Agenda Item 9 – Appendix A

Internal Audit Plan

2018-2019

ARA
Audit Risk Assurance

STROUD DISTRICT COUNCIL

Background

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that 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”.

The guidance accompanying the Regulations recognises both the Public Sector Internal Audit Standards (PSIAS) 2017 and the CIPFA Local Government Application Note for the UK PSIAS as representing “public sector internal audit standards”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions.

The standards also requires that an opinion is given on the overall adequacy and effectiveness of the Council’s control environment comprising risk management, control and governance, which is informed by the work undertaken by the Service.

The Shared Service Internal Audit function conforms to the International Standards for the Professional Practice of Internal Auditing.

What is Internal Auditing?

The role of the internal auditor is to provide *independent, objective assurance* to management that key risks are being managed effectively. To do this, the internal auditor will evaluate the quality of risk management processes, systems of internal control and corporate governance frameworks, across all parts of an organisation, and to provide an opinion on the effectiveness of these arrangements. As well as providing assurance, an internal auditor’s knowledge of the management of risk enables them to act as a consultant and provide support for improvement in an organisation's procedures. For example, at the development stage of a major new system where the internal auditor can help management to ensure that risks are clearly identified and appropriate controls put in place to manage them.

Why is assurance important?

By reporting to senior management that important risks have been evaluated, and highlighting where improvements are necessary, the internal auditor helps senior management to demonstrate that they are managing the organisation effectively on behalf of their stakeholders. Hence, internal auditors, along with senior management and the external auditors are a critical part of the governance arrangements of our organisation, our work significantly contributing to the statutory Annual Governance Statement (AGS).

Development of the 2018/2019 Internal Audit Plan

To enable the above, the Chief Internal Auditor is required to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives and taking into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks.

How did we develop the plan - Risk Based Internal Audit Planning (RBIAP)

To ensure our internal audit resources continue to be focussed accordingly, particularly during periods of organisational change, it is essential that we understand our clients' needs, which means building relationships with our key stakeholders, including other assurance/challenge providers, in order to gain crucial insight and ongoing 'intelligence' into the strategic and operational change agendas within our organisation.

This insight is not only identified at the initial development stages of the plan but dialogue continues throughout the financial year(s) which increases the ability for the Internal Audit Service to adapt more closely to meet the assurance needs of the council, particularly during periods of significant change.

Our plan therefore needs to be dynamic and should be flexible to meet these needs.

How did we achieve the above?

To ensure that an effective plan is developed, a consultation process took place with the Audit and Standards Committee, Corporate Team, Heads of Service and Service Managers to establish priorities. The proposed activity from all sources was collated and matched against the internal audit resources available and prioritised accordingly.

A flexible audit plan - Risk and Control Assurance Programme

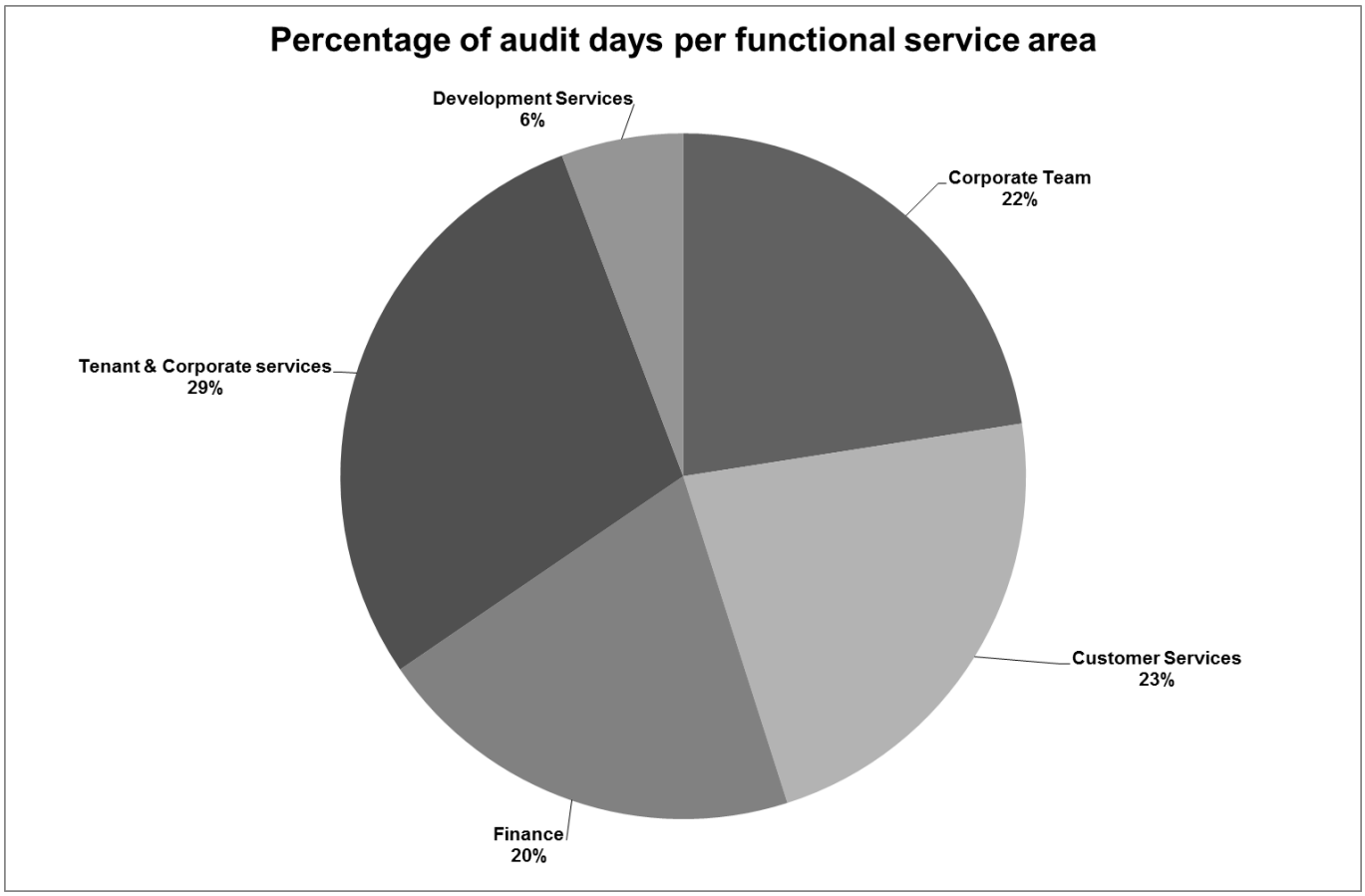
The Audit Plan is stated in terms of estimated days input to the Council of **463** audit days, which is **52** days **(10%)** less than 2017/2018, due to savings required. It should be noted that the impact of the 10% reduction this year has been managed in the main through not undertaking key controls work as these activities have been covered historically each year however, a cyclical programme will need to be put in place for future years and this will impact upon the level of future assurance that can be provided within the budgeted days. In addition, ARA will not be undertaking the annual review, development and implementation of the Annual Governance Statement, Local Code of Corporate Governance and the associated assurance framework and reduced the scope on selected audit activities. (Please see Attachment 2).

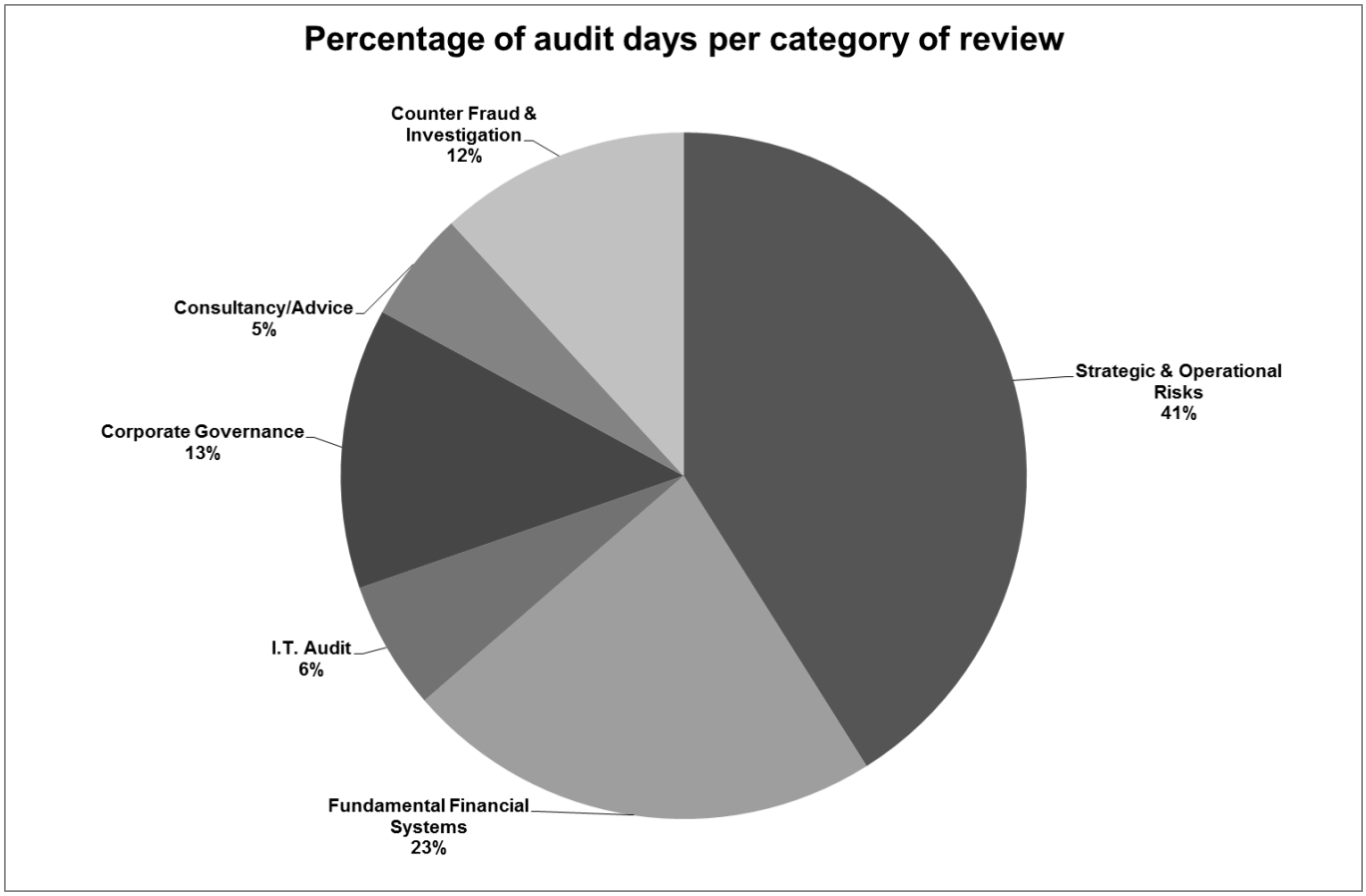
The Chief Internal Auditor will however, continue to reassess internal audit resources required against the council's priorities and risks and will amend the Plan throughout the year as required, with any additional activity required above the core provision agreed with the S151 Officer, reporting any key changes to the Audit and Standards Committee.

Overview of Internal Audit's Risk and Control Assurance Programme

In order to provide a high level overview of the proposed Risk and Control Assurance Programme the pie charts below highlight the allocation of audit resources per:

- Functional service area; and
- Category of review.


Percentage of audit days per functional service area
Development Services
6%
Corporate Team
22%
Tenant & Corporate services
29%
Customer Services
23%
Finance
20%


Percentage of audit days per category of review
Counter Fraud &
Investigation
12%
Consultancy/Advice
5%
Strategic & Operational
Risks
41%
Corporate Governance
13%
I.T. Audit
6%
Fundamental Financial
Systems
23%

The key points to note within the proposals are:

- There is a proportional split, based on risk, between each of the functional service areas to enable the provision of an audit opinion;
- Continued focus on corporate governance, key financial systems and strategic risks;
- Continued emphasis on procurement and contract management and monitoring arrangements; and
- Taking into consideration other assurance providers.

The detail supporting this overview is attached at Attachment 1 which shows:

- Audit activity per service area;
- Name of the audit activity;
- Reason for the audit i.e. as a result of RBIAP and link to the Council's Corporate Risk Register, statutory requirements etc;
- Outline scope of the review (please note that a detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is continually focused on the key risks and is undertaken within agreed time periods, to ensure our service adds value to the Council); and
- The priority of the audit i.e. priorities 1 and 2. The aim is to focus on priority 1 audits, with the priority 2 audits being reassessed in the eventuality of any new emerging risk areas highlighted where assurances may be required, or where additional fraud investigations/irregularities materialise.

Customer Services

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Business Continuity	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The Civil Contingencies Act 2004 requires all local authorities to have Business Continuity Management (BCM) arrangements in place, designed to ensure that as far as possible it can continue to operate the critical elements of the service in the event of disruption such as power loss, flooded premises or high staff absence. Internal Audit will provide professional advice and support to aid the planned review of individual service continuity plans to ensure that they are appropriate, realistic and up to date.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Business Rates Valuation List	Identified as part of Risk Based Internal Audit Planning (RBIAP)	Business Rates (also known as National Non-Domestic Rates) are a tax on business properties. The tax is set by the government and business rates collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. The Valuation Office Agency allocates all non-domestic properties with rateable values so authorities can calculate the Business rate charges. The correct identification of the rateable hereditament which will become the unit of assessment is a matter of great importance to all parties; to the occupier whose liability, in terms of the extent of the hereditament, is established, to the billing authority in connection with charging and collection and not least to the Valuation Officer who is required to compile and maintain correct rating lists. This review will seek to determine whether there are effective arrangements in place for ensuring that all hereditaments within the council's boundaries are included within the Valuation list.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Homelessness	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The homelessness legislation places a general duty on housing authorities to ensure that advice and information about homelessness, and preventing homelessness, is available to everyone in their district free of charge. The legislation also requires authorities to assist individuals and families who are homeless or threatened with homelessness. This audit will review the effectiveness of the systems in operation for processing applications and monitoring homelessness cases and select a sample of cases to review the application process, to ensure compliance with the guidance, and to establish the level of monitoring undertaken once the decision to accept a homeless case has been made.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Multi Services Contract	Identified as part of Risk Based Internal Audit Planning (RBIAP) Audit and Standards Committee request for follow up	The multi services contract provides for the provision of waste and recycling, street and building cleaning, grounds maintenance, fleet management and maintenance services and represents a significant service provision to the council both in terms of financial and reputational exposure. The annual cost of providing this service is circa £5m. During 2017/18 Internal Audit undertook a consultancy review to advise upon the effectiveness of the council's contract management and monitoring arrangements. The findings emanating from the review resulted in a number of recommendations being made in order to strengthen the governance, financial, performance, and risk management arrangements. This review will seek to determine whether the agreed recommendations have been fully implemented.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Subscription Rooms – Risk Management	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The Subscription Rooms is a Grade II listed building in the centre of Stroud. It is used as an arts and entertainment venue run by the Council and accommodates events of up to 450 people. It currently hosts the Tourist Information Centre. In October 2016 a cross-party Task and Finish Group was established to investigate options for the future use of the Subscription Rooms with a preference that any solution should not only improve cost effectiveness for the public but also seek to retain its availability to the public for cultural use. Two external offers for the freehold of the Subscription Rooms were received, however at its meeting on 5th December the Strategy and Resources Committee decided not to accept either of the offers. In order to: ➢ Enable the freehold of the Subscription Rooms to remain in public ownership ➢ Ensure that the level of Council cost is significantly reduced and: ➢ To promote and enhance the availability of the venue to the public for public arts, community use and education The Council is now advertising a full repairing and insuring lease of the Subscription Rooms (which will exclude the forecourt) for circa 30 years. This review will seek to determine whether there are effective risk management arrangements in place for the future proposals for the Subscription Rooms, and that these are in line with the council's Risk Management Policy Statement and Strategy.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
The Pulse (Dursley Pool) Income Collection	Identified as part of Risk Based Internal Audit Planning (RBIAP) Limited Assurance Follow Up	The Pulse, formerly known as Dursley Pool, is the new swimming pool, gym and studio in Dursley. The Pulse offers a wide range of classes and activities for the local community, as well as public swimming sessions. During 2017/18 Internal Audit undertook a review of the operating effectiveness of the internal control environment in respect of income collection. The findings emanating from the review resulted in a limited assurance opinion being provided. This review will seek to determine whether the high priority recommendations emanating from the review have now been fully implemented.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Workforce Plan – Transitional Arrangements	Identified as part of Risk Based Internal Audit Planning (RBIAP) Consultancy	Due to a reduction in settlement from central government the council has a shortfall in its finances of around £3m in 2021/22. In line with the council's four year budget, it has established a new workforce plan, as the council needs to reduce its headcount by 20% over the next four years. The workforce project links with several other projects, including, but not limited to: ➢ Modernising its ICT to allow more mobile working; ➢ Reducing ICT costs and increasing efficiency by moving to internal wifi and telephone and ICT networks; ➢ Progressing Channel Shift opportunities; and ➢ Maximising the use of the council's estate and facilities to generate income. Due to the significance of the change programme, Internal Audit will provide professional advice and support to the project to ensure that the control environment is not compromised.	**Priority 1**

Development Services

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Food Hygiene Inspections	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The Food Standards Agency (FSA) is the independent regulator that protects consumers through effective food enforcement and monitoring. As a central government department the FSA works with local authorities to help them take proportionate, timely and resolute action in relation to food safety in their area. All food businesses that prepare, produce, cook or sell food are required to register with the council by law and they must comply with strict hygiene standards. The council is responsible for carrying out programmed inspections of premises and advising businesses on legal requirements and best practice, alongside investigating incidents, outbreaks and causes of accidents. This review will seek to determine whether there is a robust framework in place for ensuring that timely food safety inspections are being conducted.	**Priority 1**

Finance

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Banks Automated Clearing System (BACS)	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The Bank Automated Clearing System (BACS) is a system in the United Kingdom for making payments directly from one bank account to another. There are two types of bank-to-bank payments: Direct Debits and Direct Credits. Direct Debits are typically used for taking regular or recurring payments such as household bills and Direct Credits are typically used for making regular payments such as salaries. During 2016/17 errors in respect of the collection of payments using BACS for Direct Debits occurred in Tenant Services and Benefits. The incident in Tenant Services did not come to light until the error in Benefits arose in December 16. As a consequence of the above a management investigation was undertaken, resulting in a report with an action plan for suggested improvements. During 2017/18 Internal Audit undertook a review of the progress made against the agreed actions. The review confirmed that overall progress had been made on implementing the improvement / action plans, although further work was still needed to strengthen the arrangements in respect of business continuity arrangements and back-up arrangements for the BACSTEL system. This review will seek to determine whether the remaining actions have now been fully implemented.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Capital Programme	Identified as part of Risk Based Internal Audit Planning (RBIAP) Limited Assurance Follow Up	A capital programme is a set of capital projects that a council plans to undertake within a given timetable and should be based on an approved Capital Strategy, which in turn should be linked to the council's Asset Strategy. A review of this area was completed during 2017-18. The findings emanating from the review resulted in a limited assurance opinion being given in respect of the risk identification maturity and the control environment. In light of the above, it was agreed that Internal Audit would undertake a follow-up review during 2018/19.	**Priority 1**
Communications (publication of financial information)	Identified as part of Risk Based Internal Audit Planning (RBIAP)	Putting finance at the heart of decision-making is the responsibility of all decision makers, who must understand their responsibility to take financial considerations into account. It is therefore vital that decision makers have access to relevant, reliable and timely information, and that there is a robust framework in place for the release of internal and external financial information. This review will seek to determine whether there is an effective control framework in place for the production of reliable financial information, prior to release to either internal or external parties.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Insurance	Identified as part of Risk Based Internal Audit Planning (RBIAP)	All organisations, whether private or public sector, face risks to people, property and continued operations. An organisation will need to determine the balance of risk between the level of self insurance and that which is transferred to an external insurance provider as part of their risk mitigation strategy. It is therefore vitally important to ensure that the analysis of claims and any further mitigating actions/controls are considered/implemented as part of the organisation's wider risk management programme to reduce or prevent re-occurrence, thus minimising the impact of these upon the level of any internal fund balances or future premiums. This review will seek to determine whether the council has an effective control framework in place for the management/monitoring of incidents that have led to claims being upheld; and that any further mitigating actions/controls are considered/implemented as part of the organisation's wider risk management programme.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Local Government Pensions Scheme (LGPS)	Identified as part of Risk Based Internal Audit Planning (RBIAP) Limited Assurance Follow Up	In April 2014 the Local Government Pension Scheme (LGPS) was revised. The new scheme known as LGPS14 is a career average pension scheme rather than a final salary scheme. During 2016/17 Internal Audit conducted a review of the council's arrangements for compliance with the revised scheme. The findings emanating from the review highlighted that certain aspects of the of the Local Government Association guidance were not operating as intended, and this led to a split assurance opinion being given over the control environment, with limited assurance being given over four areas that required improvement. This review will seek to determine whether the recommendations emanating from the review have now been fully implemented.	**Priority 1**
Treasury Management	Identified as part of Risk Based Internal Audit Planning (RBIAP)	Treasury Management is defined as the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. It is a high risk area due to the value of transactions, which can be made on a daily basis. The review will seek to determine whether the council has an effective control framework in place for treasury management that aligns with internal and external regulations and guidance.	**Priority 1**

Tenant and Corporate Services

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Competency Framework	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The Corporate Change Programme is part of a wider programme to help the council achieve the changes needed to shape the council for the future. One of the programme's initiatives is the introduction of the competency framework. This sets out the behaviours and attitudes required to achieve the council's future aspirations. The competency framework is embedded within the council's recruitment process, the first stage of employment with the council and is detailed as requirements within the Person Specification; this framework is then then continued throughout employment with the council and should be used during quarterly 121 staff supervision meetings. This review will seek to determine whether the competency framework is now embedded within the organisation and is operating as intended.	**Priority 1**
Contract Management (Mechanical and Electrical payment mechanisms)	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The council has let a series of contracts that provide services for mechanical and electrical works, the 2017/18 annual spend is circa £1m. It is important for the council to have effective contract management and monitoring arrangements in place for all of its contracted services. This review will seek to determine whether there are effective arrangements in place for administering payments due under these contracts.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Depooling of Rents	Identified as part of Risk Based Internal Audit Planning (RBIAP) Consultancy	Historically in many local authorities the cost of providing services to shared or communal areas has been part of the general rent that everyone pays. In other words the cost of these services is pooled amongst all tenants even though they are only provided to people who live in flats or shared accommodation. Service charge depooling is a process whereby the landlord stops sharing the costs of these services amongst all tenants and introduces a separate service charge payable only by those tenants who receive these additional services, providing a clear link between what someone pays for shared services and the service they receive. Internal Audit will support the project lead, through the provision of risk and control advice during the delivery of the review project in-year.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
General Data Protection Regulations (GDPR)	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The General Data Protection Regulation (GDPR) becomes enforceable from 25th May 2018 and is intended to strengthen and unify data protection for individuals within the European Union (EU) and to address the export of data outside of the EU. Whilst many of the GDPR's main concepts and principles are much the same as those in the current Data Protection Act there are a number of new elements and significant enhancements. There is also the potential for significant fines (up to £20m) to be imposed in the event that the council is found to have broken the law. This audit will review whether the council has an effective control framework in place for ensuring that personal information that is gathered is only used for the purpose for which it was originally intended.	**Priority 1**
HRA Delivery Plan – Budget Savings	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The council's housing service delivers a variety of services to tenants and plays a key role in supporting the strategic aims of the council, including: housing, economic development and health and well being. The council has developed a business plan which sets out the council's considered direction, service priorities, financial model and approach to the management of business risks and opportunities which includes an action plan. This review will seek to determine whether the agreed actions are being actively progressed in line with the stated target delivery dates.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
ICT	Identified as part of Risk Based Internal Audit Planning (RBIAP) Assurance required by Audit and Standards Committee	The ICT audits will be identified following the ICT audit needs assessment. The assessment will be compiled by the internal Audit Service ICT audit specialists and will consider input from both council officers and External Audit.	**Priority 1**
IR35s – Off payroll working through an intermediary	Identified as part of Risk Based Internal Audit Planning (RBIAP)	IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are referred to as 'disguised employees' by Her Majesty's Revenue and Customs (HMRC). The council is responsible for deciding if off-payroll working rules apply when procuring services and if the rules do apply must deduct tax and Class 1 National Insurance Contributions and report them the HM Revenue and Customs. This review will seek to determine whether the council has effective arrangements in place to ensure that it conforms to these regulatory requirements.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Risk Management (Contracts)	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The council is committed to securing effective risk management as part of its responsibility to deliver effective public services within its district. It acknowledges that effective risk management helps strengthen its capacity and ability to efficiently meet its corporate priorities and core business and that it enables the council to have a clear understanding of the risks it faces and how to effectively manage them. This review will seek to determine whether risk management is embedded within the management of contracts within Tenant Services and that the risk management arrangements are in line with the council's Risk Management Policy Statement and Strategy.	**Priority 1**
Settlements	Identified as part of Risk Based Internal Audit Planning (RBIAP)	Employees may have claims against their employer under both their contract of employment and under statute. In the United Kingdom, a settlement agreement is a legally binding agreement between an employer and its employee (or ex-employee) under which the employee receives consideration, often a negotiated financial sum, in exchange for agreeing that he or she will nave no further claim against the employer. This audit will seek to determine whether paid settlement agreements have been made in compliance the council's agreed internal policies/procedures, as well as statutory guidance.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Property Maintenance	Identified as part of Risk Based Internal Audit Planning (RBIAP)	A comprehensive planned maintenance programme (PMP) is an essential ingredient of successful property management. A PMP can save money and unpleasant surprises in the short-term by identifying and addressing potential defects before they become costly disasters. It will also maintain or increase the value of the property in the longer term by minimising any physical deterioration. Effective PMP planning involves all aspects of maintenance, from regular cleaning, redecorating and gutter clearance to structural surveys and should also take into consideration specialist reports on lifts and services, fire protection and asbestos issues. In addition, significant savings can be made by careful scheduling of tasks that can be undertaken simultaneously, so that expensive fixed costs such as scaffolding can be used to support two or more jobs instead of being repeated several times in just a few years. The council's planned and responsive maintenance budget for 2017/18 was circa £308k. This review will seek to determine whether the council has adequate arrangements in place for undertaking planned and reactive maintenance works in order to protect the value of the council's property and the health and well being of employees and members of the public.	**Priority 2**

Corporate Team

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Budget Savings	Identified as part of Risk Based Internal Audit Planning (RBIAP)	The Medium Term Financial Plan sets out the council's core budget position to 2021/22 including its intention to deploy its reserves over the coming years to ensure it maintains a balanced budget. An important part of the council's strategy will be to continue to deliver efficiencies and savings over the coming years to remove the dependency of the council on the utilisation of its reserves before they are depleted. A proportion of the savings are categorised as 'savings targets' and will require regular review and reporting to monitor the level of savings that have been achieved. This review will seek to establish whether there are effective budget monitoring and reporting arrangements in place to track the progress of the identified savings targets.	**Priority 1**
Debt Collection and Recovery	Identified as part of Risk Based Internal Audit Planning (RBIAP)	Income can be a vulnerable asset and effective income collection/recovery systems are necessary to ensure that all income/debt due is collected. This review will seek to determine whether there are robust arrangements in place for the management of debt owed to the council, based on the principles of early contact, close monitoring, consistent action and adherence to agreed internal/external collection/recovery procedures.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Workforce Plan – Programme Management	Identified as part of Risk Based Internal Audit Planning (RBIAP)	Due to a reduction in settlement from central government the council has a shortfall in its finances of around £3m in 2021/22. In line with the council's four year budget, it has established a phased change programme that seeks to address the known shortfall. This review will seek to determine whether there are effective programme management arrangements in place to deliver the change programme.	**Priority 1**

Counter Fraud

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Fraud Investigation / Detection	To support the Annual Governance Statement (AGS) Protect the Public Purse	Allocation to continue the development and implementation of the council's Anti-Fraud and Corruption arrangements based on latest best practice. This also includes an allocation for increasing the profile and awareness of anti–fraud, conducting pro-active counter-fraud reviews and undertaking investigations as required.	**Priority 1**
National Fraud Initiative (NFI)	Statutory Requirement To support the Annual Governance Statement	To continue to co-ordinate activity as part of the NFI (a national data matching exercise that compares data/records i.e. payroll, licences, housing waiting list, single person discounts, creditors etc.) for a wide range of public services, including ensuring that matches are investigated promptly and thoroughly and reporting of results.	**Priority 1**
Fraud Risk Management	To support the Annual Governance Statement Informs the Risk Based Internal Audit Plan	The CIPFA Counter Fraud Centre has issued guidance on actions to be taken to 'Manage the Risk of Fraud and Corruption' within an organisation. This allocation is to continue to self assess against the criteria set out in the guidance and develop a fraud risk register in order to direct/prioritise our counter fraud and internal audit resources/activity accordingly.	**Priority 1**

Management Activity to Support the Audit Opinion

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Audit and Standards Committee / Member / Officer and Chief Financial Officer Reporting	Public Sector Internal Audit Standards (PSIAS) Statutory Requirement	This allocation covers Member reporting procedures, mainly to the Audit and Standards Committee, plan formulation and monitoring and regular reporting to and meeting with, the Chair and Vice Chair of the Audit and Standards Committee and the Chief Financial Officer.	**Priority 1**
Provision of Internal Control / General Advice	To support an effective control environment	This allocation allows auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the Council.	**Priority 1**
Quality Assurance and Improvement Programme (QAIP) includes the annual review of the effectiveness of Internal Audit and the external assessment	Public Sector Internal Audit Standards (PSIAS) Statutory Requirement To support the AGS	The Accounts and Audit Regulations 2015 states that Internal Audit should conform to 'proper practices' and it is advised that proper practice for internal audit is currently set out in the Public Sector Internal Audit Standards (PSIAS) 2016. This allocation is to undertake an annual self assessment and when required, commission and deliver an external quality assessment, against the new standards. All outcomes to be reported to the Audit and Standards Committee.	**Priority 1**

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
External Working Groups	Activity to support the audit opinion	Attendance / work in relation to the Counties Chief Auditor Network (National Group), Midland Counties and Districts Chief Internal Auditors Group and the Fraud and ICT Groups to enable networking and to share good practice.	**Priority 1**
External Audit Liaison	Management activity to support the audit opinion	The External Auditor and the Chief Internal Auditor regularly meet to discuss plans and audit findings, to ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	**Priority 1**
Carry Forwards	Audit Activity outstanding	This allocation provides for the completion of various 2017/2018 audits which require finalising.	**Priority 1**
Recommendation Monitoring	Activity to support the audit opinion	Whilst it is management’s responsibility to manage the risks associated with their outcomes/objectives, this allocation enables Internal Audit to monitor management’s progress with the implementation of high priority recommendations.	**Priority 1**
Internal Working Groups	Activity to support the audit opinion	Internal Audit is frequently asked to nominate representatives for working groups to advise on risk and control.	**Priority 2**