

Report of the Director of Finance and IT to the meeting of the Governance and Audit Committee to be held on 25 June 2020.

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Subject:

INTERNAL AUDIT PLAN 2020/21

Summary statement:

This report outlines the Internal Audit Plan for the financial year 2020/21. 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 2020/21 Internal Audit plan is the third year of a five year internal audit planning cycle which is detailed in the report.

Chris Chapman
Director of Finance and IT

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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 2020/21, giving the Committee the opportunity to contribute to the plan. It demonstrates where 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 2020/21.
- 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 third year of a five year internal audit planning cycle and details the work planned for the financial year 2020/21, together with indicative plans for the next four years 2021/22 to 2024/25.
- 1.4 Due to the on going Council Response to the Covid 19 crisis the Internal Audit Plan was suspended from the 1st April to the 30th June, to enable audit to support critical activities, so this plan therefore applies from the 1st July to the end of the financial year.

2. BACKGROUND

Internal Audit Plan 2020/21

- 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 2020/21 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 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 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.
- 2.4 Performance will be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2020 and in the Annual Audit Report in June/July 2021.
- 2.5 The 2020/21 audit plan will enable the Head of Internal Audit, Insurance and Risk to form an opinion at the end of the year on the Council's control, risk and governance arrangements. The 2020/21 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.

7.2 The Covid crisis has significantly increased the risks facing the Council across its service delivery functions and its community responsibilities across the District. Internal Audit will be reviewing these risks in accordance with the plan. From a governance perspective there is the risk that internal controls may not operate normally with the same degree of management oversight and Council scrutiny. It is essential that management maintain appropriate controls in place to ensure value for money is achieved and the financial resilience of the authority continues. Internal Audit will be making an on going assessment of the control environment and where required completing specific work to rectify any identified control weaknesses.

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 2020/21.

12. **APPENDICES**

12.1 Appendix 1 – Internal Audit Plan 2020/21.

13. **BACKGROUND DOCUMENTS**

13.1 Accounts and Audit Regulations 2015.

13.2 Public Sector Internal Audit Standards 2017.

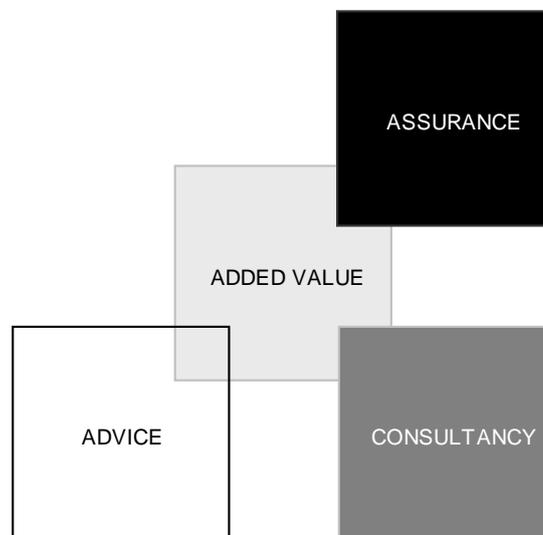
13.3 The CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards 2019 Edition.

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Internal Audit



INTERNAL AUDIT PLAN 2020/21



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 Chris Chapman, the Director of Finance and IT 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 2020/21 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 2020/21 and indicative plans for 2021/22 to 2024/25.

Mark St Romaine

Head of Internal Audit, Insurance and Risk

June 2020

Circulation:

Members
Chris Chapman
Cameron Waddell
All Staff

Governance and Audit Committee
Director of Finance and IT
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 1839 person days (7.1 FTE) which is significantly less than the 2505 days (9.6 FTE) available in 2019/20. The net decrease is due to Internal Audit capacity being deployed in support of the Council's response to the Covid 19 pandemic. These resources will enable the Internal Audit Opinion to be supported by sufficient evidence.

- 2.2 Due to the on going Council Response to the Covid 19 crisis the Internal Audit Plan was suspended from the 1st April to the 30th June so this plan therefore applies from the 1st July to the end of the financial year. In response to the crises Internal Audit staff were temporarily transferred to accountancy to support closedown and were also deployed to encourage the take up of business grants that are available. Other ad hoc pieces of work were also undertaken. Internal Audit work has continued over the last three months with the focus being on the completion of work started before the beginning of the financial year, and the commencement of grant certification and West Yorkshire Pension Fund audit work. Whilst one of the reasons for this course of action was to focus attention on Council priorities it was also the case it would have been impractical to require service managers to supply internal audit with the information it needed under the existing working arrangements.

3. INTERNAL AUDIT PLAN SUMMARY 2020/21

- 3.1 The summary of the Internal Audit Plan for 2020/21 in person days, by type of audit activity, is shown in Appendix A. The Plan initially showed a resourcing gap of 837 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 suspension of the Internal Audit Plan from the 1st April to the 30th June in support of the on going Council Response to the Covid 19 crises.
- 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 2020/21 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.
- 3.4 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 2020 and in the Annual Audit Report in June/July 2021. 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, 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 and the Council Plan 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 and the Council Plan, which can be revised as appropriate.

In response to the Covid 19 crises the preliminary areas to review in 2020/21 are:

Risk Management - Post Covid 19
Resilience of Key suppliers / Partners to support new ways of working

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 Director of Finance and IT 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 234 days has been allocated to fundamental financial systems work for 2020/21. This is a decrease of 23% on the 305 days allocated in 2019/20.

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 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 Deputyships, Early Years, Highways and Health & Safety supports the Head of Internal Audit, Insurance and Risk's assurance statement on the internal control systems of the Council. Significant systems represent the largest area of audit activity due to their number, complexity and diversity. 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 332 days has been allocated to significant systems work for 2020/21, which is an decrease of 21% on the 421 days allocated in 2019/20.

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 up until 2019/20 audits have been undertaken at a number of individual schools deemed higher risk, due for example, work undertaken by School Improvement in Children's Services, the level of support needed from the Council's School Funding Team, arising from significant changes or other relevant information known about a school. These audits assessed the mitigation of risks at schools across seven key system areas.

During the Summer of 2019 the Department for Education (DfE) consulted Councils on its new proposed measures, to be in place for 2020/21, to improve transparency of the financial health of LA maintained schools. One proposed measure is that every maintained school be subject to internal audit at least every 3 years. The Council has objected to this requirement on the grounds that it would either reduce the effectiveness of the current audit work programme in place, or significantly increase the cost of school audits, approximately threefold, where the current audit work programme is used.

The Council has put forward an alternative proposal of auditing all maintained schools at least every 5 years and is awaiting the outcome of the Consultation to determine the DfE's actual requirements. The publication of the consultation response has however been delayed due to the Covid-19 pandemic. In the meantime, Internal Audit has assumed that all maintained schools will be audited every 3 years in formulating the 2020/21 audit plan and is planning to provide high level audit coverage of approximately 30 schools during the year. During 2019/20, 8 on site detailed full school audits were planned and performed. A change in audit approach is considered necessary due to the reduced access to school premises, resulting from the response to Covid-19. A new approach, involving remote working, is planned to be developed during the summer and implemented in the second half of 2020/21, with the approach being reviewed and revised as circumstances and practices allow. The position regarding academy conversions will continue to be monitored throughout 2020/21 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), currently consisting of 29 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 & IT, S.151 officer, to have in place a system of audit for schools which gives adequate assurance over standards of financial management and to consider SFVS returns received when setting the audit plan for schools. The numbers of returns received by the 31st March also usually informs an annual position statement declared by the Director of Finance & IT to the DfE at the end of May each year. However, the requirement this time around was cancelled by the DfE in April because of the Covid-19 pandemic. It was the case that by the 31st March, a majority of the city's schools had completed their SFVS returns. There is an allocation of time within the plan for analysis of the assessments received in order to inform this year's audit plan and also to provide additional financial management assurance. Returns not yet received will be expected to be supplied.

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 DfE introduced a significantly changed SFVS scheme during 2019/20, comprising a new checklist of 29 questions and also a complex dashboard, providing ratings based on a school's own data of spend and characteristics. 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.

Appendix A shows that the number of resources allocated to schools work for 2020/21 is 155 days, which is a decrease of 7% on the number of days that were allocated for schools audit work in 2019/20 (166 days).

5.5 Computer Audit

A total of 60 days has been allocated to computer audit in 2020/21, which is consistent with the days allocated in 2019/20. Computer audit services are provided to Bradford Council by Salford Council Internal Audit Services for which there is a three years contract from 1/10/19 to 30/9/22. The Computer audit plan that covers this period is shown in Appendix G.

5.6 Grants

There are no significant differences in the number of grants and funding streams known to require certification in 2020/21 compared to 2019/20, 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 71 days within the 2020/21 plan to complete the certifications listed below.

Cycle City Ambition Grant 2019/20

Pot Hole Action Fund Grant 2019/20
National Productivity Investment Fund Grant 2019/20
WYCA Local Transport Block Funding Grant 2019/20
West Yorkshire Plus Transport Fund Grant 2019/20
Local Highways Maintenance Fund Grant 2019/20
Families First (Troubled Families Funding) 2020/21
Disabled Facilities Grant 2019/20
PE & Sport Grant 2019/20
Local Authority Bus Subsidy Grant 2019/20

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.

During 2019/20 the way in which Internal Audit recommendations are followed up was revised with the aim of encouraging more timely implementation of recommendations and improving the accuracy of the annual Director's sign off. Under the revised method the level of implementation of recommendations is followed up by the auditor making the recommendation on a quarterly basis. However, given the impact of Covid 19 on the normal operation of Council services we will not be carrying out follow up of recommendations at the intended frequency, however we will aim to assess progress in implementation in September and then again from December. It is likely that target dates for implementation will have to be revised, and that some recommendations may now be unmanageable in their current form or even no longer relevant. Assessing the status of the recommendations will help form an opinion of the control framework across the council as a whole. Narrative to support the current status of implementation will be sought and wherever possible supporting evidence obtained. Having the author of the report carrying out the follow up work will allow difficulties in implementation to be identified and discussed.

Appendix A shows that the number of resources allocated to follow ups in 2020/21 remains at 45 days to reflect the support that Internal Audit will provide to service managers to assist in the timely implementation of recommendations.

5.8 Advice & Controls Awareness

Advisory and control awareness work is mainly demand led and includes provision for advice on business issues. An allocation of 83 days has been made for this work in 2020/21, which is a decrease of 20% on the 104 days allocated in 2019/20.

5.9 Consultancy & Project Assurance

Consultancy and Project Assurance is a development area for Internal Audit that aims to provide insight, assurance and advice on areas of change. An allocation of 80 days has been made for this work in 2020/21.

5.10 Audits Deferred from the 2020/21 Plan

Details of the audits removed from the Original Internal Audit Plan 2020/21 to match the level of available resources are shown in Appendix E. The majority of the reduction to

produce the Internal Audit Plan for 2020/21, came from the Fundamental Systems (217 days) and Significant Systems (405 days) areas of the audit plan, as these are the largest audited areas. These deferred audits have not yet been allocated across future years.

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 2019/20 Internal Audit plan included additional audit areas such as Accuracy of Contributions Posted to Member Records and work to review the Custodial Transfer from HSBC to the Northern Trust Bank. During 2020/21, Internal Audit will continue to 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, (67.8% of WYPF's market value at 31.12.19). 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 order to comply with Public Sector Internal Audit Standards the Service should adopt a Quality Assurance Improvement Plan (QAIP). This is detailed in the table below

Internal Audit Skills	Development of Staff's Internal Audit Skills to meet future service demands.	1.1 Establish a needs assessment to identify future skills requirement in new work environment. 1.2 Place Skills and Objectives on Council Evolve System for all staff. 1.3 Provide Training to Staff.
Internal Audit Planning	Review content of Internal Audit Plan to cover new risks that haven arisen through the direct and indirect affects of the Pandemic.	2.1 Review current 2020/21 Internal Audit Plan. 2.2 Obtain approval of 2020/21 Internal Audit Plan by Governance and Audit Committee.
Schools Audit	Review audit approach for maintained schools if required to be audited every 3 years.	3.1 Assess DfE's outcome from 2019 consultation of school's audit requirements. 3.2 Prepare implementation plan to adopt any recommendations.
Internal Audit Efficiency	Improvements to the timeliness of audit reports and to increase the average number of audits undertaken by each auditor.	4.1 Review current Target KPIs exist for issuing draft and final reports which are 21 days from completing fieldwork (80% target) and 7 days from agreeing management response (90% target). 4.2 Consider the impact of the following to increase the average number of audits per auditor by - limiting audit's scope and depth of testing - audit to budget/rigorous time management
Internal Audit Consultancy	Develop an approach to enable to support services with consultancy advice.	5.1 Develop an Audit Consultancy approach to support service improvement. 5.2 Undertake 2/3 Consultancy Types of work in 2020/21. 5.3 Review whether projects are set up effectively at their inception. 5.4 Review the effectiveness of Council project delivery.

The 2020/21 audit plan will enable the Head of Internal Audit, Insurance and Risk to form an opinion at the end of the year on the Council's control, risk and governance arrangements. The 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 or Insurance the reports are reviewed by an Audit Manager and reported directly to the Director of Finance and IT to avoid a conflict of interest.

INTERNAL AUDIT PLANS FOR 2020/21 AND 2019/20 BY AUDIT ACTIVITY

	2019-20 Plan	2020-21 Plan From 1 st July 2020
	2019-20	2020-21
Full Time Equivalents (net of leave & public holidays)	9.6	7.1
	Days	Days
Fundamental Financial Systems	305	234
Significant Systems	421	332
Strategic & Departmental Risks/Council Plan	156	45
Schools	166	155
Computer Audit	60	60
Grants	66	71
Follow-up Audits	45	45
Advice & Control Awareness	104	83
Consultancy/Project Assurance	0	80
West Yorkshire Pension Fund	255	255
Administration	210	154
Management: Plan Delivery	208	156
Management: Technical	45	35
Training	70	63
Non-Audit Functions	369	33
Contingency Provision	0	38
TOTAL PRODUCTIVE TIME	2505	1839

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 2020/21 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– 5 YEAR PLANNED COVERAGE 2020-21 TO 2024-25

PSIAS	AUDIT	Audit Plan Year				
		2020-21	2021-22	2022-23	2023-24	2024-25
R	Risk Management - Post Covid 19	x				
R	Resilience of Key suppliers / Partners to support new ways of working	x				
	Council Plan				x	
	Adults safeguarding incident				x	
	Financial Resilience and Sustainability/Financial Contributions from Health					x
	Children’s Safeguarding Incident				x	
	Environment and Sustainability/Climate Change		x		x	
	Information Security			x		x
	Maintenance of Business Continuity Capacity					x
	Governance Breakdown					x
	Quality Accessible and Affordable Housing					x
	Delivering Economic Growth		x			
	SEND Services		x			
	Delivery of Skills and Training Priority			x		
	Adults Social Care Transformation			x		
	Educational Attainment			x		
	Maintenance of Cohesive Communities			x		
	MCA DoLS		x			
	Children’s Inspection Outcome		x			

x* = audit deferred from prior year plan/audit in prior year plan with majority of work done this year

APPENDIX C

FUNDAMENTAL SYSTEMS – 5 YEAR PLANNED COVERAGE 2020-21 TO 2024-25

		AUDIT PLAN YEAR				
PSIAS	Fundamental System	2020-21	2021-22	2022-23	2023-24	2024-25
	Council Tax/NNDR					
C, R	Valuation/Liability/Billing/Collection/Refunds (Council Tax Only in 20-21)	x			x	
	Enforcement & Write Offs		x			
C, R	Business Support Grant Post Fraud Assurance/Recovery Work	x				
	Benefits					
	Housing Benefit		x			
	Discretionary Housing Benefits					x
	Free School Meals		x			
	Overpayments			x		x
	Accounts Receivable					
	Invoicing			x		
	Enforcement, Refunds & Write Offs				x	
	Accounts Payable					
	Requisitioning/Ordering/Receipting		x		x	
C, R	Payments including feeder files and miscellaneous payments	x		x		
C, R	Supplier Maintenance	x		x		
	Procurement					
	Corporate Contracts & Frameworks			x		
	IR35		x			
C, R	Agency Spend	x*				x
	Contract Management Review			x		
C, R	Procurement Processes (Quotes, Tenders, Contracts Award) incorporating Social Value and Inclusive Growth (Social Value and Inclusive be a separate audit?)	x*			x	
C, R	Purchase cards	x		x		
	Third Sector Contracts		x			
	Contract Variations				x	
C, R	Supplier Relief Review	x				
	Payroll					
	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		
C, R	External Payroll Provision including billing for salary costs	x		x		
	Expenses and Allowances		x			
	Third Party Payments			x		x
	* alternate between Schools and Council					

PSIAS	Fundamental System	AUDIT PLAN YEAR				
		2020-21	2021-22	2022-23	2023-24	2024-25
	Cash, Banking, Investments and Loans					
	Cash income (collection, banking, management/governance)/Capita cash receiving system				X	
	Bank reconciliation/unallocated cash			X		X
	Cash Purchasing			X		X
	Investments and Loans				X	
C, R	Treasury Management	X				
	Budgetary Control					
C, R	Budgetary control	X*		X		X
	Capital					
	Accuracy of Asset Management register (CAFM): Revaluations, additions and disposals		X			X
	Capital Programme		X		X	
C, R	Capital Schemes	X	X	X	X	X
	Final accounts review				X	
	Human Resources					
	Flexitime / Timerecording				X	
	Sickness Absence		X			
	Recruitment Compliance with Process (HR/Procurement)					
	All Fundamental Systems					
C, R	Controls Assurance work post Covid 19	X				

x* = audit deferred from prior year plan/audit in prior year plan with majority of work done this year

CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS – 5 YEAR PLANNED COVERAGE 2020-21 TO 2024-25

	PSIA S	CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS	Audit Plan Year				
			2020-21	2021-22	2022-23	2023-24	2024-25
Health & Wellbeing		Continuing Healthcare			x		x
	C, R	Self Directed Support (Direct Payments/ISFs etc)	x*			x	
	C, R	S117 Mental Health	x*		x		
		Transitional Planning					
		Better Care Fund including Support & Enablement					
		Financial Assessment / Journey of Clients				x	
	C, R	BACES	x				
		Deferred payment for long term residential care			x		x
		Governance Arrangements re Future Integration with Health		x			
		Public Health Contracts / Monitoring/ Service Delivery		x			
		Liberty Protection Safeguards		x			
	C, R	Court of Protection / Deputyships/ Receiverships & Appointeeships	x				x
		Resource Allocation System				x	
		ContrOCC & System One		x			
		Data Quality		x			
		Commissioned Care		x			x
		No recourse to public funds			x		
		Debt management (NEW issues raised by Wendy Wilkinson)					
		Departmental Risk Management				x	
	C, R	Recharging external parties for PPE purchased	x				
C, R	Invoicing Adult Social Care Users (put on hold in response to Covid 19)	x					
Children's Services		Through Care and After Care		x			x
	C, R	Fostering / Special Guardianships	x*		x		
		Adoption		x			

		Outdoor Centres				X	
		Out of Authority Placements			X		X
	C, R	Early Years (2,3,4 year old offer)	X				X
		Quality Assurance of Social Work activity			X		
		Residential Children Homes		X			
		School Transport/Travel Assistance			X		
		Commissioning				X	
		Ofsted Inspection/Children's Improvement Plan		X			
		Education Attendance/Safeguarding				X	
		Early Help & Prevention (new operating model)		X			X
		Departmental Risk Management				X	
	C, R	Financial control, cash spend, allowances	X				
	C, R	Duplicate Payments Review	X				
	C, R	School Funding Allocation	X				
Corporate Resources		Risk Management		X		X	
		Building Maintenance/Services/TF/ CAFM				X	
		C, R Health & Safety	X*				X
		C, R Rents incl miscellaneous, market and other rents	X				
		C, R Energy Management / Carbon Reduction / Utilities	X				
		Housing Revenue Account		X			
		Insurance			X		
		Members' Allowances		X			
		C Grants certification	X	X	X	X	X
		Grants to Voluntary Organisations			X		
		Registrars			X		
		C, R Legal Compliance	X	X	X	X	
		C, R Provision of Catering to Schools	X				
		C, R Land Charges	X				
		Departmental Risk Management		X		X	
	Place		S106 and Community Infrastructure Levy				X
		Museum Artefacts			X		
		Waste Management/Recycling				X	
		Swimming Pool and Sports					X

		Centre Income					
		Licensing (Taxis etc)		x			
		Car Parking					x
		Transport incl vehicle repairs and maintenance, fuel recharge			x		
		Homelessness/Housing		x			
		Planning Applications and Building Regulations Fees		x			
		Regeneration Grants / Loans/Business Rates Relief				x	
		Neighbourhoods and Customer Service		x			
	C, R	Highways Delivery Unit	x				
		Cemeteries and Crematoria				x	
	C, R	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	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 th Form Funding Assurance	x	x	x	x	x

x* = audit deferred from prior year plan/audit in prior year plan with majority of work done this year

2020-21 PLANNED AUDITS DEFERRED TO FUTURE YEARS IN ORDER TO BALANCE THE AUDIT PLAN (2020-21) TO AVAILABLE RESOURCES.

THESE DEFERRED AUDITS HAVE YET TO BE ALLOCATED ACROSS FUTURE YEARS

AUDIT AREA	AUDIT DEFERRED FROM 2020-21 TO FUTURE YEARS
Accounts Payable	Miscellaneous Payments
Benefits	Free School Meals
Cash & Bank	Cash Income (Collection, Banking, Management/Governance)/Capita cash receipting system
Cash & Bank	Bank reconciliation/unallocated cash
Cash & Bank	Investments and Loans
NNDR	NNDR Bids
NNDR	Valuation/Liability/Billing/Collection/Refunds
Payroll	Payroll Processing incl apprenticeship levy, temp & permanent variations, voluntary deductions, salary sacrifice, statutory payments
Procurement	Cash Purchasing
Procurement	Contract Variations
Procurement	Corporate Contracts & Frameworks
Recruitment	Compliance with HR/Procurement Processes
Children's	Travel Assistance (includes School Travel, Travel Training)
Children's	Education Attendance Traded Service
Children's	Commissioning
Children's	Ofsted Inspection Improvement Plan
Chief Executive	Performance Management
Corporate Resources	Members' Allowances
Health & Wellbeing	Transitional Planning
Health & Wellbeing	Governance Arrangements re Future Integration with Health
Health & Wellbeing	Health & Wellbeing Departmental Risk Management
Health & Wellbeing	Better Care Fund including Support & Enablement
Health & Wellbeing	Debt Management
Health & Wellbeing	Resource Allocation System
Place	Car Parking
Place	Waste Management
Place	Homelessness/Housing
Place	Swimming Pool and Sports Centre Income
Council Plan	Council Plan
Dept Risk Management	Place Departmental Risk Management
Dept Risk Management	Children's Services Departmental Risk Management

Dept Risk Management	Corporate Services Departmental Risk Management
Dept Risk Management	Office of Chief Executive Departmental Risk Management
Strategic Risk Management	Financial Resilience and Sustainability
Strategic Risk Management	Governance Breakdown
Strategic Risk Management	Maintenance of Business Continuity Capacity
Strategic Risk Management	Quality Accessible and Affordable Housing
Schools	Procurement

APPENDIX F

		WYPF Plan 2020/21 to 2024/25				
PSIAS		2020/21	2021/22	2022/23	2023/24	2024/25
	Pensions Administration					
	Local Government Scheme Contributions		x		x	
C	New Pensions and Lump Sums	x	x	x	x	x
C	Transfers Out	x				
	Transfers In		x			x
	Reimbursement of Agency Payments			x		
C	Life Certificates	x				
	AVC Arrangements			x		
	Admission of New Bodies					x
C	Pensioners Payroll	x			x	
	Purchase of Additional Pension		x			
	Annual Benefit Statements			x		x
C	New Pension and Lump Sums - Fire Service	x			x	
	Information Governance including GDPR		x			
C	Accuracy of Contributions Recorded on Member Records	x				x
	Investments					
C	Equities	x	x	x	x	x
	UK Fixed and Index Linked Public and Corporate Bonds			x		x
	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			
C	Compliance with IAP Investment Decisions and Policies	x				
C	Verification of Assets	x		x		
	GLIL					x
C	Annual Accounts Verification	x	x	x	x	x

COMPUTER AUDIT PLAN 2019/20 TO 2021/22

	Audit	Rationale	Audit days
1	Physical security and Environment - Data Centres and core sites	The core/engine of the whole ICT infrastructure. If ICT get this wrong, then it highlights a major concern about how they are managing the rest of ICT. It is critical that these rooms are secure, resilient and can withstand physical and environmental attacks.	6
2	Vulnerability management	Failure to effectively manage vulnerabilities in a timely and controlled manner could have a devastating impact in service availability and continuity. Managed poorly and the council could ground to a halt following an attack and suffer significant financial penalties	10
3	Hardware Asset Management	Failing to track assets from cradle to grave allows opportunities for items to disappear and not be traced	10
4	Email Management	Deemed a critical system for communication and it is paramount that it is always available, data is managed and effective encryption is used	10
5	Third party access management	Significant concerns over poorly managing 3rd party access. Rightly scored high in the assessment due to the powerful level of access usually given to 3rd party suppliers.	10
6	PCI/DSS compliance	Significant risk - if you are not compliant or get it wrong, ultimately the banks can remove your ability to pay by card, which would have a devastating operational impact on collecting income.	10
7	Service desk management	a major system for recording all ICT related issues. The knock on effect of not managing this service effectively will impact on all core service management areas.	20
8	ICT business continuity and disaster recovery	critical that service is always available and when there is a failure/outage/incident ICT must have robust and resilient systems in place to respond and recover asap	20
9	Mobile Device Management	Data breaches will be significant without an effective mobile device management system. Common areas where organisations get things wrong are poor configuration and poor authentication.	10
10	Software Asset and Licence Management	Similar concerns with hardware asset management. There are financial impacts and reputational damage to not effectively managing the estate. E.g. under/over utilisation of licenses, uncontrolled and unauthorised software installed	15
11	Application Management (Finance or social care)	it is critical that all core applications that store, process, transport and manage personal and sensitive data are being effectively managed. Poor access control and audit trails are common place	10
12	Network management	All ICT service run through a network and ineffective management over the network could result in unnecessary unplanned downtime and will affect service continuity	10
13	CONTINGENCY	CONTINGENCY TO BE SHARED BETWEEN YEARS	39