrangements. During 2019/20, Internal Audit will use some of the extra days to increase sample sizes used in testing controls. This is due to an increase in shared service partners such as the London Borough of Hounslow and further fire services. This allows Internal Audit to provide a level of assurance on transactions in respect of the shared service partners without diluting the assurance provided for the West Yorkshire Pension Fund. The extra days provided to the WYPF achieves additional income to Internal Audit of approximately £30K.

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, (63.8% of WYPF's market value at 31.12.18). Other asset classes are audited on either a three or five yearly basis dependent on risk considerations.

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 on an annual basis.

## **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 needed to be implemented to ensure the Service is fully compliant with the standards. The QAIP has been substantially implemented as at March 2018 with all the main documentation in place. This will be reported on in the Annual Internal Audit Report 2018/19. The focus of the Quality Assurance Improvement Plan from 1<sup>st</sup> April 2019 will be the skills development of colleagues within the department.

The 2019/20 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 last years QAIP, the 2019/20 audit plan has been developed 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 Strategic Director of Corporate Resources to avoid a conflict of interest.

## INTERNAL AUDIT PLANS FOR 2019/20 AND 2018/19 BY AUDIT ACTIVITY

	2018-19 Plan	2019-20 Plan
	2018-19	2019-20
<b>Full Time Equivalents (net of leave &amp; public holidays)</b>	<b>8.7</b>	<b>9.6</b>
	<b>Days</b>	<b>Days</b>
Fundamental Financial Systems	257	305
Significant Systems	390	421
Strategic & Departmental Risks/Council Plan	60	156
Transformational Change	25	25
Schools	166	166
Computer Audit	60	60
Grants	67	66
Follow-up Audits	45	45
Advice & Control Awareness	104	104
West Yorkshire Pension Fund	255	255
Administration	207	210
Management: Plan Delivery	208	208
Management: Technical	51	45
Training	70	70
Non-Audit Functions	264	369
Contingency Provision	47	0
<b>TOTAL PRODUCTIVE TIME</b>	<b>2276</b>	<b>2505</b>

**PSIAS Standards Alignment**

The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion that concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

The 2019/20 annual audit plan, Appendices B to F, indicates how it contributes to the forming of the annual audit opinion conclusions on control, risk and governance as follows:

- C = Control
- G = Governance
- R = Risk Management

APPENDIX B

**CORPORATE RISKS / COUNCIL PLAN / TRANSFORMATIONAL CHANGE – 5 YEAR PLANNED COVERAGE 2019-20 TO 2023-24**

	AUDIT	Audit Plan Year				
PSIAS		2019-20	2020-21	2021-22	2022-23	2023-24
	A great start and good schools for all our children		x		x	
	Better skills, more good jobs and a growing economy		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		x
C,G,R	Safe, clean and active communities	X		x		X
C,G,R	Transformational Change	X		x		X
R	Adults safeguarding incident	X				X
	Financial Resilience and Sustainability			x		
R	Children's Safeguarding Incident	X				X
R	Environment and Sustainability	X				X
R	Information Security	X				X
	Maintenance of Business Continuity Capacity		x			
	Partnership Delivery			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 PLANNED COVERAGE 2019-20 TO 2023-24

		AUDIT PLAN YEAR				
PSIAS	Fundamental System	2019-20	2020-21	2021-22	2022-23	2023-24
	<b>Council Tax/NNDR</b>					
	Valuation/Liability/Billing/Refunds		X			X
	Enforcement & Write Offs			X		
C, G, R	NNDR - BIDS	X				
	<b>Benefits</b>					
	Housing Benefit			X		
C, R	Discretionary Housing Benefits	X				
	Free School Meals					X
C, R	Overpayments	X			X	
	<b>Accounts Receivable</b>					
	Invoicing				X	
	Enforcement, Refunds & Write Offs					X
	<b>Accounts Payable</b>					
	Requisitioning/Ordering/Receipting			X		X
C, R	Payments including feeder files and miscellaneous payments	X			X	
C, R	Supplier Maintenance	X			X	
	<b>Procurement</b>					
	Corporate Contracts & Frameworks		X		X	
	IR35			X		
C, R	Agency Spend	X				X
	Contract Management Review				X	
C, R	Procurement Processes (Quotes, Tenders, Contracts Award)	X		X		X
	Purchase cards		X		X	
	Third Sector Contracts			X		
C, R	Contract Variations	X				X
	<b>Payroll</b>					
C, R	Starters & Leavers*	X		X	X	
C, R	Certification of Pension Contributions	X	X	X	X	X
	Payroll Processing including temporary & permanent variations, voluntary deductions, salary sacrifice, statutory payments and Apprenticeship Levy		X		X	
	External Payroll Provision including billing for salary costs		X		X	
	Expenses and Allowances			X		
	Third Party Payments	X			X	
	* alternate between Schools and Council					

		AUDIT PLAN YEAR				
PSIAS	Fundamental System	2019-20	2020-21	2021-22	2022-23	2023-24
	<b>Cash, Banking, Investments and Loans</b>					
C, R	Cash income (collection, banking, management/governance)/Capita cash receipting system	x		x		x
C, R	Bank reconciliation/unallocated cash	x			x	
	Cash Purchasing		x		x	
	Investments and Loans		x			x
	<b>Budgetary Control</b>					
C,R	Budgetary control	x			x	
	<b>Capital</b>					
	Accuracy of Asset Management register (CAFMR): Revaluations, additions and disposals			x		
	Capital Programme			x		
C, R	Capital Schemes	x	x	x	x	x
C, R	Final accounts review	x				x
	<b>Human Resources</b>					
	Flexitime / Timerecording					x
	Sickness Absence			x		

**CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS – 5 YEAR PLANNED COVERAGE 2019-20 TO 2023-24**

	PSIAS	CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS	Audit Plan Year				
			2019-20	2020-21	2021-22	2022-23	2023-24
<b>Health &amp; Wellbeing</b>	C, R	Continuing Healthcare	X		x		
		Self Directed Support (Direct Payments/ISFs etc)		x			x
		S117 Mental Health				x	
	C, R	Better Care Fund including Support & Enablement	X		x		
		Financial Assessment / Journey of Clients					x
		BACES		x			
	C, R	Deferred payment for long term residential care	X			x	
	G	Governance Arrangements re Future Integration with Health	X			x	
		Public Health Contracts / Monitoring/ Service Delivery			x		
		Deprivation of Liberties / Court of Protection / Deputyships		x			x
		Resource Allocation System		x			x
		ContrOCC & System One			x		
		Receiverships & Appointeeships			x		
		Data Quality			x		
		Commissioned Care			x		
		No recourse to public funds				x	
		R	Departmental Risk Management	X		x	
<b>Children's Services</b>	C, R	Looked After Children (in house fostering, special guardianship) & Leaving Care Placements	X		x		x
		Outdoor Centres					x
		Special Educational Needs Placements (out of area)		x			x
		Early Years		x		x	
		Quality Assurance of Social Work activity				x	
		Residential Children Homes			x		
	C, R	Travel Assistance (School Travel, Travel Training)	X			x	
		Commissioning (Fostering agencies)		x			x
		Procurement – Children's		x			x
	C,G,R	Ofsted Inspection Improvement Plan – <b>NEW added in 19/20</b>	X	x			

	C, R	Education Attendance/Safeguarding – <b>NEW added in 19/20</b>	X				x
	R	Departmental Risk Management	X		x		x
		School Funding Allocation		x			
<b>Corporate Resources</b>		Building Maintenance/Services/TF/ CAFM					x
		Risk Management		x		x	
	C, R	Health & Safety	X				
		Rents incl miscellaneous, market and other rents		x			
		Energy Management / Carbon Reduction / Utilities		x			
		Insurance				x	
		Member's Allowances		x			
	C	Grants certification	X	x	x	x	x
		Grants to Voluntary Organisations				x	
		Registrars				x	
		Departmental Risk Management		x		x	
<b>Place</b>	C, R	Waste Management/Recycling	X				x
		S106 and Community Infrastructure Levy					x
	C, R	Swimming Pool and Sports Centre Income	X				x
		Licensing (Taxis etc)			x		
	C, R	Car Parking Income	X				x
		Transport incl vehicle repairs and maintenance, fuel recharge				x	
		Homelessness		x			
		Planning Applications and Building Regulations Fees			x		
	C, R	Regeneration Grants / Loans/Business Rates Relief	X				x
		Neighbourhoods and Customer Service			x		
		Gritting			x		
	C, R	Cemeteries and Crematoria	X				x
		Departmental Risk Management		x		x	
<b>Chief Executive</b>		Corporate Governance					x
	C, G, R	Performance Management	X				x
		Conflicts of Interest			x		
	G	Partnership Governance	X				
	Departmental Risk Management		x				
<b>Schools</b>	C, G, R	School Audits - Finance and Governance	X	x	x	x	x
		Safeguarding & Recruitment			x		

	IR 35			x		
	Procurement			x		
	Independent Payroll			x		x
C, G, R	SFVS Assessment	X	x	x	x	x
C, G, R	SFVS Training	X	x	x	x	x
C, R	In Control news letter	X	x	x	x	x
C	6 <sup>th</sup> Form Funding Assurance	X	x	x	x	x

**2019-20 PLANNED AUDITS DEFERRED TO FUTURE YEARS IN ORDER TO BALANCE THE AUDIT PLAN (2019-20) TO AVAILABLE RESOURCES.**

**\*THESE DEFERRED AUDITS HAVE BEEN PROVISIONALLY ALLOCATED ACROSS 2020-21 TO 2022-23\***

<b>AUDIT AREA</b>	<b>AUDIT DEFERRED FROM 2019-20 TO FUTURE YEARS</b>	<b>INITIALLY RE-ALLOCATED TO</b>
<b>Corporate Risk Management</b>	Financial Resilience and Sustainability	2021-22
	Maintenance of Business Continuity Capacity	2020-21
	Partnership Delivery	2021-22
	Public Health Priorities	Removed from Plan as no longer a corporate risk
<b>Council Plan</b>	Better Health, Better Lives	2021-22
<b>Benefits</b>	Free School Meals	2021-22
<b>Cash, Banking, Investments and Loans</b>	Cash Purchasing	2020-21 (follow up audit done Dec 2018)
<b>Council Tax / NDR</b>	Valuation/Liability/Billing/Refunds	2020-21 (last audited Jan/March 2018)
<b>Health &amp; Wellbeing</b>	BACES	2020-21
	Residential Homes	Remove from plan as CQC provides assurance
	Case Management	Remove from Plan coverage provided in other audits
<b>Children's Services</b>	Case Management	Remove from Plan coverage provided in other audits
	Early Years	2020-21
	QA of Social Work	2022-23
	Residential Children Homes	2021-22
<b>Place</b>	Homelessness	2020-21
	Planning Applications and Building Regulations Fees	2021-22
<b>Chief Executive</b>	Conflicts of Interest	2021-22

APPENDIX F

		WYPF Plan 2019/20 to 2022/24				
PSIAS		2019/20	2020/21	2021/22	2022/23	2023/24
	<b>Pensions Administration</b>					
	Local Government Scheme Contributions			x		x
C	New Pensions and Lump Sums	x	x	x	x	x
	Transfers Out		x			
C	Transfers In	x		x		
	Reimbursement of Agency Payments				x	
	Life Certificates		x			
	AVC Arrangements				x	
C,R	Admission of New Bodies	x				
	Pensioners Payroll		x			x
	Purchase of Additional Pension			x		
C	Annual Benefit Statements	x			x	
	New Pension and Lump Sums - Fire Service		x			x
R,G	Information Governance including GDPR			x		
C	Accuracy of Contributions Recorded on Member Records	x				
	<b>Investments</b>					
C	Equities	x	x	x	x	x
C	UK Fixed and Index Linked Public and Corporate Bonds	x			x	
C	UK and Overseas Unit Trusts (Property and Other)	x			x	
	Fund of Hedge Funds		x			
	UK and Overseas Private Equity		x			x
	Global Bonds					x
C	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	
C,G	GLIL	x				
C,G	Custodial Procurement and Transfer of Custodial Arrangements	x				
C	Annual Accounts Verification	x	x	x	x	x