

Appendix A - West Suffolk Councils Draft Internal Audit Plan 2018/19

MAIN FINANCIAL SYSTEMS – ASSURANCE WORK These are the main financial systems that support the running of the councils. These audit reviews are carried out to provide independent assurance to the Assistant Director (Resources and Performance) / Section 151 Officer that arrangements are operating effectively, and in line with the Financial Procedure Rules and Treasury Management Strategy as appropriate. The regularity of the audit review required depends on a number of factors, for example, previous assurance opinions, year last audited, system and resource changes. However, based on current information it is expected that these audits will be performed either annually or within a three year cycle (i.e. a full audit every three years and a reduced scope audit review in the two intervening years), as detailed below. <i>Rough approximation of expected staff resource allocation: 20%</i>				Link to Strategic Risk Register	Link to Strategic Priorities
Audit area	Expected frequency of audit and 2018/19 coverage	Reason for audit	Priority		
Creditors	Full audit every 3 years Reduced coverage in 2018/19	To provide assurance that payments made are valid, authorised, accurate and timely, in respect of goods and services received by the councils and that they have been properly accounted for in the councils' accounts.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Debtors	Full audit every 3 years Reduced coverage in 2018/19	To provide assurance that invoices are complete, accurate and timely, that all invoices are paid and accounted for in the councils' accounts, and for those not paid timely action is taken to recover	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing

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		them; with uneconomic and irrecoverable amounts written off in line with the councils' write-off policy.			
Treasury Management	Annual audit required to satisfy requirement for internal audit to sign off the Annual Statement of Compliance with the Treasury Management Code of Practice as reported to committee	To provide assurance that accurate, complete and timely information is produced to allow for effective monitoring and decision making in line with the investment strategy; that transactions are complete, accurate, valid and timely and made with institutions in line with the Treasury Management Strategy; and that treasury management activities are monitored and scrutinised in accordance with the CIPFA Code of Practice.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Cash Handling	Annual audit required due to sums involved and risks associated with cash handling	To provide assurance that effective controls are in place over car parking cash collection, retention and banking systems due to the materiality of cash involved.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Council Tax & Overpayments	Annual audit required as agreed with other ARP partners. Note that West Suffolk currently	To review and test systems for the collection of overpayments and	1	WS1A – Poor Financial Management	Growth, Resilient Families and Communities,

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	undertakes the audits of Council Tax & Overpayments and Housing & Council Tax Benefits on behalf of all the ARP partners for which a fee is charged. The audits of National Non-Domestic Rates and ARP Enforcement are currently undertaken by other partners. This arrangement has been agreed for the 2017-18 and 2018-19 audits and will be reviewed for the 2019-20 audits onwards.	council tax ensuring that legislation is adhered to, exemptions and reliefs are correctly administered, refunds are appropriate, debt recovery is taking place, and to review the reconciliation of the council tax system to the general ledgers.		WS1B – Poor Financial Planning	Housing
Housing & Council Tax Benefits	See above	To review and test systems for the administration and payment of housing benefit and council tax reduction, to ensure that legislation is adhered to, and control accounts are regularly reviewed.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Payroll	Full audit every 3 years Reduced coverage in 2018/19	To provide assurance that key controls exist for payroll processing including adequate documentation for starters and leavers, controls over amendments to individual payroll records, verifications to ensure that statutory deductions are correctly calculated and promptly paid to the	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing

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		Inland Revenue, reconciliations between the payroll system and the general ledger are correctly and promptly undertaken, and any changes to pay and rewards have been correctly implemented.		
General Ledger	Full audit every 3 years Reduced coverage in 2018/19	To provide assurance that financial transactions are correctly recorded including ensuring their completeness and integrity, with the aim of providing the data from which the councils' annual Statements of Accounts can be prepared.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning Growth, Resilient Families and Communities, Housing

ADDED VALUE WORK – ASSURANCE WORK

Areas identified by management and internal audit that would benefit from audit input in the form of providing support and advice to management including reviewing relevant arrangements on behalf of management and/or assisting in making improvements. Care will be taken to ensure these activities do not impinge upon internal audit independence.

These pieces of work will generally be one-off activities (unlike the annual financial systems reviews) and will not always result in a formal report being issued or an opinion provided. However, these pieces of work will contribute to a balanced audit plan which enables the Internal Audit Service Manager to give his statutory annual audit opinion on the adequacy and effectiveness of the councils’ framework of risk management, control and governance processes.

Work included in this category is likely to include areas such as project assurance, record retention and management, risk and performance management, contract procedure rules, and feeding into project working groups where audit skills will add value.

Rough approximation of expected staff resource allocation: 30%

<p>CORPORATE AND BUSINESS AREA AUDITS – ASSURANCE WORK Reviews of systems, processes or tasks where the internal controls are identified, tested, and evaluated. These are therefore more traditional pieces of audit work in contrast to the 'Added Value Work' referred to earlier. Again, unlike the annual financial systems reviews these pieces of work will generally be one-off activities but they will normally result in a formal report being issued and an opinion provided The work in this category is driven by a shared understanding between management and internal audit of relevant risks. Work included in this category is likely to include, but not necessarily be restricted to, the following pieces of work. An ongoing assessment of potential work areas will ensure that audit resource will be used in those areas which will benefit most from audit input. <i>Rough approximation of expected staff resource allocation: 30%</i></p>				
Subject	Outline Scope	Priority	Link to Strategic Risk Register	Link to Strategic Priorities
GDPR	Follow up work to health check undertaken in March 2018 requested by Data Protection Officer and GDPR Project Coordinator to include assisting with monitoring arrangements post May 2018, and data sharing agreements.	1	WS16 – Breach of data protection and information security	Growth, Resilient Families and Communities, Housing
Contract Management	Review to provide assurance that contracts are being appropriately monitored and managed, including supplier resilience (continuity plans etc.), review a sample to ensure compliance	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Appraisal of IT risks	Options available for commissioning an expert appraisal of the IT risks and existing assurances	1	WS16 – Breach of Data Protection and Information Security	Growth, Resilient Families and

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	against those risks to identify any gaps will be investigated.		WS23 – Cyber Security	Communities, Housing
Procurement Compliance	Review of compliance with the requirements of the Contract Procedure Rules and check whether value for money can be evidenced for payments that are not linked to a contract.	2	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Transparency Code	Review of compliance with the Code	2	WS2 – Maintain and promote our public image, maintain effective communications	Growth, Resilient Families and Communities, Housing
Tree Management	Review of management of tree inspections and how trees are risk categorised; also consider the process around reporting dangerous trees including those where damage has occurred to property, vehicle as a result	2	WS2 – Maintain and promote our public image, maintain effective communications	Growth, Resilient Families and Communities, Housing
Information security	Regular information security walkrounds	2	WS16 – Breach of data protection and information security	Growth, Resilient Families and Communities, Housing
Disposal of confidential waste	Confirmation that staff are aware of, and comply with the councils’ disposal of confidential waste procedures, and that where a contracted supplier is used they specialise in the secure destruction of confidential waste and their procedures conform to recognised industrial standards.	3	WS16 – Breach of data protection and information security	Growth, Resilient Families and Communities, Housing
Insurance – claims handling and reduction	Review looking at claims handling, potential for claims reduction and third party insurance arrangements.	3	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Procurement Cards	Review to confirm that cards are used in accordance with policies; that expenditure is monitored and approved appropriately; that best	3	WS1A – Poor Financial Management	Growth, Resilient Families and

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	value is achieved; and that the risk of fraud is minimised		WS1B – Poor Financial Planning	Communities, Housing
Enforcement Notices	Review the issuing and enforcement of fixed penalty notices (e.g. graffiti, dog fouling, litter) including procedures, exemption and waivers, income collection including cancellation, signage)	3	WS1A – Poor Financial Management WS1B – Poor Financial Planning WS2 – Maintain and promote our public image, maintain effective communications	Growth, Resilient Families and Communities, Housing
Customer Behavioural / Violence Register	Review to provide assurance that staff are aware of all potentially violent / abusive members of the public and that arrangements around the register are compliant with the Data Protection Act / GDPR. Review to also include lone working.	3	WS20 – Implementation of the Corporate Health & Safety Policy WS16 – Breach of data protection and information security	Growth, Resilient Families and Communities, Housing
ICT Asset Management	Review to cover ICT hardware asset inventory, whether updated on a regular basis, responsibility for updating assigned, updated ICT events such as new purchases, loss or theft, and also HR events such as recruitment, retirement, dismissal etc.	3	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Cash Handling Spot Checks	Cash handling spot checks at various sites.	3	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Events Management	Approximately 100 events held annually – review of whether relevant risks have been considered and mitigated against as appropriate. Consider potential links with new health and safety software system.	3	WS20 – Implementation of the Corporate Health & Safety Policy WS2 – Maintain and promote our public image, maintain effective communications	Growth, Resilient Families and Communities, Housing

FOLLOW UPS – ASSURANCE WORK <i>Approximate resource allocation: 5% of productive time</i>	Priority	Link to Strategic Risk Register	Link to Strategic Priorities
Whilst it is management’s responsibility to manage the risks associated with the areas under their authority, internal audit will monitor progress against the implementation of all agreed audit recommendations deemed to be high / medium risk.	1	Depending on follow up work undertaken	Depending on follow up work undertaken

FRAUD, IRREGULARITY AND PROBITY – ASSURANCE WORK Proactive testing of systems and processes to identify potential fraud and misappropriation or noncompliance with policies and procedures; and potentially reactive investigations into potential wrong doing, fraud and corruption. <i>Rough approximation of expected staff resource allocation: 5%</i>		Link to Strategic Risk Register	Link to Strategic Priorities
Subject	Outline Scope	Priority	
Irregularity Investigations	Reactive work where suspected irregularity has been detected.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning Growth, Resilient Families and Communities, Housing
Data matching	Co-ordinating review of National Fraud Initiative matches, and developing of other data matching reports.	1	WS1A – Poor Financial Management WS1B – Poor Financial Planning Growth, Resilient Families and Communities, Housing
Proactive Fraud and	Proactive anti-fraud work that includes targeted testing of processes with inherent risk of fraud.	2	WS1A – Poor Financial Management Growth, Resilient Families and

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Corruption Work	For example, carrying out cash handling spot checks at council sites, to review controls in place over cash collection, retention and banking systems.	2	WS1B – Poor Financial Planning	Communities, Housing
Fraud Awareness and Publicity	Continuing to raise awareness of fraud issues and how to report suspicions.		WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing

OTHER ASSURANCE WORK Includes providing advice on systems and processes and includes attendance at working groups to advise on risk and control, as well as responses to specific enquiries. <i>Rough approximation of expected staff resource allocation: 5%</i>		Link to Strategic Risk Register	Link to Strategic Priorities
Subject	Outline Scope		
Annual Governance Statement Working Group	Production of the West Suffolk Annual Governance Statement and its associated documents.	All risks	Growth, Resilient Families and Communities, Housing
Information Governance Working Group	Audit support on information governance policies and practices.	WS16 – Breach of data protection and information security	Growth, Resilient Families and Communities, Housing
Strategic Risk Management Group	Review of strategic risks prior to submission to Leadership Team and Performance and Audit Scrutiny Committee.	All risks	Growth, Resilient Families and Communities, Housing
Single Council Implementation Officer Working Group	Implementation of single council.	Various	Growth, Resilient Families and Communities, Housing

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General Advice and Assistance	Provision of advice and assistance on the risk, governance and internal control environment.	All risks	Growth, Resilient Families and Communities, Housing
Internal Audit External Working Groups	Regular meetings with other Suffolk councils' audit teams and other relevant groups to share learning and good practice.	All risks	Growth, Resilient Families and Communities, Housing
Liaison with External Audit	To ensure there is no duplication of work between internal and external audit.	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing

FEE EARNING – NON-ASSURANCE WORK Fee earning services to other local authorities who request our assistance. Approximately £12,000 is currently expected to be earned in 2018/19. <i>Rough approximation of expected staff resource allocation: 5%</i>		Link to Strategic Risk Register	Link to Strategic Priorities
Subject	Outline Scope		
ARP audits on behalf of other partners	Audit of council tax and housing benefits systems on behalf of other ARP partners	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
Grant Certification	Grant certification work for Suffolk County Council to provide assurance that the conditions of the specific grant determinations have been complied with.	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing

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OTHER NON-ASSURANCE WORK <i>Rough approximation of expected staff resource allocation: less than 5%</i>		Link to Strategic Risk Register	Link to Strategic Priorities
Subject	Outline Scope		
Financial Vetting and Financial Due Diligence for investment decisions	Carry out financial vetting / financial due diligence checks on businesses (prospective suppliers, contractors, industrial unit tenants and partners) to minimise financial risks to the councils.	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities, Housing
West Stow Anglo Saxon Village Trust Accounts	Independent Examiners’ report on the accounts to provide assurance on the charity trustees’ preparation of the accounts. (NB - this audit is undertaken every year)	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities
Arts Council Grant	Certification of a statement of income and expenditure in respect of an Arts Council grant for the project ‘Building Resilience in St Edmundsbury’s Museums’. (NB – this is a one-off audit)	WS1A – Poor Financial Management WS1B – Poor Financial Planning	Growth, Resilient Families and Communities

Priority Key

1	High
2	Medium
3	Low