

Cheltenham Borough Council
Audit Committee – 22 March 2017
Annual Internal Audit Plan 2017/18

Accountable member	Cabinet Member Corporate Services, Councillor Roger Whyborn
Accountable officer	Lucy Cater, Acting Head of Audit Cotswolds
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The Council must ensure that it has sound systems of internal control which facilitate effective management of all the Council's functions. The work planned by Audit Cotswolds, the Council's Internal Audit service, is one of the control assurance sources to the Audit Committee and Senior Leadership Team and which supports the work of the external auditor. The work is also a key component of the Council's governance framework and as assurance source supporting the Annual Governance Statement, which forms part of the statutory accounting standards.</p> <p>Following CIPFA's guidance on Audit Committee the Committee this evening should "formally approve (but not direct) the Internal Audit plan".</p>
Recommendations	The Audit Committee approves the Internal Audit Plan for 2017/18

Financial implications	<p>The audit plan is a risk based plan which directs audits report towards the higher risk areas. This ensures that valuable audit resource is focused and directed towards ensuring that financial exposure is minimised.</p> <p>Contact officers: Sarah Didcote and Paul Jones</p>
Legal implications	<p>No Legal implications.</p> <p>Contact officer: Peter Lewis, Head of Legal Services, One Legal, peter.lewis@teWKesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>No HR implications.</p> <p>Contact officer: Julie McCarthy</p>

Key risks	<p>The audit plan has been derived from consultation with the Senior Leadership Team and Audit Committee and through reference to relevant policy, strategy and protocol documents including the risk register. The plan is designed to capture key and emerging risks that this Council faces over the year and therefore the plan will remain as flexible as possible to ensure internal audit resources remain focussed and valued.</p> <p>Internal Audit activity is needed each year to satisfy assurance requirements. For example, internal audit review key financial systems annually because the external auditors may rely on this in their own work on final accounts. In addition, the requirement for the Council to review its system of internal control and governance procedures means that assurance is required on systems and procedures relating to the compilation of the Annual Governance Statement. If this work is not completed by the Internal Audit additional fees from external audit may be incurred.</p> <p>Furthermore, Internal Audit is a statutory function under the Accounts and Audit (England) Regulations 2015. <i>“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.”</i></p> <p>The risk of failure to deliver core elements of the plan will be mitigated through the Partnership Board monitoring process. The representative from Cheltenham Borough Council is Paul Jones, Section 151 Officer.</p> <p>Furthermore, Audit Committee will continue to receive quarterly reports through 2017/18 from Internal Audit detailing the work undertaken in relation to the plan.</p>
Corporate and community plan Implications	None
Environmental and climate change implications	
Property/Asset Implications	None

1. Background

- 1.1 The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change. The introduction of GO Shared Service (GOSS) - a partnership arrangement for the delivery of core financial, human resources and procurement systems; the development of other shared services and now the 2020 Vision partnering arrangement all impact on service delivery processes and on core governance arrangements. Therefore, Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. This reinforces the requirement for Internal Audit to follow a more flexible and risk based plan.

2. Reasons for recommendations

- 2.1** The primary role of Internal Audit is to provide assurance that the Council's systems constitute a proper administration of its affairs. To this end, Internal Audit carries out a programme of audits that is agreed annually with Heads of Service and the Executive Management Team and is approved by the Audit Committee.
- 2.2** The requirements of the Public Sector Internal Audit Standards (PSIAS) and changes of core systems Audit Cotswolds, as the Internal Audit provider, needs to respond to the changing environment and the areas where the organisation now requires assurances. This reinforces the requirement for Internal Audit to follow a more flexible and risk based plan.
- 2.3** The core financial systems delivered to the Council by the GOSS (now part of the 2020 Vision service delivery vehicle, due to become Publica) are covered within the GOSS Audit Plan, this will cover GOSS and client side activities providing;
- Assurance to the GOSS Management Team and the Client Officer Group over the controls operating for the clients
 - Assurance to the client (Cheltenham Borough Council) over the controls operating within GOSS financials, within the services they provide, and an assurance level for each financial module
 - Assurance to the Council over the controls operating within service based activities associated with the financial processes administered by GOSS
 - Periodic assurance over the other aspects of GOSS provided services
 - The required support to the External Auditor
- 2.4** A summary of the Annual Internal Audit Plan for 2017/2018 is included at Appendix 1. This lists the risk based assurance and consultancy work planned for the year. Counter fraud related audit work has not been included in this audit plan.
- 2.5** The Internal Audit Plan outlines a preferred programme of work for the year as developed throughout January and February 2017. The Audit Plan presented is not “set in stone” and is intended to evolve in response to issues highlighted through risk and change management and monitoring. Any changes to the agreed plan will only be made through a formal process involving the Section 151 Officer.
- 2.6** Audit Cotswolds has two further partners, West Oxfordshire DC and Cotswold DC and four further clients; Ubico, the 2020 Vision Partnership (Publica), Cheltenham Borough Homes and the so co-ordinating and allocating fixed resources across multiple organisations is critical to the success of the Audit Cotswolds Partnership and the delivery of all audit plans.

3. Consultation and feedback

- 3.1** The plan has been developed following consultation with and feedback from the Senior Managers, the Internal Audit Team and the Audit Committee.

4. Performance management – monitoring and review

- 4.1** The performance of Audit Cotswolds is monitored by both the Audit Committee and the Audit Partnership Board as detailed in the Audit Charter 2013.

Report author	Contact officer: Lucy Cater, Acting Head of Audit Cotswolds lucy.cater@cotswold.gov.uk 01285 623340
Appendices	1. Internal Audit Annual Plan 2017/18 2. Risk Assessment
Background information	None

Cheltenham Borough Council Audit Plan 2017/18

Audit Theme / Service Area	Specific Topic or Activity	Audit Days
Section 1 - Core Governance and Core Finance Audits		148
Annual Governance Statement	Support for and review of the production of the Annual Governance Statement and sample testing elements of the supporting information	5
Audit Committee Effectiveness (Annual)	Support for the Council's annual review of the Audit Committee against appropriate guidance and standards	2
Risk Management	To review a specific element of the Council's Risk Management process - Elements are audited on a cyclical arrangement	5
Performance Management	To review a specific element of the Council's Performance Management process - Elements are audited on a cyclical arrangement	5
ICT Audit Reviews		
EU General Data Protection Regulations	Review to ensure the Council is prepared for the incoming EU General Data Protection Regulations	8
Public Services Network Submission	Annual review of the PSN submission to ensure data is accurate and submitted in accordance with Cabinet Office directives to ensure continued compliance	3
Protection from Malicious Code	Review to ensure the Council's ICT systems are robust to protect from the threat of malicious code (code in any part of a software system or script that is intended to cause undesired effects, security breaches or damage to a system)	3
Device Strategy	Review of the ICT device strategy to ensure it meets the needs of the Council. Audit to include software and hardware	6
ICT	Changes that have been made for 2020, including CBC, intranet, internet, outlook. Reporting to programme board with updates.	3
ICT Policies	Data Back Up and Ransomware Policies. Ensuring that robust policies are in place and adhered to mitigating risks to the organisation	3
Revenues and Benefits		
Council Tax Benefit	A review of an element of the Council Tax Benefit process, the programme of activity ensures full coverage of the service over a 3 year cycle	30
Council Tax	A review of an element of the Council Tax process, the programme of activity ensures full coverage of the service over a 3 year cycle	
NNDR	A review of an element of the NNDR process, the programme of activity ensures full coverage of the service over a 3 year cycle	

Audit Theme / Service Area	Specific Topic or Activity	Audit Days
GOSS Audits (now part of 2020 delivery vehicle)	Days allocated to the following are CBC's element of the GOSS Audit Plan	
Main Accounting, Budgetary Control and Capital Accounting	A review of an element of the operating systems, the programme of activity ensure full coverage over a 3 year cycle. Assurances are sought for the GOSS controls operating in respect of its Clients and transactional testing is performed for each of the Clients	10
Treasury Management and Bank Reconciliations		2
Payroll		7
Accounts Receivable (Debtors)		7
Accounts Payable (Creditors)		7
Systems Administration	MS4 Upgrade - review of implementation and continued system management controls	4
Human Resources	Human Resources - focus on the specific service provided to CBC	5
Other GOSS Area	A review of Procurement / Health and Safety / Insurance. 2017/18 audit to be determined with GOSS Officers based on current and emerging risks	9
IR35	Review to ensure compliance with HMRCs IR35 (Intermediaries Legislation)	4
Serious and Organised Crime Checklist	High Level, Self-Assessment of the serious and organised crime risks that relate to the Council	5
Serious and Organised Crime Audit	Review to scrutinise business operations to establish where there may be vulnerabilities to serious and organised crime	10
Fighting Fraud and Corruption	Measure of the Council's Counter Fraud and Corruption Culture and Response	5
Section 2 - Risk Based Audits		65
Ubico (Data Monitoring)	Review of the monitoring of Ubico data, including fleet, waste data, recycling	10
Ubico (Recyclates)	Review to ensure data and funds received by the Council are accurate in respect of recyclates. That the Council is informed in a timely manner of any increases / decreases in costs for the service	5
MTFS	Review to ensure proactive actions are being taken to deliver red and amber items in the MTFS	10
Equalities and Diversity	Review to ensure Council Policies are up to date and in accordance with Legislation. Ensure officers / service areas are complying with legislation and Council Policies	10
Grant Payments to Third Parties	Review to ensure grant payments made to third parties are in accordance with Council Policies and Procedures, appropriate, accurate	10
Elections	Review of the Election Funds - expenditure / income / reconciliations	10
S106 Agreements and Funds	Review of the governance arrangements in respect of S106 agreements and funds	5
Damages Recovery	Review in respect of damage to Council Properties. Identification of policies and procedures in place and ensuring the adherence to these, ensuring liable parties are pursued in respect of costs borne by the Council	5

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Section 3 - Advice and Consultancy		103
2020 Vision Programme (Publica)	Review of the set up and development of the Publica company of which CBC is a shareholder. Review the arrangements to monitor and ensure CBC are receiving their service requirements as agreed with 2020. Review CBC's arrangements to effectively manage the relationship of the risks of the services provided by 2020.	15
Leisure and Culture Trust	Review of the arrangements the Council has in place to evaluate, demonstrate and ensure it receives value for money from the Leisure and Culture contract. The review will support the development of processes that enhance value for money analysis and assurance arrangements	25
Ubico	Review of the arrangements the Council has in place to evaluate, demonstrate and ensure it receives value for money from the non-waste element of the Ubico contract, to include a specific focus on the services at the Cemetery and Crematorium along with any other related services operated at the site. The review will support the development of processes that enhance value for money analysis and assurance arrangements	20
Cemetery and Crematorium Development	Support for the cemetery and crematorium programme, including attendance at meetings and gate reviews	15
Parking Strategy	To advise on any implications identified in the parking strategy. Review of the arrangements to support and ensure the delivery of outcomes following the introduction of the parking strategy	10
Revised Arrangements for S151 Officer Role	Review of the arrangements to support the effective delivery of the revised arrangements for the S151 Officer Role	3
Change Programmes	Support for other change programmes / projects to include Accommodation Strategy, Town Hall Redevelopment, Commercial Transformation, Waste and Recycling Redesign	15
Section 4 - Other		49
Management	Preparation of IA Monitoring Reports and preparation and attendance at Audit Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams.	20
Follow Up Audits	Follow Up of Previous Year Audits (High / Good / Satisfactory)	5
Safeguarding	Follow Up of 2015/16 Audit (and to include support for the Council's Section 11 Submission)	5
National Fraud Initiative	Ongoing Support for the Scheme	
Contingency	New Work based on emerging risks and Investigations	19
Total Number of Audit Days		365

Risk Assessment

Appendix 2

[illegible]