



Annual Audit Planning Process

Proposed Internal Audit Plan & Counter Fraud Plan 2022/23

Audit & Standards Committee

26th April 2022

Aims of Today's Presentation

1. To **demonstrate** to the Committee that a robust methodology has been adopted in formulating the Plan for 2022/23.
2. To provide **comfort** that the Plan focuses on the key risks facing the Council.
3. To confirm that the Plan achieves a **balance** between setting out the planned work for the year and retaining **flexibility** to changing risks and priorities during the year.
4. To provide assurance that there are **sufficient resources** within Internal Audit to deliver the Plan for 2022/23.

The Internal Audit Strategy

What is the Internal Audit Strategy?

- Key governance document
- Produced annually and formally endorsed by the Audit & Standards Committee
- Sets out:-
 - The risk assessment process;
 - Key principles applied; and
 - Resources needed to deliver the plan

Top Risk Audits/Reviews 2022/23

- 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

Key Financial Audits 2022/23

- The key financial audits in 2022/23 which are included in the Internal Audit Plan are:
 - a. Liberata - Payroll System;
 - b. Budgetary Control (Revenue);
 - c. Main Accounting;
 - d. Sales to Cash – Debt Recovery Function & Debt Management (My Finance); and
 - e. Treasury Management & Banking.
- In addition, audit support will be provided during the procurement of new BACS system and a full application security audit review on MyHR will be conducted.

Governance Audits 2022/23

- **Culture, Values & Behaviours** –To evaluate the extent to which the Council works with a culture that promotes good ethical values and behaviours – continuing our work from 2021/22.
- **County Deal : Staffordshire Leaders Board** – A review of the governance arrangements.
- **Other Governance Work** in relation to Children’s & Families Panels & Decision making; Key Partnerships including the Integrated Care Board; Property Procurements.
- **Local Government Pension Scheme (LGPS)** - To continue to lead on the assurance framework for the Pensions Pooled arrangements covering governance, financial and operational risks and investments.

COVID 19 – IA Support 2022/23

- two additional audit exercises started at the end of 2021/22 will be completed and reported upon:
 - an audit exercise on Council procurement activity carried out during the COVID 19 pandemic; and
 - an audit exercise to specifically look at the suspension of the care act during the COVID 19 pandemic.

Both exercises will provide comfort that decision making is robust, transparent and in accordance with the Council's corporate decision-making arrangements.

- In 2022/23, Internal Audit will continue to proactively support the Council's on-going response and recovery activities connected to the COVID 19 pandemic including COVID 19 grant work of **71 audit days**

Schools Compliance Audits

- Significant increase in the number of Limited assurance opinions awarded in 2021/22.

In 2022/23:

- Continue to focus on school governance and financial controls (including Income, payroll and procurement).
- Supplement schools compliance audits with a programme of continuous controls monitoring to give greater assurance over financial transactions.
- Additional Internal Audit communications to schools to increase awareness of fraud risks and controls.
- Raise the profile of Internal Audit within the schools environment.

Counter Fraud Plan 2022/23

- The Counter Fraud Plan for 2022/23 is based, as in previous years on the CIPFA's Counter Fraud Code of Practice.

- Audit time is allocated across the following headings:

Strategic Development (41 days)

Creating an anti fraud Culture (27 days)

Prevent & Deter (115 days)

Detection (97 days)

Investigations (170 days)



**450
days**

Continuous Controls Monitoring (CCM)

- What is CCM - Regular monitoring of the Council's data for 'Red Flags' that may indicate Fraud.
- Use data analytical and file interrogation software, IDEA
- Typical areas to review: expenses claims; purchasing cards; creditor payments; mileage claims, additional hours claimed.
- Corporate Programme of CCM
- Schools Programme of CCM

Proactive Counter Fraud Exercises 2022/23

The Counter Fraud Plan is influenced by past occurrences of fraud. In 2022/23, there will be continued audit coverage in the following areas:

- Purchasing cards – cash withdrawals;
- Taxi Operators - greater transparency over financial processes and compliance with contractual conditions particularly when hiring taxi drivers and passenger assistants;
- Member-led funds such as the Community Climate Action fund and the Community Fund;
- Direct Payments Prepaid Cards;
- Financial Assessments; and
- Household Waste Recycling Centres.

Other Time Allocations Worthy of Note

- Contingency Time Allocation (10 days)
- Recommendation Tracking (15 days)
- **Use of On-line Audit Portal**

As part of Internal Audit Service's new integrated Audit and Risk Management system, during 2022/23 we will introduce and roll-out across the Council, the on-line audit portal to be used by business users which is intended to facilitate greater transparency over their own control environment and real-time tracking of audit recommendations.

Summary of Key Headlines

- Emphasis on strong financial management and controls.
- Continued focus on key digital projects including the Customer Journey Project and EDRMS Sharepoint:
- Time allocated to transformational work including Social Care Reforms, Highways Transformation Programme and assurance over the Children's & Families Transformation programme completed in 2021.
- Support to those services which have transferred back in house - HWRC/Infrastructure +/Entrust.
- On-going support for the Council's COVID 19 response and recovery arrangements – grant work and other.
- Delivering Good Governance – continued work to give assurance over the Council's prevailing culture and values.
- Continued focus on the Council's procurement and contract management activities.
- Attention given to key partnerships including Entrust, Amey, MPFT, SSLEP and Midland Engine
- Full Programme of ICT audit reviews and regular Liaison between ICT and IA to discuss ICT control related matters.

Achievement of the key Aims Today

- Have I satisfied you that there is a robust methodology adopted in formulating the Plan for 2022/23?
- Have I provided you with comfort/assurance that the Plan focuses on the key risks facing the Council?
- Have I demonstrated to you that the Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year?
- Have I provided assurance to you that there are sufficient resources within Internal Audit to deliver the Plan for 2022/23?



Appendices

Supplementary Information to support the Plan 2022-23

How the Plan is Formulated

- Fundamental to a good plan is consultation with the organisation at all levels.
- Consultation/discussions with key officers (OMT/WLT/SLT) – 60 + Officers;
- Liaison with the HIA & ACFS & the County Treasurer.

**** IMPORTANT: We all need to contribute to the Plan to ensure it is aligned to the Council's priorities and to ensure it adds value to the organisation****



Key Principles Applied

- Assurance reviews with a high risk (i.e. >60%) ranking are completed.
- Identification of 'Top Risk' Audits/Reviews.
- Key Financial systems are conducted.
- A Schools' audit programme is developed based upon a risk assessment & specific fraud risk assessment.
- An initial allocation of days to conduct Special Investigations is made – variable year on year.
- An initial contingency allocation – variable year on year is included in the Internal Audit Plan.
- Time is included to undertake pro-active counter fraud work.
- Compliance reviews are also included in the Internal Audit Plan.

Resource Requirement 2022/23

- Continue to focus on the County Council in 2022/23.

Total Resource requirement	Days 2022/23	Days 2021/22	Days 2020/21
Staffordshire County Council Plan	1,920.00 days	2,095.00 days	2,100.00 days
External Clients	370.00 days	382.50 days	234.50 days
Total Resource Requirement 2022/23	2,290.00 days	2,477.50 days	2,334.50 days

- Sufficient resources are available to deliver the Plan including the ability to procure the required level of support from the Private Sector under existing frameworks available to us and access to the investment resource funding being made available to the Service..

How is the Plan Delivered

- In House Team
- Commitment to ‘grow our own’ with use of Apprenticeship Levy – One Apprenticeship has been completed, a Second is in their final year and in 2022/23, a member of staff starts the CIPFA’s Fraud Apprenticeship scheme (Counter Fraud Investigator)
- Use of External Staff via existing available frameworks
- ‘Mixed’ economy allows flexibility/ability to respond to urgent requests & access to specialist skills.
- Generate Income – Circa £80k er annum through external client work.