

Local Members Interest
N/A

Audit and Standards Committee - Tuesday 26 April 2022

Proposed Internal Audit Strategy & Plan 2022/23

Recommendations

I recommend that:

- a. Members review the proposed content and coverage of the Internal Audit Strategy & Plan 2022/23.
- b. To recommend approval of the Internal Audit Plan for 2022/23 to the County Treasurer.

Report of the County Treasurer & Section 151 Officer

Report

Background

1. The Accounts and Audit (England) Regulations 2015 require specifically that relevant authorities must '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'. An effective internal audit is demonstrated through the establishment of a risk-based Internal Audit Plan to determine the priorities of the internal audit activity which are consistent with the Council's main priority outcomes. In developing the risk-based Internal Audit Plan, the Internal Audit Service consults with members of the senior leadership team, wider leadership team and operational managers (as appropriate) during the period January 2022 and February 2022 and is being presented to Members for final endorsement. The proposed Internal Audit Plan is attached at **Appendix 1** and will be supported by a PowerPoint presentation.
2. The Internal Audit Plan has been prepared in line with the Audit Strategy detailed in the report on pages 3 and 4 of Appendix 1. All potential reviews have been allocated a risk score, which has been calculated using the risk model and the specific methodology also outlined in the report at Appendix 1. In general, only the high-level risk areas have been included in the Internal Audit Plan as per the Strategy. As stated within the Audit Strategy referred to above, the agreement process for this year's plan included detailed discussions with members of the Senior

Leadership Team and their Assistant Directors to highlight the proposed Internal Audit work for the year ahead to ensure that it has addressed the significant risks facing the Council and assists in the achievement of the main priority outcomes.

3. Certain elements of the plan must be done regardless of risk score, mainly surrounding the work undertaken to support the requirements of grant allocations. In addition, the Internal Audit Plan includes:
 - a) Continued emphasis on strong financial management and controls;
 - b) Continued focus on key digital projects including the Customer Journey Project and EDRMS Sharepoint as well as transformational projects including social care reforms and the highways transformation programme;
 - c) Support to those services which have transferred back in house including the Household Waste Recycling Service;
 - d) On-going support for the Council's COVID 19 response and recovery arrangements;
 - e) Delivering Good Governance – continued work to give assurance over the Council's prevailing culture and values;
 - f) Continued focus on the Council's procurement and contract management activities.
 - g) Attention given to key partnerships including Entrust, Amey, MPFT, SSLEP and Midland Engine; and
 - h) Full Programme of ICT audit reviews including a suite of cyber assurance work in year.

4. Furthermore, emphasis will continue to be placed on fraud and corruption work, particularly in relation to developing the proactive elements of the plan and our continuous controls monitoring (CCM) programme of work as well as developing further communications in-year to raise awareness of fraud and controls to mitigate the risk of fraud. Compliance work within Schools will continue to focus on the key risk areas of governance, income, procurement and payroll controls and will be complimented by a programme of CCM specific to Schools as well as enhanced communications to schools focusing on fraud awareness and best practice controls.

5. A general level of contingency time has been included, which is comparable with the previous year. It is recognised that the Internal Audit Plan needs to be reviewed continuously and remain sufficiently flexible to ensure that it is focused fully on the Council's principal risks (both current and emerging); hence it may change throughout the year. Any major revisions will be reported to future meetings of the Audit & Standards Committee.

6. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed as being:

1. Social Care Reform – including the Build Back Better Project and Adult Social Care Pathway - Strength Based Care.
2. Children’s and Families Transformation Including the new District model and Panel and Decision Making Arrangements.
3. Climate Change – Project & Programme Management & the Climate Change Action Fund.
4. Cyber Assurance – including Cyber Security Strategy; Major Incident Management; SaaS Procurement and Monitoring; and Threat & Vulnerability Management.
5. Delivering Good Governance: Culture, Values & Behaviours Governance Review.
6. Entrust Future Contract Arrangements.
7. Digital Strategy & Transformation – including the Customer Journey Project & the EDRMS SharePoint Project.
8. Contain Outbreak Management Fund - Grant Verification.
9. Recruitment Applicant Tracking System.
10. SEND Strategy Implementation Plan.
11. Highways Transformation programme – including project support & Asset Management & Inspection Services.
12. Mental Health Act - Section 117

7. CIPFA’s Audit Committees – Practical Guidance for Local Authorities 2018 publication includes the following core functions around Internal Audit relevant to the annual plan approval process:

- a) to ensure that the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Internal Audit opinion.
- b) to confirm that the Internal Audit Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risk and priorities during the year.
- c) to ensure that there are sufficient resources within Internal Audit to deliver the plan.

Equalities Implications

8. There are no direct implications arising from this report.

Legal Implications

9. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically that a relevant body must ‘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’.

Resource and Value for Money Implications

10. The net budget of the Internal Audit Section in 2022/23 is £1,027,510 of which £223,150 relates to payments to external providers.

Risk Implications

11. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Climate Change Implications

12. There are no direct implications arising from this report

List of Background Documents/Appendices

- a. Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
- b. Local Government Application Note – with effect from 1st March 2019
- c. Accounts and Audit (England) Regulations 2015.
- d. CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

Appendix 1 – Internal Audit Strategy and Plan 2022/23

Contact Details

Assistant Director: Lisa Andrews, Head of Internal Audit & Adults & Children’s Financial Services

Report Author: Deborah Harris
Job Title: Chief Internal Auditor (interim)
Telephone No.: 01785 276406
E-Mail Address: deborah.harris@staffordshire.gov.uk