



Report to: Audit and Governance Committee, 23rd March 2022

Report of: Head of Internal Audit Shared Service, Worcestershire Internal Audit Shared Service

Subject: DRAFT INTERNAL AUDIT PLAN FOR 2022-23

1. Recommendation

1.1 That the Committee approve the draft Annual Internal Audit Plan.

2. Background

2.1 To present the Worcester City Council Draft Internal Audit Operational Plan (see appendix 1) for 2022/23 for approval.

2.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

2.3 To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".

3. Summary of Activity:

- 3.1 The objectives of the Worcestershire Internal Audit Shared Service are to:
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Council and recommend arrangements to address weaknesses as appropriate;
 - examine, evaluate and report on arrangements to ensure compliance with legislation and the Council's objectives, policies and procedures;
 - examine, evaluate and report on procedures to check that the Council's assets and interests are adequately protected and effectively managed;
 - undertake independent investigations into allegations of fraud and irregularity in accordance with Council policies and procedures and relevant legislation; and

- advise upon the control and risk implications of new systems or other organisational changes.

3.2 **Formulation of Annual Plan**

WIIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The draft Internal Audit Plan for 2022/23, which is included at Appendix 1, is a risk-based plan which takes into account the adequacy of the Council's risk management, performance management, challenges, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the Corporate and Service risk registers as indicated in the Pentana system. Local knowledge, rolled forward review areas, large spend budget areas have also been considered. Direct association has been made to the City Plan where appropriate. The draft Internal Audit Plan for 2022/23 has been agreed with the section 151 officer and has been considered by Heads of Service and CLT. It has been formulated with the aim to ensure Worcester City Council meets its strategic purposes and delivers the City Plan and has directly linked the various aspects to identify the 'golden thread' regarding the City Plan along with risk identification to Service delivery. It is brought before the Audit and Governance Committee in draft format as the involvement of the Committee is an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

We recognise there are other review functions which provide other sources of assurance, both internally and externally, (e.g. ICT Public Service Network, cyber essentials assurance testing) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus expanding the internal assurance coverage without specifically including the area in the plan.

To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is shared with the external auditors for information along with some of the work that is undertaken during a review.

3.3 **Resource Allocation**

The Internal Audit Plan for 2022/23 has been based upon a resource allocation of 300 productive audit delivery days. A summary of the days as well as the detailed plan provision has been included with the Internal Audit Plan for 2022/23 at Appendix 1. Those areas that are considered to have a 'high' priority will be targeted first where practicable regarding the plan delivery. Several areas have been included in the plan and are shared with other Partners. Budgets are split across different Partner audit plans to reduce the burden on any one Council but allow the delivery of reviews where services are shared. An assessment was made as to what to include in the plan based on the overall risk and governance profile. A watching brief will be kept on the financial systems and a rolling programme of testing taking place, but they are not considered as the key risk areas due to embedded process, control and anti fraud measures. Operational support days are included to give a little flexibility and contingency in the plan e.g. consultancy. These are necessary to support the delivery of the plan overall.

Areas that were considered as emerging risks or areas of mitigated risk but require a watching brief include for example affordable housing and temporary accommodation management and equalities. There is a distinct possibility that equalities will be included in the 2023/24 audit plan.

Due to the continuing changing environment that exists in Local Government the plan must be considered as a framework for Internal Audit work for the forthcoming year. There is a need for flexibility in the plan due to a changing risk profile as well as emerging risks. To ensure flexibility there is the possibility that the plan will be revised during the year to address such challenges. Any variation will be discussed and agreed with the s151 Officer.

3.4 **Financial implications**

The estimated charge to the Council for the Internal Audit service for 2022/23 based upon this plan will be notified to the Client Officer Group when all the client plan days across the Shared Service have been agreed.

3.5 **Monitoring and reporting of performance against the Plan**

Operational progress against the Internal Audit Plan for 2022/23 will be closely monitored by the Head of Service of the Worcestershire Internal Audit Shared Service and will be reported to the Shared Service's Client Officer Group, which comprises the section 151 officers from client organisations' and to the Audit and Governance Committee on a quarterly basis.

Ward(s):	N/A
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Background Papers:	None

APPENDIX 1

SUMMARY OF DETAILED DRAFT PLAN

Planned Days	2021/22	2022/23
Financials	113	80
Corporate Work	47	45
Systems Audits	75	98
Sub total	235	223
Audit management meetings	30	37
Corporate meetings / reading	20	20
Annual plans, reports and Audit Committee support	20	20
Sub total	70	77
TOTAL Audit Days	305	300

APPENDIX 1
Draft 2022/23 Internal Audit Plan

As part of the shared service for Debtors and Creditors the audits are split between the Malvern Hills District Council internal audit plan and the Worcester City Council internal audit plan thus giving coverage and assurance.

* indicates shared budgets with two other Partners. Budgets are consolidated to deliver the review across the three South Worcestershire Partners.

Financial audits will be undertaken on a rolling basis using an analytical analysis to identify any potential developing risk areas. Full reviews will be undertaken if the emerging risks and/or trends are identified due to significant change e.g. people or systems.

For completeness, potential or emerging risk areas have also been included as well as two potential review areas where a watching brief is being kept due to changing circumstances.

Audit Area	Corporate Link	Risk Register link	Indicative Date	2021/22 Original Days Comparison		2022/23	Notes/outline terms of reference
Financial Services							
Debtors#	Underpins City Plan requirements	Links to all Service requirements	Q1- Q3	10		10	Light Touch incl. MHDC but WCC. Rolling Programme
Main Ledger/Budget Monitor/Bank Rec	Underpins City Plan requirements	Links to all Service requirements	Q3	9		9	Light Touch
Creditors#	Underpins City Plan requirements	Links to all Service requirements	Q1 - Q3	0		0	Incl. in MHDC Plan
Payroll (contract monitoring/inhouse provision)	Underpins City Plan requirements	Links to all Service requirements	Q1 -Q3	10		12	Rolling Programme

Audit Area	Corporate Link	Risk Register link	Indicative Date	2021/22 Original Days Comparison		2022/23	Notes/outline terms of reference
Treasury Management	Underpins City Plan requirements	Links to all Service requirements	Q2	4		4	Light Touch
Cash Receipting	Underpins City Plan requirements	Links to all Service requirements	Q3	0		0	N/a
Sub Total				33		35	
Council Tax*	Underpins City Plan requirements	FS-SRK-004	Q1 - Q3	6		6	Partner Split Budget. Rolling Programme
Benefits*	Underpins City Plan requirements	FS-SRK-004	Q1 - Q3	8		8	Partner Split Budget. Rolling Programme
NNDR*	Underpins City Plan requirements	FS-SRK-007, FS-SRK-004	Q1 - Q3	6		6	Partner Split Budget. Rolling Programme
Transitional New System Support*	Underpins City Plan requirements	FS-SRK-004	Q1 - Q4	60		25	Partner Split Budget
TOTAL				113		80	
Corporate (incl. CP&S)							
Emergency Planning/IT Audit*	Underpins City Plan requirements	CRK-012	Q4	6		15	Partner Split Budget. Cyber & Leavers
Project Management	Underpins City Plan requirements	N/a	Q1	7		15	New approach embedded
Customer Services incl. Trinity St (policy, performance)	Underpins everything	CP-SRK-010, s151 / roll over	Q4	12		0	

Audit Area	Corporate Link	Risk Register link	Indicative Date	2021/22 Original Days Comparison		2022/23	Notes/outline terms of reference
Service Equality Assessment	Underpins City Plan requirements	DD Gov. req.	2023/24				Action plan implementation 2022/23 so will feature in 2023/24 audit plan?
Grants / Contributions (various)	Stronger and Connected Communities	CRK-033 & s151	Q2	10		0	CAP discussion - Grant measures and deliverable to be considered as part of follow up.
Disabled Facilities Grants (limited scope - grant issue sign off)	Stronger and Connected Communities	Statutory requirement for the provision of grant	Q1 - Q2	4		0	Annual requirement for County. To charge for.
GDPR	Good Governance & Best Practice.	N/a	Q2 - Q3			15	Retention
Risk Management	Good Governance & Best Practice. Sustaining and Improving our Assets		N/a			0	
Procurement	Good Governance & Best Practice. Sustaining and Improving our Assets		N/a			0	
SUB TOTAL				47		45	

Audit Area	Corporate Link	Risk Register link	Indicative Date	2021/22 Original Days Comparison		2022/23	Notes/outline terms of reference
Communities							
Car parking	Stronger and Connected Communities	CS-SRK-004	Q2	15		12	PCN's – process of issue, cash collection, cancellation, consistency of decision making
Operations							
Business resilience	Stronger and Connected Communities	OP-SRK-009,010 & 011	N/a				Ongoing focus which has been stress tested during pandemic years
Trade Waste	Stronger and Connected Communities	N/a	Q1			12	Trade Waste Dr accounts
Legal & Democratic							
Guildhall	Sustaining and Improving our Assets	N/a	Q1 -Q2			10	Guildhall Bar: ordering, stock, reconciliation, income, Licensee requirements/expectation
Strategic Housing							
CCP (Contract performance and variance)	Stronger and Connected Communities		Q1	9		0	
GDPR (Op's, Housing & COVID)	Underpins everything	Roll Over	Q2	8		0	
Affordable Housing Delivery/Temp Accommodation (Management)	Stronger and Connected Communities	SH-SRK-002	N/a				Potential emerging risk area. One to watch.
Property & Assets							

Audit Area	Corporate Link	Risk Register link	Indicative Date	2021/22 Original Days Comparison	2022/23	Notes/outline terms of reference
Support budget incl: all meetings, annual planning, reports, committee support	N/a	N/a	Q1 -Q4	70	77	
TOTAL				70	77	
TOTAL CHARGEABLE				305	300	