



INTERNAL AUDIT SERVICE
INTERNAL AUDIT ANNUAL PLAN 2020/21

Internal Audit Annual Plan 2020/21

1 Introduction

- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's priorities and in maintaining a professional, modern internal audit service.
- 1.2 The Accounts and Audit Regulations 2015 require that the Council "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."
- 1.3 The Public Sector Internal Audit Standards (PSIAS) require that the Head of Audit "must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals".
- 1.4 Internal Audit provides an independent, objective assurance and consulting service that adds value and improves the Council's control environment. It helps the Council deliver its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.5 The provision of assurance is the key role for Internal Audit. This role requires the Internal Audit Manager to provide an annual Audit Opinion based on an objective assessment of the framework of governance, risk management and control. This opinion is provided to the Audit and Governance Committee and also feeds into the Annual Governance Statement. The Internal Audit Service may also complete consulting services at the request of management, these are advisory in nature, and are generally performed with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

2 Internal Audit Plan

- 2.1 Our work will support the Council's corporate objectives, and the corporate governance framework.
- 2.2 The plan has been compiled giving consideration to service action plans, risk registers, consultation with key officers, committee reports, information from other assurance processes, plus horizon scanning to consider emerging risks and opportunities including the impact of Covid-19 on the Borough.
- 2.3 This audit planning process identifies potential reviews, which are subsequently prioritised. Factors that are taken into account include materiality; corporate importance, vulnerability, risks and opportunities. The overall aim of the Internal Audit Service is to add value by providing assurance, reducing risk and improving controls.
- 2.4 There needs to be a flexible approach to planning, to ensure that our work meets the needs of the Council in a continually changing risk and control environment. The risk based planning approach enables the audit plan to be updated when new reviews are identified. The audit plan will be reviewed and monitored throughout the year, and any significant changes will be reported to the Audit and Governance Committee.

- 2.5 Work undertaken by the Internal Audit Service should address key risk areas and draw attention to significant concerns and what needs to be done. Ideally the audit plan will provide coverage across the whole organisation, and some reviews may be cross cutting and involve multiple teams and partners. This enables the Internal Audit Manager to produce an annual internal audit opinion that can be used to inform the Annual Governance Statement.

3 Resources

- 3.1 Resource requirements are reviewed each year as part of the audit planning process. The Internal Audit Service is fully resourced, however, approximately 0.5 FTE is to be spent supporting other services and is classified in the Internal Audit Annual Plan as non-audit activity. Covid-19 has had a significant effect on the Internal Audit Service staffing resource and as such the first three months of the financial year 2020/21 (1st April 2020 to 30th June 2020) has seen Internal Audit Staff redeployed in Critical Service areas.
- 3.2 Demand for potential reviews will exceed the number of audit days available. The risk based planning approach identifies and matches audit work to the available audit resources, based on where the most value can be added.
- 3.3 The audit plan needs to be fluid and flexible enough to enable the Internal Audit Service to be reactive as required to situations arising during the course of the period covered by the plan. A contingency reserve element has been built in, to assist in dealing with any such matters arising to hopefully at least minimise any major impact on the audit plan.
- 3.4 Time allocations within the plan are based on previous audit work undertaken, assessments of current audit work requirements, and the requirement for overall allocations for each key service area. As each audit activity is fully scoped and agreed with the appropriate senior manager, each job will then be monitored to that time allocation. In the event of significant issues being found during an audit review, the initial time allocation may be increased to meet any extra audit work requirements. Any such increase will be at the discretion of the Internal Audit Manager.

4 Key Themes

- 4.1 As in previous years, Internal Audit will continue to support the compliance culture within the Council, with the emphasis on improving service ownership of controls and management of risk and governance including fraud.
- 4.2 A number of audits are identified which aim to provide assurance that corporate systems and processes are robust and protect the Council. Aside from core financial systems, coverage will be prioritised towards the corporate priorities and risks to the Council, to help ensure that desired outcomes are delivered efficiently.
- 4.3 In carrying out this year's Internal Audit Reviews due consideration will be given to the impact Covid-19 has had on service areas and how changes to processes and procedures may have impacted on internal controls and increased risks.
- 4.4 For each audit area, a brief description of the scope for the work to be carried out is detailed below. Timing and detailed scopes for each audit will be agreed with the relevant Senior Manager prior to commencement of the fieldwork.

5 Follow-ups

- 5.1 To ensure that agreed actions are being implemented, follow-up work will be carried out. If an audit review results in significant recommendations, then a full audit may be planned to evaluate the effectiveness of the implementation.

6 Other activities

- 6.1 In addition to delivering the audit plan, resources are allocated to deliver other assurance based activities. Examples include:

- Advice and consultancy: - providing ad-hoc advice to officers and service areas, participating in working groups;
- Anti-fraud and corruption: - including response, proactive work and co-ordinating National Fraud Initiative (NFI) work;
- Governance: - activities which help inform the Annual Governance Statement.

7 Summary

- 7.1 The internal audit plan should help add value to the Council by helping to improve systems, mitigate risks, and inform the Annual Governance Statement.

Internal Audit Plan 2020/21

Summary

The table below provides an overview of the breakdown of audit time in the Internal Audit Plan 2020/21. The audit days available for 2020/21 total 385, this represents time available from 1st July 2020 to 31st March 2021. For the period of 1st April 2020 to 30th June 2020 the Internal Audit Team have been redeployed into critical service areas providing the necessary support needed for the Covid-19 response.

Audit Area	Number of Days allocated
Assurance Audits	90
Core Financial Systems	90
Corporate Governance	20
ICT Audit	15
Anti-Fraud	20
Projects	25
Other Annual Reviews	20
Follow Up Audit Reviews	30
Non Audit Work	75
Total	385

This is the allocation of internal audit work for West Lancashire Borough Council. A breakdown of planned audit work is detailed below.

Internal Audit Annual Plan 2020/2021

Assurance Audits:

Assurance Audits are reviews of the systems and processes which have been risk appraised.

Audit Title	Priority	Audit Days	Audit Scope and Description
Section 106/ Community Infrastructure Levy (CIL) Monies	H	10	Review of the processes in place for the management of Section 106/CIL monies.
Playground Development	H	10	Review of the procurement system and processes and compliance with council policies and procedures.
Key Control - Vehicle and Plant	H	5	Review of the current process for the Key holding of council assets (vehicle and plant).
Fuel Management	H	10	Review of the processes in place for the issue, monitoring and payment of fuel suppliers. Including the use of fuel Cards.
Waste Transfer Site - Administration and Storage	H	10	Review administration of the weighbridge, storage, disposals from WLBC, LCC disposals and risks to staff on site.
Parks and Playgrounds Inspection Regime	H	10	Review the current inspection regime and ensure that it complies with relevant legislation.
Property Services - Asbestos	H	10	Review compliance with legislation.
Service Charges	H	10	Review of the current service charges charged to council tenants.
Disabled Facilities Grants	H	5	Review of a sample of grants to support the compliance with the grant conditions.
Estates - Rent Accounts & Utilities	H	10	Review of the processes in place for the management of commercial rent accounts and utilities.

Core Financial Systems

This work includes reviews of systems that are fundamental to providing control assurance for internal financial systems, and allow the Borough Treasurer (S 151 Officer) to make his statement included in the Council's Annual Statement of Accounts. The work can also provide assurance to the Council's External Auditor.

Audit Title	Priority	Audit Days	Audit Scope and Description
Housing Benefits and CTRS	H	10	Key controls audit as part of the cyclical review of core systems.
Creditors	H	10	Key controls audit as part of the cyclical review of core systems.
Debtors	H	10	Key controls audit as part of the cyclical review of core systems.
Council Tax	H	10	Key controls audit as part of the cyclical review of core systems.
Business Rates	H	10	Key controls audit as part of the cyclical review of core systems.
Rents	H	10	Key controls audit as part of the cyclical review of core systems.
Payroll	H	20	Key controls audit as part of the cyclical review of core systems.
Treasury Management	H	5	Key controls audit as part of the cyclical review of core systems.
Main Accounting	H	5	Key controls audit as part of the cyclical review of core systems.

Other Assurance work

Other assurance work that supports the production of the Annual Governance Statement and fulfils other statutory functions.

Corporate Governance

Audit Title	Priority	Audit Days	Audit Scope and Description
Corporate Governance	H	20	Compliance with CIPFA – Delivering Good Governance in Local Government Framework – 2016 Edition

ICT Audit

Audit Title	Priority	Audit Days	Audit Scope and Description
GDPR	H	10	Provide support to the implementation of audit recommendations and undertaken additional audit review work.
Use of Images - Corporate cross cutting	H	5	A review of the processes in place for the use of images captured by the council.

Fraud

Audit Title	Priority	Audit Days	Audit Scope and Description
Anti-Fraud – National Fraud Initiative	H	20	Internal Audit co-ordinates the National Fraud Initiative, a statutory proactive data matching exercise.

Project Support

Provide advice and support for ongoing council projects

Audit Title	Priority	Audit Days	Audit Scope and Description
Income Management Review Project Support	H	15	
Procurement	H	5	
Business Support	H	5	

Annual Reviews

Undertake the statutory reviews required for Internal Audit

Audit Title	Priority	Audit Days	Audit Scope and Description
Public Sector Internal Audit Standards Review		10	Review of the Internal Audit Teams compliance with the standards.
Managing the Risk of Fraud and Corruption		10	Review of the councils continual compliance with the framework

Follow Up Audit Reviews

All audit reviews undertaken, for which recommendations have been made, will be subject to a follow up review. Follow up reviews will also include audit reviews that have taken place in the previous year.

Audit Title	Priority	Audit Days	Audit Scope and Description
Follow Up Audit Reviews		30	

Non-Audit Work

This is work that is undertaken for other council functions. One Internal Auditor undertakes Payroll and Parish Council Work supporting Finance Business Partners and one Internal Auditor maintains the Councils Authorisation List and is currently working one day a week in Home Care Link.

Non Audit Work			
Parishes - Accountancy Function		15	
Payroll - HR & Accountancy Function		25	
Authorisation List - Accountancy Function		5	
Home Care Link Cover		30	