

14 May 2020

AUDIT AND STANDARDS COMMITTEE

A virtual meeting of the Audit and Standards Committee will be held on **TUESDAY 26 MAY 2020** at **7.00 pm.**



Kathy O'Leary
Chief Executive

Venue

This meeting will be conducted using Zoom and a separate invitation with the link to access the meeting will be sent to Members, relevant officers and members of the public who have submitted a question.

Members of the public are invited to access the meeting streamed live via Stroud District Council's [YouTube channel](#).

A recording of the meeting will be published onto the Council's website (www.stroud.gov.uk). The whole of the meeting will be recorded except where there are confidential or exempt items, which may need to be considered in the absence of press and public.

AGENDA

1 APOLOGIES

To receive apologies for absence.

2 DECLARATIONS OF INTEREST

To receive declarations of interest.

3 MINUTES

To approve the minutes of the meeting held on.

4 PUBLIC QUESTION TIME

The Chair of Committee will answer questions from members of the public submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS

Noon on THURSDAY 21 MAY 2020

Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud and sent by Email: democratic.services@stroud.gov.uk.

- 5** **RISK BASED INTERNAL AUDIT PLAN 2020/21**
To present to Members, for their consideration and approval the Annual Risk Based Internal Audit Plan 2020/21.
- 6** **WORK PROGRAMME**
To consider the work programme.
- 7** **MEMBERS' QUESTIONS**
See Agenda Item 4 for deadline for submission.

Members of Audit and Standards Committee

Councillor Nigel Studdert-Kennedy (Chair)

Councillor Tom Williams (Vice-Chair)

Councillor Dorcas Binns

Councillor Rachel Curley

Councillor Stephen Davies

Councillor Trevor Hall

Councillor Karen McKeown

Councillor Keith Pearson

Councillor Mark Reeves

Councillor Tom Williams



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

28 January 2020

7.00 pm – 8.32 pm

Council Chamber, Ebley Mill, Stroud

Minutes

Membership:

Councillor Nigel Studdert-Kennedy (Chair)	A	Councillor Stephen Davies	P
Councillor Tom Williams (Vice-Chair)	P	Councillor Karen McKeown	A
Councillor Dorcas Binns	A	Councillor Keith Pearson	P
Councillor Miranda Clifton	P	Councillor Mark Reeves	P
Councillor Rachel Curley	A		

A = Absent P = Present

Officers Present:

Interim Head of Legal Services and Monitoring Officer	Head of Audit Risk Assurance (ARA) (Chief Internal Auditor)
Strategic Director of Resources	Counter Fraud Manager
Principal Accountant	Head of Community Services
Building Control Manager	Democratic Services & Elections Officer

Others Present:

Michelle Hopton, Audit Lead, Deloitte the Council's external auditors
Chris Lanham, Manager, Deloitte the Council's external auditors

AC.025

APOLOGIES

Apologies for absence had been received from Councillors Studdert-Kennedy, Curley and Mckeown.

In the absence of The Chair, Councillor Studdert-Kennedy, the meeting was chaired by Councillor Williams, the Vice-Chair.

AC.026

DECLARATIONS OF INTEREST

There were none.

AC.027

MINUTES

RESOLVED

That the Minutes of the meeting held on 19 November 2019, are approved as a correct record.

AC.028 **PUBLIC QUESTION TIME**

There were none.

AC.029 **EXTERNAL AUDIT PLAN**

The Audit Lead from Deloitte advised that she would now be taking over from Ian Howse, she stated that she had worked with Ian for a number of years and that there had been a smooth and detailed handover.

The Audit Lead from Deloitte presented the External Audit Plan to the Committee and advised that there had not been any significant changes from last year, she drew the committees attention to the 2 significant risks, completeness of Accruals and management override of controls, but advised that they were mandatory significant risks. She confirmed that materiality was set at £1.6 million which is based on 2% of gross expenditure and that they were not looking to change the materiality level.

Councillor Davies asked for clarification on the pension liability listed on page 14. The Strategic Director of Resources advised that there were 2 issues with pensions, the valuations that the actuaries prepare for the year end accounts and the valuation process that they use for establishing the funding position for the next 3 years. He confirmed that the figures included in the Deloitte report were the published figures from the year end accounts, and that in the tri-annual review the actuaries determined that the funding position had gone from 74% funded to 99% funded.

On being put to the vote, the Motion was carried unanimously.

RESOLVED **To note the External Audit Plan.**

AC.030 **INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2019/20**

The Head of ARA advised that the report provided the Committee with an update of the Internal Audit activity carried out against the Internal Audit Plan 2019/2020. She drew the committee's attention to Page 18 which contained information on the Audit carried out on the Gloucestershire Building Control Partnership (GBCP) and the limited assurance opinion given. She advised that the limited assurance opinion was not regarding service delivery but around the governance arrangements and the non-compliances identified with the original Section 101 agreement. It was advised that a follow up review would be carried out by Audit in 2020/21. The Head of ARA also advised that she was really pleased to report that the multi services contract showed on page 24 had demonstrated a positive shift from an original limited assurance opinion to satisfactory assurance.

The Chair confirmed that the Building Control Manager was present at the Committee Meeting and was available to answer questions.

In response to questions, the Building Control Manager confirmed that the audit report identified the shortcomings in the contact between the two parties, Stroud and Gloucester and that since the audit report they had met with Gloucester and a board meeting was arranged for later that week. He confirmed that they would discuss whether the terms of the S101 agreement could be amended to allow for a bi-annual meeting and a bi-annual email correspondence instead of 4 face to face meetings a year.

Councillor Clifton asked whether any of the monitoring could be carried out by Committee under Performance Monitoring. The Strategic Director of Resources advised that this could be looked

at under Performance Monitoring and that Building Control would fall under the remit of the Environment Committee. The Head of ARA advised that management had accepted the audit report outcomes and it was their responsibility to implement any changes, she also confirmed that Audit always carry out a follow up review for any service with a limited assurance outcome and that the review of GBCP would be added to the audit plan for 2020/21.

The Strategic Director of Resources asked the Committee if they would like to request the Building Control Managers presence at an Audit & Standards Committee in 6 months to present the progress made. Councillor Pearson advised that he would like the Building Control Manager to attend the Committee Meeting in April as some of the issues had been raised previously in 2016/17. The Committee agreed that the Building Control Manager would be asked to return to provide an update on progress made at the Audit and Standards Committee in April 2020.

In a response to questions about the multi services contract with UBICO the Head of Community Services advised that an Officer from the Finance team attends meetings at UBICO regularly and that they also receive extensive reports from UBICO which he would be happy to share with Members, and that UBICO are capable of delivering the requirements of their contract. Councillor Pearson thanked Adele Rudkin for all the work she has put into the multi services contract.

Councillor Davies asked for an update on when they would see the Littlecombe report referred to on page 32. The Head of ARA advised that this report would be ready by the next Audit and Standards Committee in April.

On being put to the vote, the Motion was carried unanimously.

RESOLVED

- 1. To accept the progress against the Internal Audit Plan 2019/20; and**
- 2. To accept the assurance opinions provided in relation to the effectiveness of the Council's control environment.**

AC.031 **COUNTER FRAUD UNIT REPORT**

The Strategic Director of Resources introduced the Counter Fraud Manager and advised that the counter fraud work had previously been commissioned through the Audit Risk Assurance team, however the Counter Fraud Unit would now be commissioned directly and the Counter Fraud Unit would be reporting to the Audit and Standards Committee.

The Counter Fraud Manager advised that they would deliver 2 reports each year to Committee and that they were seconded to Stroud District Council when they are carrying out work for the Council. The Counter Fraud Manager brought the Committees attention to the successful prosecutions and penalties that had been carried out listed on page 34. She also advised that they would be concentrating on clearing the anomalies with single person discount and hoped she would be able to report the outcomes of that work in her next report to Committee.

Councillor Pearson asked for clarification of the results of the referrals listed in paragraph 2.2 as 7 referrals had been made but only 6 prosecutions or penalties had been issued. The Counter Fraud Manager advised that the other referral would have had no further action which could have been due to a number of different factors such as; no fraud being found, involving a vulnerable person or an internal error.

Councillor Clifton asked how the number of referrals made compared to Cotswold District Council. The Counter Fraud Manager advised that Stroud District Council was not a full partner council and therefore it would not be directly comparable, she did advise that she would be able to circulate figures for the councils who they provide council tax reduction scheme investigations for, which Councillors would be able to compare.

On being put to the vote, the Motion was carried unanimously.

RESOLVED **To note the report and the work of the Counter Fraud Unit in fraud investigation.**

AC.032 **INTERNAL AUDIT PURPOSE, AUTHORITY, ROLE AND FUNCTION**

The Head of ARA advised that the suite of documents the Committee had been asked to approve were to help reaffirm what Internal Audit's purpose, authority, role and functions were. She confirmed that there had not been any key changes to the role and that the strategies were all in place when they were last presented to Committee in 2015.

Councillor Davies asked if enough funding was available for the data analytics process. The Head of ARA advised that they have had the software for some time and that they were increasing the number of team members who would be able to use data analytics in the delivery of audit activity and confirmed that ARA had sufficient licences to enable this. She stated that should there be a funding issue she would take the matter to the ARA Shared Services Board who were keen for ARA to use data analytics in audit testing strategies.

Councillor Reeves asked whether the Council had considered looking at Artificial Intelligence to analyse data. The Strategic Director of Resources advised that they had been looking into the Councils IT capabilities but at this time there were no plans to look into Artificial Intelligence.

The Chair asked if there had been any major changes to the ARA documents or policies. The Head of ARA confirmed that the documents were all in line with the Public Sector Internal Audit Standards (PSIAS) and that she is externally assessed to ensure she is compliant with the Standards. It was also confirmed that the only key change was the inclusion of the implementation of the Data Analytics Strategy.

On being put to the vote, the Motion was carried unanimously.

RESOLVED **To approve the**
a. Internal Audit Strategy
b. Internal Audit Data Analytics Strategy
c. Internal Audit Charter
d. Internal Audit Code of Ethics
e. Internal Audit Quality Assurance and Improvement Programme (QAIP).

AC.033 **ANNUAL GOVERNANCE STATEMENT 2018/2019 IMPROVEMENT PLAN – PROGRESS REPORT**

The Head of ARA advised that within the Annual Governance Statement presented to Committee in July 2019 was an improvement plan where the Council identified a number of improvement actions in relation to good governance. She referred the Committee to the improvement actions identified and the position as at December 2020 from page 89 onwards in the document pack.

Councillor Pearson stated that it was good to see progress being made on the improvement plan.

On being put to the vote, the Motion was carried unanimously.

RESOLVED **To note the progress made as set out in the report.**

AC.034 **TREASURY MANANAGEMENT STRATEGY, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY STATEMENT 2020/21**

The Principal Accountant outlined the above report and answered Members' questions which covered:

- The property fund investments to Hermes and Lothbury
- Voluntary Revenue Provision on the HRA

On being put to the vote, the Motion was carried unanimously.

- RECOMMENDED TO COUNCIL**
1. To adopt the prudential indicators and limits for 2020/21 to 2022/23;
 2. To approve the treasury management strategy 2020/21, and the treasury prudential indicators;
 3. To approve the investment strategy 2020/21, and the detailed criteria for specified and non-specified investments; and
 4. To approve the MRP Statement 2020/21.

AC.035 **3RD QUARTER TREASURY MANAGEMENT ACTIVITY REPORT 2019/20**

The Principal Accountant introduced the above report and confirmed that we were complying with the treasury limits. He brought the Committees attention to Table 1 which showed the average investment rates, Table 2 which showed a snapshot at the end of September and December of the total investment and borrowing figures. The Principal Accountant also ran through the new investments advising that £2million was invested in December with Hermes, £4million was invested in January with Lothbury and the 2 multi-asset funds chosen will be invested in within the next week.

In a response to a question about how the results of investing in the multi-asset funds would be reported back to Committee the Principal Accountant advised that once they were in place there would be a new table included within the treasury management quarterly reports.

On being put to the vote, the Motion was carried unanimously.

- RESOLVED** **To accept the third quarter treasury management report for 2019/20.**

AC.036 **STANDING ITEMS**

(a) Work Programme

The Strategic Director of Resources confirmed that the Building Control Manager would be invited back to the April Committee Meeting to report on progress following the Audit report. He also reminded the committee that training was being held on 16 March 2020 in Stroud and on 17 March 2020 in Gloucester for members of the Audit and Standards Committee. The Head of ARA confirmed that she would circulate an agenda once this had been confirmed with CIPFA.

The Head of ARA also advised that she would be bringing two further reports to the April Audit and Standards Committee, the Annual Internal Audit Plan 2020/2021 and the Chair of Audit and Standards Committee's Report to Council.

AC.037

MEMBERS' QUESTIONS

There were none.

The meeting closed at 8.32 pm.

Chair

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

26 MAY 2020

5

Report Title	RISK BASED INTERNAL AUDIT PLAN 2020/21			
Purpose of Report	To present to Members, for their consideration and approval the Annual Risk Based Internal Audit Plan 2020/21.			
Decision(s)	The Audit and Standards Committee RESOLVES to: a) Agree that the Annual Risk Based Internal Audit Plan 2020/21 reflects the current risk profile of the Council; and b) Approve the Annual Risk Based Internal Audit Plan 2020/21 as detailed in Appendix A.			
Consultation and Feedback	Officers (Senior Leadership Team, Heads of Service and Service Managers); Members (via the Audit and Standards Committee Risk Based Audit Planning workshop on 2 nd December 2019); and External Audit have been consulted on the proposed Annual Risk Based Internal Plan 2020/21. Alongside internal audit's own assessment of risk, the consultation process is applied to ensure effective plan development in order to establish priorities and assurance requirements. The timing of audit work will be planned in conjunction with the appropriate managers to minimise abortive work and time.			
Report Author	Theresa Mortimer, Head of Audit Risk Assurance Tel: 01453 754111 Email: theresa.mortimer@stroud.gov.uk			
Options	The Public Sector Internal Audit Standards (PSIAS) 2017 require the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The lack of such a Plan would lead to non-compliance with these Standards.			
Background Papers	N/A – links to legislation are in the body of the report.			
Appendices	Appendix A – Annual Risk Based Internal Audit Plan 2020/21.			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION/BACKGROUND

- 1.1 All local authorities must make proper provision for internal audit in line with the [Accounts and Audit Regulations 2015](#). The Regulations provide that a relevant authority “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”. Undertaking annual internal audits based on the risk profile of the Council also supports the Section 151 Officer’s duty to ensure the proper administration of the Council’s financial affairs.
- 1.2 The guidance accompanying the Regulations recognises the [Public Sector Internal Audit Standards \(PSIAS\) 2017](#) as representing “proper internal audit practices”. The Standards define the way in which the Internal Audit Service should be established and undertake its functions. These Standards require the Chief Internal Auditor 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, taking into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks.
- 1.3 To ensure our internal audit resources continue to be focussed accordingly, particularly during periods of organisational change, it is essential that the Internal Audit Service understand our clients’ needs, which means building relationships with 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.
- 1.4 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.

2.0 MAIN POINTS

- 2.1 To ensure that an effective plan is developed, in addition to including activity requested by the Audit and Standards Committee at the Risk Based Audit Planning workshop held on 2nd December 2019, and alongside internal audit’s own assessment of risk, a consultation process took place with Senior Leadership Team, Heads of Service and Service Managers to establish priorities and assurance requirements. The proposed activity from all sources was collated and matched against the internal audit resources available and prioritised accordingly.
- 2.2 The Audit Plan is stated in terms of estimated days input to the Council of 463 audit days, which is comparable to 2019/20. By continuing to apply risk based internal audit planning principles; this level of input, with the ability to commission internal audit resources from current audit framework agreements

as required, is considered acceptable to provide the assurance the Council needs.

COVID - 19

- 2.3 At the time of writing (April 2020), government restrictions and requirements due to Coronavirus (Covid-19) have led to changes in operations at Stroud District Council to ensure prioritisation and continuity of services within this unprecedented climate. The present situation has and will put extra pressure on Council resources.
- 2.4 The Chief Internal Auditor will 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. This approach will appropriately consider the council's priorities and risk changes that occur due to Covid-19, ensuring that the Risk Based Internal Audit Plan remains flexible and dynamic within 2020/21.

3.0 CONCLUSION

- 3.1 The PSIAS requires the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan and for this Plan to be approved by the appropriate body, which for Stroud District Council is the Audit and Standards Committee. This Audit and Standards Committee report meets the PSIAS requirement.
- 3.2 Regular reports on progress against the approved 2020/21 Annual Risk Based Internal Audit Plan and any significant control issues identified will be presented to the Audit and Standards Committee.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

Andrew Cummings, Strategic Director of Resources

Tel: 01453 754115

Email: andrew.cummings@stroud.gov.uk

Risk Assessment:

Failure to deliver effective governance will negatively impact on the achievement of the Council's objectives and priorities and reputation.

4.2 Legal Implications

There are no specific legal implications in addition to those mentioned in the report.

Patrick Arran, Interim Head of Legal Services and Monitoring Officer
Tel: 01453 754369
Email: patrick.arran@stroud.gov.uk

4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.

Internal Audit Plan 2020-2021



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 undertake its functions.

The standards also require 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 2020/2021 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 take 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, Senior Leadership 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.

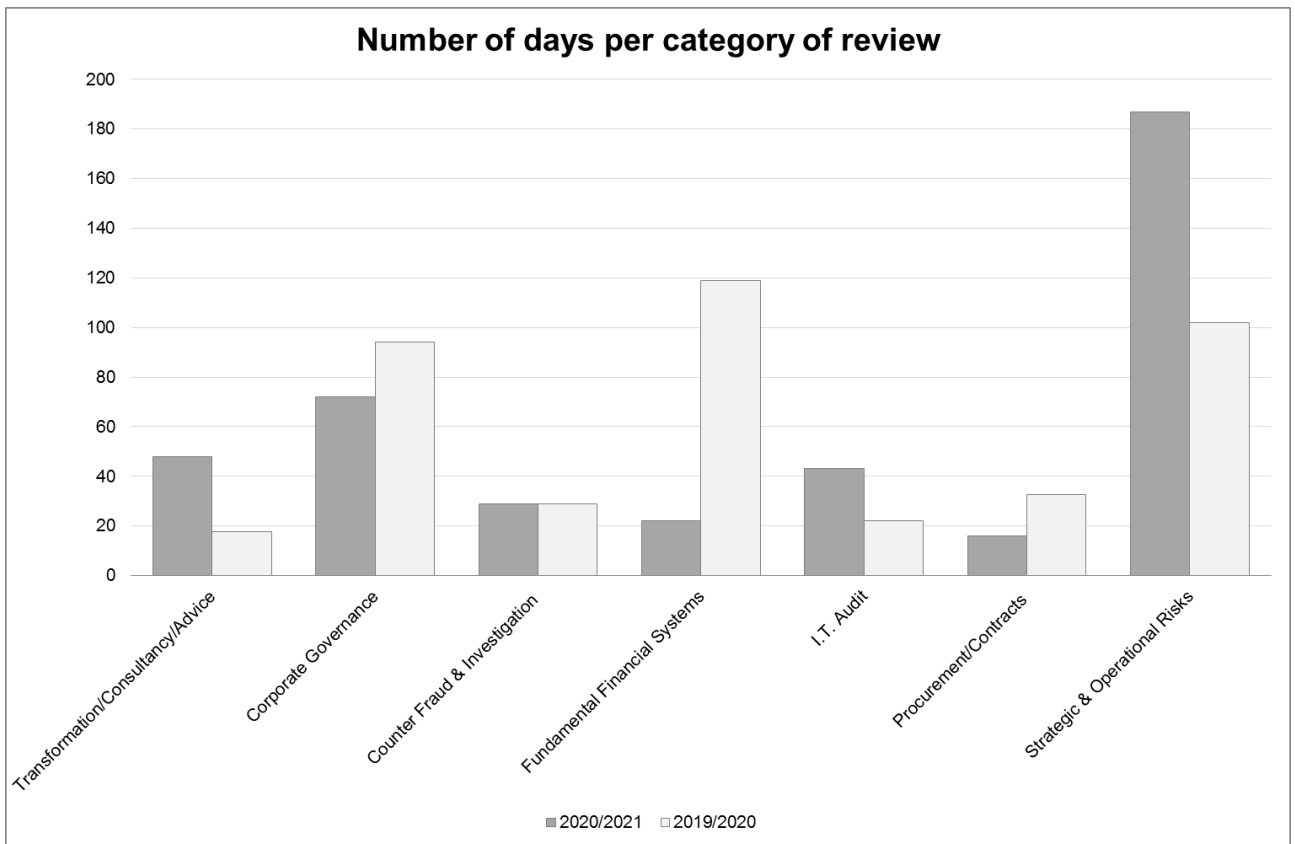
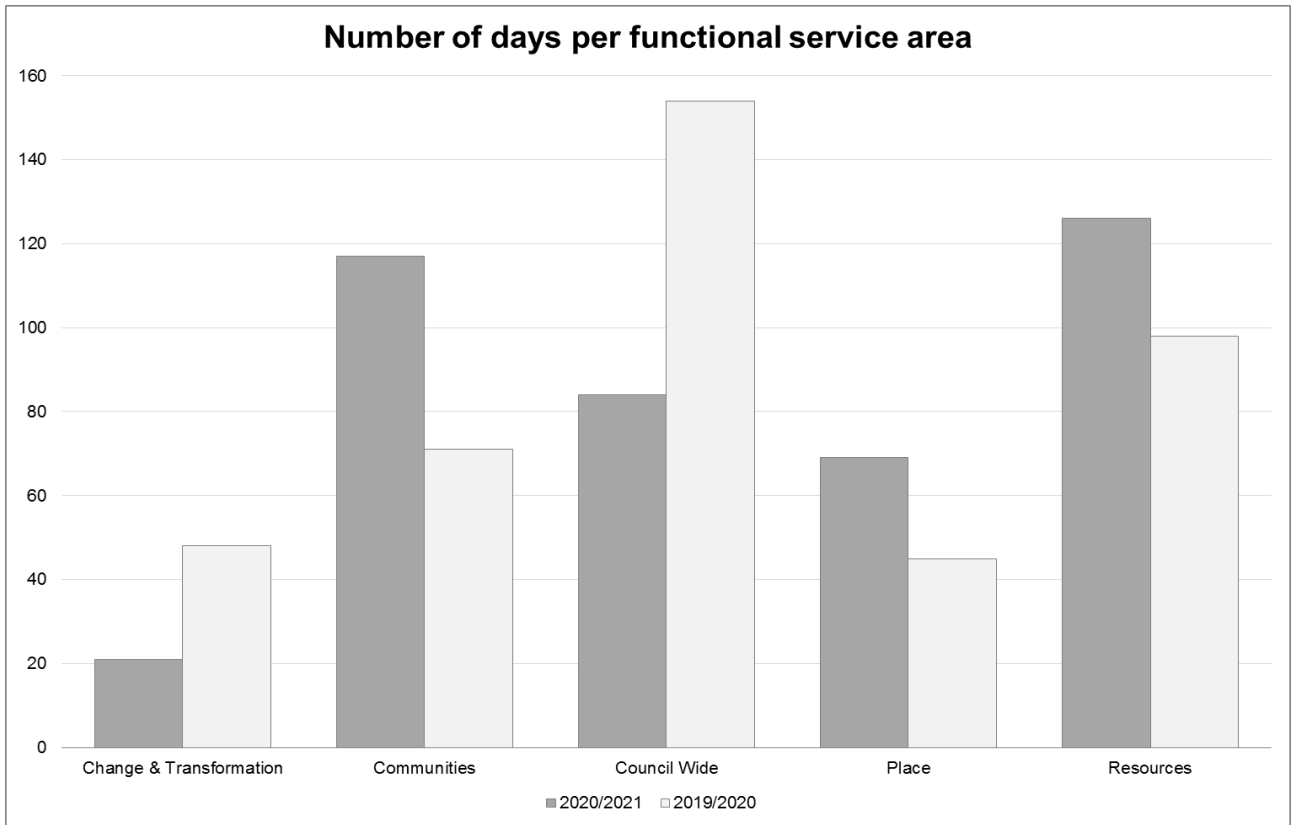
A flexible audit plan - Risk and Control Assurance Programme

The Audit Plan is stated in terms of estimated days input to the Council of **463** audit days, which is comparable to last year. By continuing to apply RBIAP principles; this level of input, with the ability to commission internal audit resources from current audit framework agreements as required, is considered acceptable to provide the assurance the Council needs. We will however, continue to reassess our resources required against the Council's priorities and risks, particularly in respect of COVID-19 and will amend the plan throughout the year as required, 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 charts below highlight the allocation of audit resources (excluding time allocated for management activities e.g. Committee report compilation; Committee attendance and other) per:

- Functional service area; and
- Category of review.



The key points to note within the proposals are:

- There is a proportional split, based on risk, between each of the functional service and Council wide areas to enable the provision of the Chief Internal Auditor's annual audit opinion – due to the current position of the transformational change programme being delivered by the Council (following appointment to all Strategic Director posts within 2019/20), more focus has been directed to transformation and consultancy review with continued focus on corporate governance;
- Increased emphasis on providing assurance that the Council's key strategic and operational risks are being effectively managed;
- Audit days on fundamental financial system review have decreased, due to a significant focus on this area within 2019/20;
- Continued focus on ICT risks and counter fraud activity, which includes the use of Data Analytics to help support more efficient and effective internal audit practices;
- Undertaking follow up audits where a limited assurance opinion on the control environment was provided in 2019/20 (e.g. Gloucestershire Building Control Partnership follow up review); 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, statutory requirements and/or link to Cross Cutting Risks from the Council's Excelsis (the Council's performance and risk management system) based risk register where relevant, 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. **Priority 1** reflects statutory requirements i.e. grant certification, a limited assurance follow-up review, activities that may have been subject to a previous investigation / irregularity, or as deemed necessary by the Chief Internal Auditor to enable an opinion on the control environment to be provided. **Priority 2** activities are the remaining identified activities. The aim being that all priority 1 activities would be delivered within the year 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.

Communities

Audit	Reason for Audit	Outline Scope	Priority
Electrical Works	<p>Identified as part of Risk Based Internal Audit Planning (RBIAP)</p> <p>Requested by Head of Contracts</p>	<p>The Council has a contract in place for the electrical rewire and remedial works for the Council's residential properties. The contract was let in 2016. The initial term of the contract is four years with the option for two extension periods totalling 72 months. The annual contract value is circa £265k.</p> <p>The audit will review the effectiveness of the systems and processes in place for managing the contract.</p>	Priority 1
Housing Reactive Repairs and Maintenance	<p>Identified as part of RBIAP</p> <p>Requested by Head of Contracts</p> <p>Consultancy</p>	<p>Across all social housing providers nationally, repairs and maintenance is almost exclusively the number one priority for tenants. The Council's overall experience with internalising services has been positive for both tenants and the Council. Following a detailed service review the Council agreed to in-source the Repairs and Maintenance Services function from 1st April 2020.</p> <p>Internal Audit will provide professional advice and support to management in the review and development of the operational systems and processes to ensure effective arrangements are in place for management and monitoring of the service.</p>	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
Anti-social Behaviour Management	<p>Identified as part of RBIAP</p> <p>Requested by Head of Housing Services</p>	<p>Registered providers of social housing are required under the regulatory standards to work in partnership with other agencies to prevent and tackle anti-social behaviour in the neighbourhoods where they own homes.</p> <p>It is important that prompt, appropriate and decisive action is taken to deal with anti-social behaviour before it escalates, which focuses on resolving the problem having regard to the full range of tools and legal powers available.</p> <p>This review will seek to determine whether the current arrangements for handling reported anti-social behaviour issues are robust, operating effectively and in line with regulatory standards.</p>	Priority 2
Youth Service	<p>Identified as part of RBIAP</p> <p>Requested by a Councillor on the Audit and Standards Committee and the Head of Community Services</p>	<p>The Council has recently approved its revised four year Youth Strategy (2020-2024). A small team of specialist youth and community workers deliver youth participation projects and programmes with and for young people in their communities. This team typically works in partnership with various council officers, including Neighbourhood Wardens, plus many other community stakeholders across the district.</p> <p>This review will seek to determine whether the current systems and processes in place to support service delivery are robust and operating effectively.</p>	Priority 2

Audit	Reason for Audit	Outline Scope	Priority
Careline Service	<p>Identified as part of RBIAP</p> <p>Requested by Head of Community Services</p>	<p>The Careline service provides a means of support for vulnerable people within the property where they reside. The service is designed to allow people to continue to live at home with confidence that support will be provided in the event of an emergency arising.</p> <p>A pendant incorporating a small radio transmitter is provided to customers, which can be worn around the neck or on the wrist, allowing communication with a control centre that has 24 hour monitoring and who will establish what assistance is required if activated.</p> <p>The Careline service is currently provided to around 1,400 addresses including those in private accommodation as well as occupiers of Council housing.</p> <p>This review will seek to determine whether the current systems and processes for the delivery of the service are robust and operating effectively.</p>	Priority 2
Housing Benefits - Overpayments	<p>Identified as part of RBIAP</p> <p>Requested by Head of Revenues and Benefits</p>	<p>Housing benefit is available to those on a low income and who need help paying their rent. A change of circumstance may affect an individual's benefit entitlement and if these are not known or promptly actioned overpayments can be realised and should be recovered by the Council in a timely manner.</p> <p>The audit will review whether there are adequate systems and processes in place and that these are operating effectively for the identification, calculation, categorisation and recovery of housing benefit overpayments.</p>	Priority 2

Audit	Reason for Audit	Outline Scope	Priority
Tenancy Lettings	<p>Identified as part of RBIAP</p> <p>Requested by Head of Housing Services</p>	<p>There are regulatory standards that registered providers of social housing must meet. Under the Tenancy Standard, registered providers shall let their homes in a fair, transparent and efficient way. They shall take into account the housing needs and aspirations of tenants and potential tenants. They shall demonstrate how their lettings:</p> <ul style="list-style-type: none"> a) Make the best use of available housing; b) Are compatible with the purpose of the housing; and c) Contribute to local authorities’ strategic housing function and sustainable communities. <p>There should therefore be a clear application, decision-making and appeals processes.</p> <p>This review will seek to determine whether the current systems and processes in place for tenancy lettings are robust and operating effectively in line with regulatory standards.</p>	<p>Priority 2</p>

Place

Audit	Reason for Audit	Outline Scope	Priority
Brimscombe Port	<p>Identified as part of RBIAP</p> <p>Requested by Audit and Standards Committee</p>	<p>Brimscombe Port is a former inland port dating back to the 1780s which became redundant after the era of canals as a mode of transport came to an end. It was filled in during the 1960s, then developed as an industrial site and earmarked as in need of significant regeneration by Stroud District Council.</p> <p>The Council is promoting development of the site as it has the potential to deliver £30-35million of regeneration, and if redeveloped could support a minimum of 150 new homes, business premises, restored canal and a community centre.</p> <p>The audit scope is to review the effectiveness of the Council's project management arrangements for progressing redevelopment of the site.</p>	Priority 1
Carbon Neutral 2030	<p>Identified as part of RBIAP</p> <p>Requested by Audit and Standards Committee</p>	<p>A Climate Emergency was announced by the Stroud District Council Administration on 16th November 2018 which pledged to 'do everything within the Council's power to make Stroud District Carbon Neutral by 2030'.</p> <p>This public call for action was followed up by a motion to the Environment Committee on 13th December 2018 that set out seven actions for delivery by the Council.</p> <p>This review will seek to determine whether the agreed actions are being actively progressed in line with the stated target delivery dates.</p>	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
Gloucestershire Building Control Partnership – Follow Up	<p>Limited Assurance follow-up</p> <p>Identified as part of RBIAP</p>	<p>Stroud District Council and Gloucester City Council have collaborated to provide a shared local government building control service known as the Gloucestershire Building Control Partnership. The Partnership was established on 1st July 2015 through a Section 101 Agreement, with staff becoming employed by Stroud District Council acting as the host Authority. The Building Control function comprises of two elements:</p> <ul style="list-style-type: none"> • Plan vetting and inspection of applications, which is a statutory Council function in direct competition with the private sector; and • Enforcement of Building Control legislation and regulations. <p>An audit review of this activity was undertaken during 2019/20. The audit concluded that only ‘Limited Assurance’ could be provided that the risks material to the achievement of the objectives for this area were being managed effectively. Limited assurance was provided for both risk identification maturity and control environment.</p> <p>This follow up audit will seek to provide assurance that the agreed actions to address the 2019/20 audit recommendations have been fully implemented and the partnership is operating effectively.</p>	Priority 1

Resources

Audit	Reason for Audit	Outline Scope	Priority
<p>Review of the Council's Constitution</p>	<p>Identified as part of RBIAP</p> <p>LGA Peer Review</p> <p>Consultancy</p> <p>Cross Cutting Risk (CCR) 17 and CCR19 – from the Council's Excelsis (the Council's performance and risk management system) based risk register</p>	<p>The Local Government Act 2000 (as amended), states a local authority is under a duty to prepare and keep up to date its constitution. The Constitution must contain:</p> <ul style="list-style-type: none"> • The standing orders/procedure rules; • The members' code of conduct; • Such information as the Secretary of State may direct; and • Such other information (if any) as the authority considers appropriate. <p>The LGA Corporate Peer Challenge Action Plan includes an action to undertake a review of the Council's Constitution to ensure that it remains fit for purpose and enables better decision making, in order to deliver the Councils' revised priorities and plans.</p> <p>Internal Audit will provide professional advice and support as required to aid the review of the Constitution.</p>	<p>Priority 1</p>

Audit	Reason for Audit	Outline Scope	Priority
Corporate Delivery Plan	<p>Identified as part of RBIAP</p> <p>This covers all Council Cross Cutting Risks.</p>	<p>The Council is not required to have a Corporate Delivery Plan however; it is a useful way of drawing together the political and managerial key actions and setting them in the context of the Council's priorities and four year focus.</p> <p>It enables the Council to set out what it is seeking to achieve and gives the public and partners a means by which they can be informed of progress and hold the Council to account. Following the LGA Peer Review, the Council's short term corporate priorities were refreshed for 2019/20 with plans to be put in place for the development of the next iteration of the four year Corporate Delivery Plan for 2021-2024.</p> <p>The audit will review the robustness of the arrangements for developing the next iteration of the Council's Corporate Delivery Plan.</p>	<p>Priority 1</p>

Audit	Reason for Audit	Outline Scope	Priority
Corporate Induction Process	Identified as part of RBIAP CCR10 and CCR11	<p>A corporate induction is the first step towards engaging a new hire and on-boarding them into the organisation. The objectives of staff induction are to integrate staff into the organisation and provide them with access to resources to perform their job efficiently and effectively within a short timeframe. Objectives also include providing support to enable staff to:</p> <ul style="list-style-type: none"> • Understand their role within the organisation; • Contribute effectively to the success of the organisation; • Understand processes, procedures, structures and standards; • Develop a positive attitude to their work and the organisation; • Be aware of their legal responsibilities, including those relating to fellow staff and to health and safety; and • Enhance staff retention within the organisation. <p>The audit will review the robustness of the Council's corporate induction process and determine whether it is being consistently applied.</p>	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
ICT	<p>Identified as part of RBIAP</p> <p>Consultancy</p> <p>Requested by Strategic Director of Change and Transformation and Strategic Director of Resources</p> <p>CCR4 and CCR16</p>	<p>One of the Council's corporate priorities is to invest in key ICT infrastructure that delivers better customer services, mobile working for staff and service efficiencies.</p> <p>Internal Audit will provide professional advice and guidance on risk and control during the period of modernisation of the Council's ICT arrangements, to include but not be exclusive to:</p> <ul style="list-style-type: none"> ➤ Infrastructure; ➤ Disaster Recovery/Business Continuity; ➤ Cyber Security; and ➤ Service Support/Incident Management. <p>The ICT audit needs assessment 2020/21 has been compiled by ARA's ICT audit specialists in consultation with and having input from the Council senior managers. The ICT audit needs assessment 2020/21 outcomes support the above noted streams of audit work.</p>	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
Information Management (Data Breaches)	Identified as part of RBIAP CCR11	<p>The General Data Protection Regulation (GDPR) Regulation (EU) 2016/679 is a regulation by which the European Parliament, the Council of the European Union and the European Commission intend to strengthen and unify data protection for all individuals within the European Union.</p> <p>GDPR applies to all companies based in the EU and those with EU citizens as customers. It has an extraterritorial effect, so non-EU countries are also affected.</p> <p>The Data Protection Act 2018 is the UK's implementation of the GDPR and controls how personal information is used by organisations, businesses or government.</p> <p>The Information Commissioners Office (ICO) is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals. The ICO is responsible for promoting good practice in handling personal data and giving advice and guidance on data protection.</p> <p>There are specific regulations from the Information Commissioners Office that detail what is regarded as a data breach and what actions a company must take to report these 'breach events'.</p> <p>This audit will review the effectiveness of the Council's arrangements for reporting and managing data breach incidents to give assurance that an ICO regulations compliant breach reporting process is being followed.</p>	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
Littlecombe Scheme – Follow Up	<p>Limited Assurance follow-up</p> <p>Identified as part of RBIAP</p>	<p>The Littlecombe development is a mixed-use regeneration scheme providing 600 new homes, community facilities and other commercial opportunities. The Council took ownership of the site from the South West Regional Development Agency in 2011. The Council has a partnership agreement with a national property development company and is entitled to 85% of the net development profit at completion of the scheme.</p> <p>A review of this activity was undertaken during 2019/20, the audit concluded that only 'Limited Assurance' can be provided that the risks material to the achievement of the objectives for this area were being managed effectively. Limited assurance was provided for both risk identification maturity and control environment.</p> <p>This follow up audit will seek to provide assurance that the agreed actions to address the 2019/20 audit recommendations have been fully implemented.</p>	Priority 1
Processing new starters on Payroll	<p>Identified as part of RBIAP</p> <p>CCR1</p>	<p>The Council's payroll function is run in-house. The key objective of any payroll system is to pay employees correctly, on time and to account for personal data and payments completely and accurately.</p> <p>The audit will review the effectiveness of the system for processing new starters.</p>	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
Procurement	Identified as part of RBIAP CCR1 and CCR11	<p>The Council's Contract and Procurement Procedure Rules set out the rules that must be followed by the Council when it procures all goods, services and works. They have three main purposes:</p> <ul style="list-style-type: none"> • To ensure that the Council obtains value for money when procuring any goods, service and works; • To ensure that the Council complies with current UK and European law and this Council's policies that govern the procurement of goods, services and works; and • To establish procedures which, when followed, should protect the Council, its Officers and Members from any allegation of acting unfairly or unlawfully which may be made in connection with any procurement by the Council of any goods, services or works. <p>The audit will review a range of recent procurement activities to determine whether these have been made in compliance with the Council's Contract and Procurement Procedure Rules.</p>	Priority 1

Change and Transformation

Audit	Reason for Audit	Outline Scope	Priority
Modernisation Programme	Identified as part of RBIAP LGA Peer Review Requested by Strategic Director of Change and Transformation Consultancy CCR4, CCR16, CCR10	<p>The Council committed to participating in a peer review during the latter part of 2018/19. The peer challenge offers an opportunity to validate the direction of travel and approach being taken by the Council, and test, stretch and further evolve thinking for the future.</p> <p>The review identified a number of key areas that could aid the Council's continual improvement programme.</p> <p>Internal Audit will provide professional advice on the future internal control environment with a view to designing out risk as the modernisation programme progresses.</p>	<p>Priority 1</p>

Counter Fraud

Audit	Reason for Audit	Outline Scope	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 AGS	To continue to co-ordinate activity as part of the Cabinet Office's National Fraud Initiative (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 AGS 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	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) 2017. This allocation is to undertake an annual self assessment and when required, commission and deliver an external quality assessment, against the new standards. The next external quality assessment is due in May 2020 and will be undertaken by the Chartered Institute of Internal Auditors (IIA).	Priority 1

Audit	Reason for Audit	Outline Scope	Priority
External Working Groups	Activity to support the audit opinion	Attendance / work in relation to the Local Authorities 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 2019/20 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