

Cheltenham Borough Council

Proposed Internal Audit Plan & Planning Approach 2020/21

Internal Audit Planning: A Revised Approach 2020/21

As a result of the COVID-19 pandemic, SWAP has had to adapt and change its focus in the short-term.

This has involved the redeployment of SWAP staff to assist the Authority with the response to the huge challenges faced.

With the Authority moving into a recovery phase from COVID-19, we are now looking to re-commence audit work in some areas and help to assist with recovery efforts.

Revised Approach to Internal Audit Planning 2020/21

SWAP was due to present an internal audit plan covering 2020/21 to the Audit, Compliance and Governance Committee on the 24th March 2020. However, due to the COVID-19 outbreak and subsequent lockdown, this Committee was postponed.

Clearly a lot has changed since that date, and as such, an updated approach to internal audit work and planning has had to be implemented. The plan that had previously been prepared is likely to remain relevant in many respects, but the huge effort the Authority is undertaking in relation to response and recovery from COVID-19 is likely to push back a significant proportion of this work. As such, we have briefly set out below our updated approach to Internal Audit Planning in 2020/21:

Quarter 1 – 2020/21

During quarter 1 we supported the Council by undertaking data input and verification work for the Business Grant administration process, we also analysed data in respect of the support given by the Council to vulnerable and shielding residents that had registered for help during the pandemic. We co-ordinated the Managers Assurance Statements process for inclusion in the Annual Governance Statement, reviewed policies for the CFU and provided continuous assurance reports in areas such as Accounts Payable and Accounts Receivable. During this period, we also finalised several 2019/2020 audits which had been delayed due to officer availability.

Quarter 2 – 2020/21

With the Authority moving into a recovery phase from COVID-19, we have commenced audit work in several areas and continue to assist with recovery efforts. However, we recognise there are still likely to be priority and capacity challenges in certain service areas, and as such Quarter 2 is likely to involve a hybrid approach in terms of supporting the Authority with recovery efforts, as well as internal audit assurance work.

Quarter 3 onwards – 2020/21

Dependent on any future re-emergence or residual COVID-19 challenges faced by the Authority, from Quarter 3 onwards we will look to fully re-align our audit plan focusing on the key corporate risks facing the Authority and providing assurance on the key financial systems.

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2020/21 will clearly present an exceptional year for the Authority (as well as SWAP).

The approach we take to our audit planning and work will need to remain flexible; looking to achieve a balance of supporting the Authority in response and recovery efforts, whilst maintaining our statutory internal audit role.

Revised Approach to Internal Audit Planning 2020/21 (continued)

It is the responsibility of the Authority's Senior Leadership Team, and the Audit, Compliance and Governance Committee, to determine that the audit coverage contained within the overall programme of work across 2020/21 is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation (set in the context of the unprecedented challenges faced by COVID-19).

When reviewing the revised internal audit planning approach, key questions for SLT and the Audit, Compliance and Governance Committee to consider include:

- Does the revised planning approach achieve a proportionate balance between assisting the Authority with the unprecedented challenges it faces, whilst maintaining our statutory internal audit role and independence?
- Will the revised planning approach provide sufficient, independent assurance to monitor the organisation's risk profile effectively?

Further Planning detail

During the period that we have been working from home we have adopted, and implemented, new ways of working.

Firstly, we will be auditing more agilely when the audit allows it. We will audit areas as planned but these will be undertaken by a team rather than an individual. This will result in a more transparent audit process, with regular client involvement and visibility. It will also allow earlier insights and observations to be provided to clients.

Secondly, we have introduced continuous assurance reports. These are data audits and allow the reader to identify any anomalies / variances, which can be corrected in a timely manner.

Thirdly, and again where the audit allows for it, our audits will be data driven. We have a dedicated Data Analytics team who will extract and interpret data for inclusion within the audit.

Internal Audit Planning: A Revised Approach - Quarter 2 - 2020/21

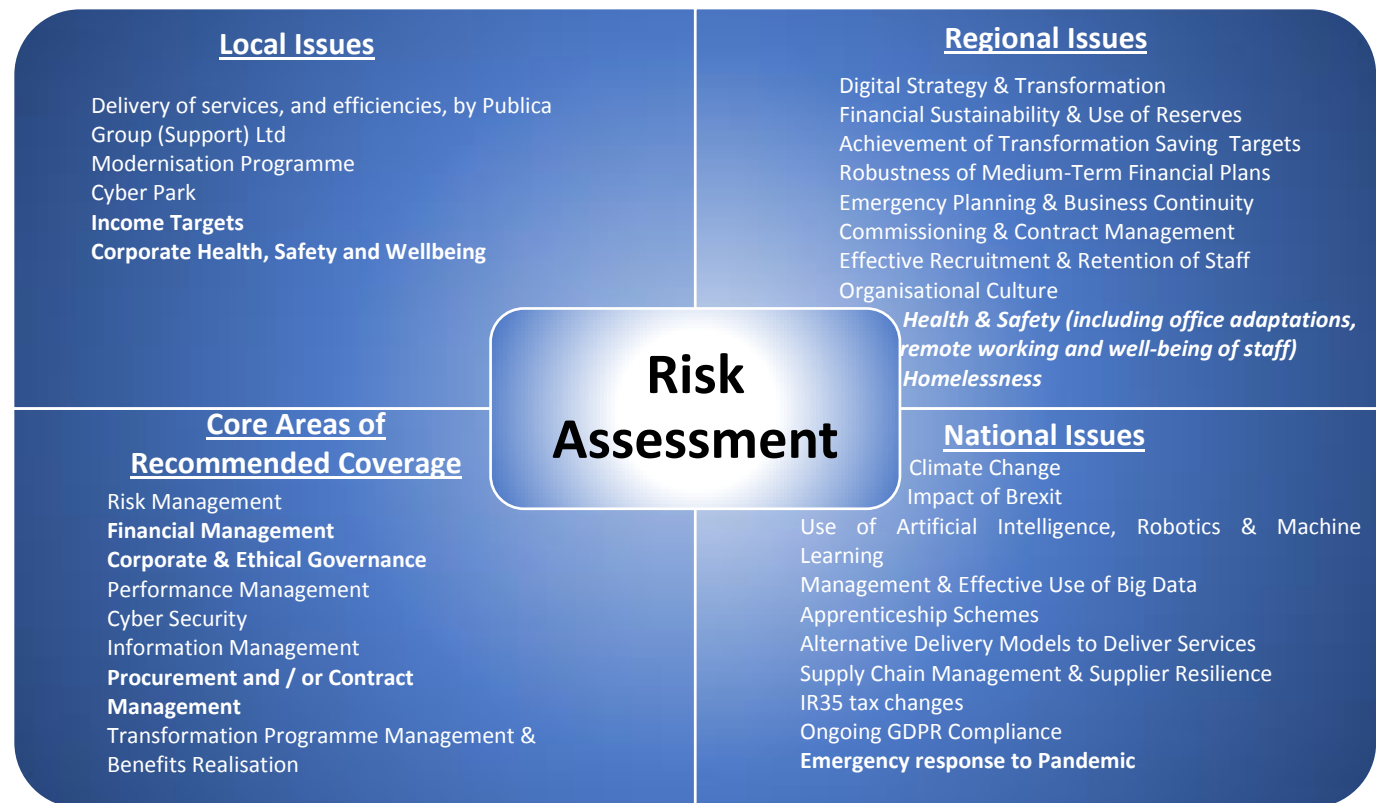
Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit, Compliance and Governance Committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

Internal Audit Risk Assessment (updated)

Our original 2020/21 internal audit programme of work was based on the documented risk assessment below.

We have now updated this to highlight key areas where we believe the risk profile has increased following the COVID-19 pandemic (included in bold), as well as any new risk areas (included in italics):



It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific Terms of Engagement for the piece of work, which includes the objective and scope for the review.

Areas of Coverage and Brief Scope	Senior Leadership Team Lead	Priority (H, M, L) and Proposed Timing (Earlier, Later)
Publica Transformation Benefits Realisation (audit deferred from 2019/20) <i>Provision made in the Audit Plan to enable IA to give assurance(s) to the Council in respect of Benefits Realisation for the Publica Transformation Programme.</i>	Executive Director – People and Change	Medium / Earlier
The Delivery of Services by Publica <i>Review to assess how the Council is getting assurance that Publica is delivering as per contracts / service level agreements. To include an assessment of metrics.</i>	Executive Director – People and Change	Medium / Later
Governance of Programmes and Projects <i>Review of the programme and project framework.</i>	Executive Director – People and Change	High / Later
Planning Enforcement <i>Request from A, C & G Committee to review an element of regulatory services on an annual basis. Scope to ensure the process is followed equally for all cases. Audit to be undertaken in conjunction with the 2019/20 planning application audit.</i>		Medium / Earlier
Asset Management and Commercial / Investment Property (audits deferred from 2019/20)	Executive Director – Finance and Assets	Medium / Earlier
Inclusivity and Diversity <i>Review to assess the Council's efforts to be externally (stakeholders / customers) inclusive and diverse.</i>	Executive Director – People and Change	Medium / Later
Authority's response to COVID-19 <i>Review to include assessment on the activation and effectiveness of the Council's Business Continuity Plan and the Council's involvement and support to emergency planning. Review to offer opinion on gains made and lessons learned.</i>	Executive Director – People and Change	High / Earlier
Continuous Assurance and Data Analytics – Key Financial Controls <i>A programme of regular assurance over the Authority's key financial controls</i>	Executive Director – Finance and Assets	Medium / Ongoing
Core Financials – Publica Controls and Transactional Testing <i>A review of the controls operating within Publica in respect of the Core Financial systems:</i> <ul style="list-style-type: none"> • Payroll • Accounts Payable (Creditors) 	Executive Director – Finance and Assets	Quarter 3

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<ul style="list-style-type: none"> • <i>Accounts Receivable (Debtors)</i> • <i>Treasury Management and Bank Reconciliations</i> • <i>Main Accounting, Capital Accounting and Budgetary Control (to include an element of Management and Monitoring on Contracts deferred from 2019/20)</i> <p><i>Depending on previous years audit assurances a high-level review may be deemed appropriate.</i></p> <p>Off Payroll Working (IR35) <i>Review to ensure compliance with HMRC’s IR35 legislation, ensuring any changes made to legislation by HMRC have been actioned.</i></p> <p>Human Resources <i>A review of an element of the Human Resources (HR) service – Suggested area to be reviewed is the Recruitment Process.</i></p> <p>Other Publica Area <i>Review to be undertaken of either Procurement / Health and Safety / Insurance. Suggested area for review for 2020/21 is the Safety of Staff undertaking site visits (not planning officers). Review to include Personal Protective Equipment (PPE), Training and Treatment of Hazardous Waste.</i></p> <p>Revenues and Benefits <i>A review of the controls operating in respect of:</i></p> <ul style="list-style-type: none"> • <i>Council Tax</i> • <i>National Non-Domestic Rates</i> • <i>Housing Benefit and Council Tax Support</i> <p><i>The programme of activity ensures full coverage of the services over a 3-year cycle</i></p>		
<p>Risk Management <i>To review a specific element of the Council’s Risk Management process – Suggested area is to review the Council’s revised approach to risk management and the introduction of Clearview to manage risks.</i></p>	<p>Executive Director – People and Change</p>	<p>Low / Later</p>
<p>Performance Management <i>A review of an element of Performance Management – Suggested area to review is the Appraisal Process.</i></p>	<p>Executive Director – People and Change</p>	<p>Low / Later</p>
<p>Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund <i>Ongoing work providing assurance over the distribution of Government grants issued during the COVID-19 pandemic offering support to the CFU following submission of data to Spotlight and CIFAS</i></p>	<p>Executive Director – Finance and Assets</p>	<p>Medium / Ongoing</p>
<p>Governance Arrangements for Cyber Cheltenham <i>Assessment of the Governance Arrangements in respect of Cyber Cheltenham.</i></p>	<p>Executive Director – Place and Environment Development</p>	<p>Medium / Ongoing</p>

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Further requested assurance / advisory / support work, as required		High / Ongoing
Other Audit Involvement		
<p>Management <i>Preparation of IA Monitoring Reports and preparation and attendance at Audit, Compliance and Governance Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams.</i></p> <p>Follow-Up Audits <i>Follow-Up of Previous Year's recommendations. Follow-Up audit of all High Priority Recommendations. Follow-Up audit of Property - Use of Contractors (2019/20). Follow-Up audit of Systems Admin – ensuring outstanding recommendations have been actioned.</i></p> <p>Grant Certification <i>Review (income and expenditure) and certification of Disabled Facilities Grants and Additional Funding, ensuring finding requirements have been met.</i></p> <p>Working with the Counter Fraud Unit <i>Provision to ensure collaborative working with the CFU and to ensure control weaknesses, identified during CFU activity, are being actioned. Regular liaison meetings.</i></p> <p>Contingency <i>Provision for new work based on emerging risks and Investigations.</i></p>		
Reserve Audit Areas		
<p>Leisure and Culture Facilities <i>Review to determine how the Council ensures the leisure service provider(s) are adhering to statutory Health and Safety regulations. Review to test requested confirmations for tests such as fixed wire testing, fire alarm systems and emergency lighting tests.</i></p> <p>Property Related Health and Safety <i>Review to assess the Health and Safety arrangements at the Council's properties including confirmation of testing of Fixed Wire, Emergency Lighting and PAT testing.</i></p> <p>Use of Third-Party Workers <i>Review of the recruitment and on-going personnel management of agency / contractor / temporary / third-party workers who work at / on behalf of the Council. Are HR related considerations, processes and controls robust enough within individual service areas?</i></p>		

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<p>Climate Change <i>Review to assess what business areas are doing to support the Council's commitment to the Climate Emergency.</i></p> <p>CBC Lottery <i>Review to ensure monies / grants are awarded in accordance with policy / procedure, to include an assessment of applications.</i></p> <p>Marketing Cheltenham <i>Review to ensure the governance and accountability of Marketing Cheltenham are appropriate and transparent.</i></p> <p>CBC Lending Council <i>Review of the Council's involvement in the Folk2Folk scheme, to include agreements, repayment plans, interest calculations.</i></p>		