

Oadby & Wigston Borough Council

Strategic Internal Audit Plan – 2021/22 to 2023/24

February 2021

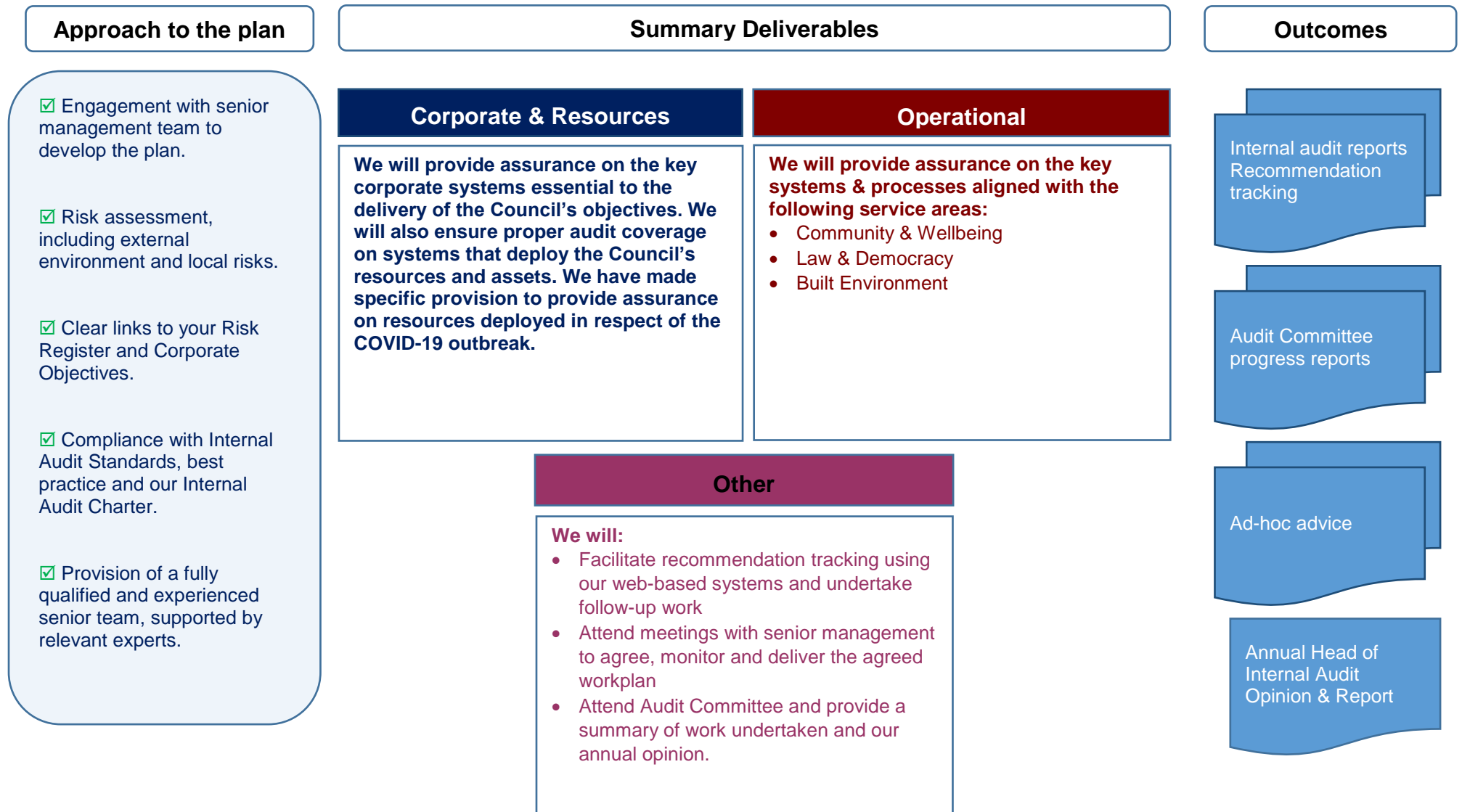


Bringing public value to life

cw Audit
internal Audit services

1. Your Plan on a Page

The diagram below summarises how the plan has been developed and outlines the approach to be taken in 2021/22 to deliver the plan.



2. Risk Assessment

The plan has been prepared as follows:

- review of the January 2021 Corporate Risk Register and Operational Risk Registers;
- review of the Council's corporate objectives;
- an assessment of the assurance required on work associated with the Council's COVID-19 response;
- input from members of the Senior Leadership Team;
- Assessment of any risk areas emanating from Internal Audit reviews conducted in the 2020/21 financial year.

The strategic plan, showing the links to the Corporate Risk Register and where applicable, the Council's corporate objectives, is attached at Appendix One, with the 2021/22 operational plan at Appendix Two.

3. The Team

Mark Watkins (ACMA) will remain as your nominated Head of Internal Audit and will be supported by your existing Audit Manager, Ruby Deo (IIA). Mark and Ruby will lead a team of auditors that have a wealth of experience in delivering audit services to local government organisations. Specialist auditors will also be utilised as appropriate, for example in respect of IT audit.

4. Public Sector Internal Audit Standards (PSIAS).

In conducting our work as your Internal Auditors we are required to adhere to the Public Sector Internal Standards (PSIAS). We have in place suitable policies and procedures to ensure full compliance against these standards. Our procedures include a comprehensive quality assurance programme to confirm that each audit assignment is delivered in accordance with PSIAS. The PSIAS require us to explicitly detail and agree the terms under which we deliver your internal audit plan in an Internal Audit Charter. This has been developed in accordance with relevant guidance and is attached at Appendix Three.

5. Conclusion

This internal audit plan has been designed to meet the Council's assurance requirements over the next three years and comply with Public Sector Internal Audit Standards. We therefore present it to the Audit Committee for final consideration and approval.

Paul Capener - Consortium Director, CW Audit Services

2021/22 – 2023/24 Strategic Internal Audit Plan

Appendix 1

Area	Audit Assignment	Links to CRR / Corporate Objectives	21/22	22/23	23/24
Corporate	Performance Management	All	10	-	-
	Risk Management	All	10	10	10
	Capital Programme	CR1, CR5	-	10	-
	Procurement	CR1, CR2, CR10	-	-	10
	Anti-Fraud and Corruption	CR1, CR4, CR10	-	10	-
	Health & Safety	CR6	-	10	-
	Emergency Planning	CR7, CO1	10	-	-
	Cleaning (Council Premises)		-	-	12
	National Fraud Initiative (NFI)		10	-	-
	Sub-total		40	40	32
Resources	Budgetary Control/MTFS	CR1	10	10	10
	Financial Systems*	CR1, CR10	25	25	25
	IT Audit	CR4, CR10, CR11	12	12	12
	Payroll & Expenses	CR1, CR10	10	10	10
	HR (Agency Workers in 21/22)	CR1, CR6, CR8	12	12	12
	Council Tax	CR1, CR4, CR6, CR10	10	10	10
	Business Rates	CR1, CR4, CR6, CR10	10	10	10
	Benefits/Council Tax Support	CR1, CR4, CR6, CR10	10	10	10
Sub-total		99	99	99	
Community & Wellbeing	Waste Management (Kerbside Collections)	C03	-	-	12
	Street Cleansing	C03	-	10	-
	Grounds Maintenance	CO3	-	10	-
	Community Safety	CR4, CR6, CO1	10	-	-
	Safeguarding	CR4, CR6, CO1	-	10	-
	Volunteer Programme	CR4, CR6, CO1,CO3	10	-	-
	Leisure Services		-	-	12
	Sub-total		20	30	24

Area	Audit Assignment	Links to CRR / Corporate Objectives	21/22	22/23	23/24
Law & Democracy	Taxi Licensing	CR4, CR6, CO1	12	-	-
	Selective Licensing (HMO)	CR4, CR6, CO1	12	-	-
	Premises Licensing	CR4, CR6, CO1	-	10	-
	Food Safety	CR4, CR6, CO1	-	-	10
	Private Sector Housing – Enforcement	CR4, CR6, CO1	-	-	10
	Sub-total		24	10	20
Built Environment	Housing Allocations (Choice Based Lettings)	CR4, CR6, CO1	-	-	10
	Housing Rents	CR1	-	10	-
	Housing Maintenance, Repairs & Voids	CR1, CR2, CR4, CR6, CO1	16	-	16
	Homelessness	CR1, CR4, CR6, CO1	12	-	-
	Planning		-	12	-
	Building Control		-	10	-
	S106 Agreements		-	-	10
	Sub-total		28	32	36
Follow Up	Recommendation Tracking/Follow up		15	15	15
	Sub-total		15	15	15
Management & Advice	Audit Needs Assessment, Planning & Annual Report		10	10	10
	Audit Committee/External Audit/Senior Team meetings		10	10	10
	Contract Management & ad hoc advice		10	10	10
	Sub-total		30	30	30
Total			256	256	256

* (ledger, creditors, debtors, treasury management, income management & cash receipting)

2021/22 Operational Audit Plan

Area	Links to Corporate Risk Register/Corporate Objectives	Work outline
CORPORATE		
Performance Management	Performance management cuts across all corporate risks and objectives.	Review of the Council's arrangements for managing corporate performance.
Risk Management	All risks recorded on the Corporate Risk Register	Review of the Council's approach to managing risk.
Emergency Planning	CR9 – Failure to respond to a significant incident CO1 – Building, protecting and empowering communities	Review lessons learned from Council's response to COVID-19 outbreak and changes made to working practices to deal with future outbreaks.
National Fraud Initiative	Mandatory national data matching exercise.	To provide key contact, project management and overview support to ensure progression of the NFI process to meet Cabinet Office requirements.
RESOURCES		
Budgetary Control / MTFS	CR1 – Decreasing financial resources / increasing financial pressures	To consider the adequacy and robustness of managerial control processes regarding the medium term financial strategy, budget setting and management, including a targeted review to support and assure on key areas of change/savings within the MTFS.
Financial Systems (ledger, creditors, debtors, treasury management, income management & cash receipting)	CR1 – Decreasing financial resources / increasing financial pressures CR12 – Fraud	Review of key controls over fundamental financial systems.
IT Audit	CR6 – Reputation damage CR12 – Fraud CR13– Cyber / IT security	To be confirmed via separate risk assessment.
Payroll & Expenses	CR1 – Decreasing financial resources / increasing financial pressures CR12 – Fraud	To provide assurance that salaries and expenses are paid in an accurate, timely and complete manner.
Human Resources – Agency Workers	CR1 – Decreasing financial resources / increasing financial pressures CR8 – Regulatory governance CR10 – Organisational/transformational change	To ensure that agency workers are engaged in accordance with appropriate legislation (e.g. IR35) and relevant Council policies, including the requirement to ensure proper value for money is achieved.
Council Tax	CR1 – Decreasing financial resources / increasing financial pressures CR8 – Regulatory governance CR12 – Fraud	Review of fundamental financial and public-facing system.
Business Rates	CR1 – Decreasing financial resources / increasing financial pressures CR8 – Regulatory governance CR12 – Fraud	Review of fundamental financial and public-facing system.

Area	Links to Corporate Risk Register/Corporate Objectives	Work outline
Benefits / Council Tax Support	CR1 – Decreasing financial resources / increasing financial pressures CR8 – Regulatory governance CR12 – Fraud	Review of fundamental financial and public-facing system.
COMMUNITY & WELLBEING		
Community Safety	CR4 - Failure to effectively engage with OWBC residents CR6 – Reputation damage CO3 – Delivering excellent services	Review of the Council's role in the Community Safety Partnership.
Volunteer Programme	CR4 – Reputation damage CR6 – Regulatory governance CO1 – Building, protecting and empowering communities CO3 – Delivering excellent services	To review the governance and management arrangements for the Council's volunteer programme.
LAW & DEMOCRACY		
Taxi Licensing	CR4 – Reputation damage CR6 – Regulatory governance	To provide assurance that taxi and hackney carriage businesses operating in the Oadby and Wigston locality are properly regulated.
Selective Licensing (HMO)	CR4 – Reputation damage CR6 – Regulatory governance CO1 – Building, protecting and empowering communities	To provide assurance on the systems and processes put in place to introduce a selective licensing scheme for houses in multiple occupation.
BUILT ENVIRONMENT		
Housing Maintenance, Repairs & Voids	CR4 – Reputation damage CR6 – Regulatory governance CO1 – Building, protecting and empowering communities CO3 – Delivering excellent services	To review the Council's arrangements for ensuring that statutory safety standards are maintained for all social housing throughout the borough.
Homelessness	CR4 – Reputation damage CR6 – Regulatory governance CO1 – Building, protecting and empowering communities CO3 – Delivering excellent services	Review of arrangements for implementing and administering the requirements of the Homelessness Reduction Act.

INTERNAL AUDIT CHARTER

1. Definition

Internal Audit is an independent and objective appraisal service within the organisation:

- Internal Audit primarily provides an independent and objective opinion to the Accountable Officer (Chief Executive), and the Audit Committee on the degree to which risk management, internal control and governance arrangements support the achievement of the organisation's agreed objectives. In addition, Internal Audit's findings and recommendations are beneficial to senior management in the audited areas. Senior management is defined as any manager with responsibility for the system under review by Internal Audit. Risk management, internal control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the organisation.
- Internal Audit also provides an independent and objective consultancy service specifically to help senior management improve the organisation's risk management, control and governance arrangements. The service applies the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that management have put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement. Such consultancy work contributes to the opinion, which Internal Audit provides on risk management, control and governance. Approval for any significant additional consulting services not already included in the audit plan will be sought from the Audit Committee prior to accepting the engagement.

Please see note at the end of this Charter for further definitions.

2. Standards and Ethics

Internal Audit acknowledges the mandatory nature of the Definition of Internal Audit, the Code of Ethics and the Standards contained in the Public Sector Internal Audit Standards. Internal Audit shall also work in accordance with any performance measures agreed with the Audit Committee.

3. Independence, Objectivity and Conflicts of Interest

All internal audit activities shall remain free of influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. CW Audit does not accept any roles that involve executive or direct operational responsibility or authority over any of the activities it reviews. The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting does not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

Individual auditors will have an impartial, unbiased attitude, characterised by integrity and an objective approach to work, and should avoid conflicts of interest. Individual auditors must declare any conflict of interest to the Head of Internal Audit. Any conflicts of interest encountered by the Head of Internal Audit must be declared to the Deputy Chief Executive. Internal Auditors will have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

4. Authority and Accountability

Internal Audit derives its authority from the Accountable Officer and Audit Committee. The Head of Internal Audit reports on a functional basis via the Audit Committee. For administrative purposes, the Head of Internal Audit reports to the Deputy Chief Executive. The Head of Internal Audit has a direct right of access to the Chair of the Audit Committee. The Audit Committee shall have regular private meetings with the Head of Internal Audit. The Audit Committee approves all Internal Audit plans and may review any aspect of its work.

5. Internal Audit Team

The Head of Internal Audit is responsible for ensuring the team is adequately staffed and that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Internal Audit Plan in line with the PSIAS. The team will undertake regular assessments of professional competence through an on-going appraisal and development programme (i.e. Personal Development Plans and Continuing Professional Development) with training provided where necessary. Auditors also have responsibilities for applying due professional care when performing their duties. The Head of Internal Audit must hold a professional qualification.

If the Head of Internal Audit, Chief Executive, Deputy Chief Executive or the Audit Committee consider that the level of Internal Audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the definition of internal auditing, they should advise the full Council accordingly.

6. Scope

The Head of Internal Audit is responsible for developing and maintaining an Internal Audit Strategy for providing the Chief Executive, economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the organisation's risk management, control and governance arrangements. The Head of Internal Audit's opinion is a key element of the framework of assurance the Chief Executive needs to inform the completion of the Annual Governance Statement. This strategy will be realised through the delivery of a considered and approved annual risk based plan. To develop the risk based plan, the Head of Internal Audit consults with senior management and the Audit Committee and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit reviews and adjusts the plan as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.

The audit plan will systematically review the policies, procedures and operations in place to:

- Establish, and monitor the achievement of, the organisations objectives.
- Identify, assess and manage the risks to achieving the organisations objectives.
- Ensure the economical, effective and efficient use of resources.
- Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations.
- Safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

7. Approach

To ensure delivery of its objectives, Internal Audit will develop and implement an Audit Strategy. This will be prepared each year and will describe arrangements for the delivery of the internal audit service based upon knowledge of the organisation's objectives, risk assessment, and appropriate management consultation. The allocation of resources between assurance and consultative work will be set out. A detailed Annual Operational Plan will be prepared designed to implement the audit strategy. The audit strategy and annual plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation. Both the strategy and annual plans will be approved by the Audit Committee.

8. Reporting

Internal Audit will report formally to the Audit Committee through the following:

An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement. The opinion must take into account the strategies, objectives and risks of the organisation and the expectations of senior management and other stakeholders. The Head of Internal Audit opinion will:

- a) State the overall adequacy and effectiveness of the Council's risk management, control and governance processes;
- b) Disclose any qualification to that opinion, together with the reasons for the qualification;
- c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
- d) Draw attention to any issues internal audit judge as being particularly relevant to the preparation of the Annual Governance Statement;
- e) Compare work actually undertaken with the work which was planned and summarise performance of the internal audit function against its performance measures criteria; and
- f) Comment where necessary on compliance with the Public Sector Internal Audit Standards and internal quality assurance arrangements.

For each Audit Committee meeting a progress report will be presented to summarise progress against the plan. The findings arising from individual audit reviews will be reported in accordance with Audit Committee requirements. The Audit Committee members will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan with target dates for completion.

Following the closure of fieldwork, Internal Audit will discuss findings with operational/local managers. Operational/Local management will receive draft reports which will include the action plans they have agreed following the discussion of findings. A copy of the draft report will also be provided to the relevant Executive Director. The draft report will give an "assurance" opinion on the area reviewed. The draft report will also indicate action ratings for individual report findings and recommendations.

Operational management will be required to respond to the draft report, stating their agreement or otherwise to the content of the report, identifying action, staff with responsibility for implementation and the dates by which action will be taken. Final reports inclusive of management comments will be issued by Internal Audit to the relevant Executive Director within 5 working days of management responses being received. The final report will be placed on the agenda for the next available Audit Committee.

Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision maybe made for follow up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.

9. Irregularities, Fraud and Corruption

It is the responsibility of management to maintain systems that ensure the Council's resources are utilised in the manner and on activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.

Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.

If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Counter Fraud Specialist in accordance with the organisation's Counter Fraud Policy and Fraud Response Plan.

10. Relationships

In order to maximise its contribution to the overall framework of assurance, Internal Audit will work closely with the organisation's Deputy Chief Executive in planning its work programme. Co-operative relationships with senior and line management enhance the ability of internal audit to achieve its objectives effectively. Audit work will be planned in conjunction with management as far as possible, particularly in respect of the timing of audit work.

Internal Audit will meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to see opportunities for co-operation in the conduct of audit work. In particular, internal audit make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate

The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework. In addition the Head of Internal Audit shall make provision to form an opinion where key systems are being operated by organisation's outside of the remit of the Accountable Officer, or through a shared or joint arrangement.

11. Access

Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation. All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors. In any instances of conflict this will be referred for resolution to the Deputy Chief Executive, Chief Executive or Chair of Audit Committee as appropriate.

12. Quality Assurance

The work of internal audit is controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the Public Sector Internal Audit Standards is being achieved. The Head of Internal Audit will establish a quality assurance programme designed to give assurance through internal and external review that the work of internal Audit is compliant with the PSIAS and to achieve its objectives. A commentary on compliance against the Standards will be provided in the annual audit report to Audit Committee.

13. Approval, Review and Interpretation of the Charter

This Internal Audit Charter shall be reviewed annually and approved by the Audit Committee*.

* The Public Sector Internal Audit Standards require the Charter to be approved by the Board, however, for the Public Sector the following definition of Board is provided: *Audit Committee – the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.*