

Internal Audit Plan Consultation

Summary

- 1 The purpose of the report is to seek members' views on the priorities for internal audit for 2020/21, to inform the preparation of the annual audit plan.

Background

- 2 Internal audit standards and the council's audit charter require internal audit to draw up an indicative audit plan at the start of each financial year. The plan must be based on an assessment of risk. In coming to a view on the risks facing the council, the opinions of the Audit and Governance Committee and senior council officers are taken into account. The plan is also informed by the council's risk registers, information shared through local government audit networks and the results of recent audit work. The council's external auditors are also consulted to avoid possible duplication of work programmes and to maximise the overall benefit of audit activity.

2020/21 Audit Plan

- 3 The council continues to face significant budgetary pressures, increasing demand for services and a number of other challenges. To reflect this, the 2020/21 planning process continues the approach adopted over the last few years, by targeting higher risk systems in areas including those:
 - where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential
 - areas of known concern, where a review of risks and controls will add value to operations

- areas of significant change. This may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.
- 4 Internal Audit resources are limited and the audit plan is intended to ensure the available resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the council's priorities and objectives.
 - 5 Figure 1 includes some initial thoughts on risk areas for consideration for audit in 2020/21. These suggestions are included to prompt discussion and are not intended to be a definitive or complete list of areas that could be reviewed. The list is based on initial horizon scanning and analysis, for example, of areas known to be an issue across the local government sector. Work is currently ongoing to understand current priorities for audit at City of York Council. This includes consultation with senior officers across the organisation. The detailed planning work to be undertaken between now and March will be used to develop the draft internal audit plan to be brought to this committee in April.
 - 6 Members views are sought about areas they consider a priority for audit in 2020/21. This may include particular areas listed in figure 1 that they think should be a high priority (or that may be less important). Or any other areas which should be considered for audit.

Figure 1 – Risk areas to consider for Audit in 2020/21

Area	Possible Work
Corporate & cross-cutting	<ul style="list-style-type: none"> • Medium term financial planning and budgeting, budget management, savings plans, commercialisation and investments • Areas of the council's corporate governance framework (e.g. schemes of delegation, registers of interest, complaints process) • Performance management and data quality (in relation to performance indicators) • Partnership working • Risk management, disaster recovery plans and insurance arrangements • Procurement and contract management (including, data sharing, compliance with regulations, third party risk)

	<ul style="list-style-type: none"> • Workforce planning, recruitment, apprenticeships, overtime, training and development. • Environment and waste – air pollution, carbon footprint, energy reduction, recycling • Health and safety • Internet and social media monitoring
Information Governance	<ul style="list-style-type: none"> • Information security checks • Information asset registers • Data sharing agreements • Data breach management • Data quality / integrity of information assets
Main Financial systems	<ul style="list-style-type: none"> • Main accounting system (general ledger), debtors (including debt recovery and enforcement practice), ordering and creditors • Council tax / NNDR • Council tax support and housing benefits • Payroll • Treasury management
Project Management	<ul style="list-style-type: none"> • Overall corporate arrangements and project risk management • Support and review of specific key projects
Health, Housing and Adult Social Care	<ul style="list-style-type: none"> • Budget management (including: commissioning, high cost placements, market management, internal provision) • Referrals and assessments, quality assurance, delayed transfers of care • Liberty protection safeguards • Direct Payments • Public health • Building services / Housing repairs
Children, Education and Communities	<ul style="list-style-type: none"> • Children's social care budget management (including, commissioning, placements, internal provision) • Special Educational Needs and Disability (SEND), Education, Health & Care (EHC) plans/processes • Partnership working • Contract management / client arrangements (e.g. Explore, YMT, MIY, leisure facilities) • Schools themed audits • Free early education funding
Economy and Place	<ul style="list-style-type: none"> • York Central • Environmental health • Contract management • Carbon / energy reduction, air pollution, recycling • Penalty charge notices administration

ICT	<ul style="list-style-type: none"> • Cyber security (e.g. policies and procedures, networks, physical and logical access, electronic communications security, firewalls and anti-malware) • Change management • ICT procurement / contract management • Digitalisation / automation
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Consultation

- 7 This report is part of the ongoing consultation with stakeholders on priorities for internal audit work.

Options

- 8 Not relevant for the purpose of the report.

Analysis

- 9 Not relevant for the purpose of the report.

Council Plan

- 10 The work of internal audit supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

- 11 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 12 The council will fail to comply with proper practice if appropriate officers and members are not consulted on the content of audit plans.

Recommendations

- 13 Members are asked to;
- Comment on the priorities for internal audit work for 2020/21.

Reason

To ensure that scarce audit resources are used effectively.

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Report
Approved



Date

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

None