

REPORT TITLE: INTERNAL AUDIT PLAN 2019/20

7 MARCH 2019

REPORT OF PORTFOLIO HOLDER: CLLR ASHTON – PORTFOLIO HOLDER FOR FINANCE

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WARD(S): ALL

PURPOSE

The purpose of this report is to provide the Audit Committee with the Internal Audit Plan (Appendix 1).

The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

The Plan takes cognisance of the Council's Corporate Risk Register and recently refreshed Council Strategy and will remain fluid to the changing needs of the Council.

RECOMMENDATIONS:

1. That the Committee approves the Internal Audit Plan for 2019/20 as set out in Appendix 1.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Internal audit plays a vital role in supporting the Council accomplish its strategic outcomes and service plan objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 FINANCIAL IMPLICATIONS

- 2.1 The Internal Audit Plan for 2019/20 comprises a total of 310 resource days and the anticipated cost for the financial year is £94,500.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None identified.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Portfolio Holder for Finance and Strategic Director: Resources have been consulted on the contents of the Audit Plan for 2019/20.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None required.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None required,

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Financial / VfM</i>	Internal audit supports the Council to ensure proper financial management through its audit activities and assurance service	None.

11 SUPPORTING INFORMATION:

- 11.1 The aim of internal audit's work programme is to provide independence and objective assurance to management, in relation to the business activities, systems or processes under review that:
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.
- 11.2 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.
- 11.3 The Internal Audit Plan has been developed in consultation with officers, taking cognisance of the Council's risk register and the Council Strategy 2017-20.
- 11.4 The Audit Plan will remain fluid and subject to on-going review in consultation with the relevant officers at the Council, to ensure that it continues to reflect the needs of the organisation. Any amendments to the Plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for governance at the Council.
- 11.5 The Council's 'Internal Audit Charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion. Significant matters that jeopardise the delivery of the Plan, or require changes to the Plan will be identified, addressed and reported to the Audit Committee

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

Other Background Documents:-

None.

APPENDICES:

Appendix 1 Internal Audit Plan 2019/20

Internal Audit Plan

2019-20

Winchester City Council



Southern Internal Audit Partnership

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Assurance through excellence
and innovation

Contents

Introduction	3
Your Internal Audit Team	4
Conformance with Internal Audit Standards	.....	4
Conflicts of Interest	.....	4
Council Vision	.....	5
Council Risk	.....	6
Developing the internal audit plan 2019-20	.....	7
Internal Audit Plan 2019-20	.....	8 – 11
Internal Audit Strategy 2019-22	.....	13 – 18

Introduction

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations' 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'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Strategic Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Antony Harvey, Deputy Head of the Southern Internal Audit Partnership, supported by Bev Davies, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles. **This performance is within the top decile of EQA reviews we have performed.** This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Council Vision

The 'Council Strategy', refreshed in December 2018, outlines Winchester City Council's key ambitions over three years (2017-2020) including the actions, commitments and measures to deliver overall outcomes by March 2020. The Strategy outlines four strategic outcomes and is underpinned by the Council adopting an entrepreneurial approach to how it delivers services and secures its medium-term financial strategy:

1 Winchester District will be a premier business location	2 Delivering quality housing options	3 Improve the health and happiness of our community	4 Improving the quality of the District's environment
<p>1a - Promote a sustainable economy by enabling major regeneration schemes</p> <p>1b - Prioritise support for the knowledge-based, creative and tourism sectors</p> <p>1c - Utilise our environment to drive business growth and create employment opportunities across the District</p> <p>1d - Work with strategic partners to deliver digital infrastructure projects across the District</p> <p>1e - Be innovative by exploring opportunities to reduce revenue expenditure and maximise key income streams.</p>	<p>2a - Deliver good housing stock condition and energy performance for Council owned dwellings that meet the Decent Homes Standard</p> <p>2b - Respond to the need to provide more affordable housing in the District</p> <p>2c - Drive down homelessness across the District and support partner agencies in the drive for an improved life for those in need</p> <p>2d - Provide good access to affordable housing options across a range of tenures, including affordable and sub market rent (within Local Housing Allowance rates) market rent, shared ownership, student housing etc.</p> <p>2e - Be proactive in our tenant engagement, achieving effective representation and insight across all tenant and customer groups</p> <p>2f - Restrict permitted development rights in Winchester so that new houses in multiple occupation require planning permission</p> <p>2g - Support residents to buy their own homes.</p>	<p>3a - Work with partners to reduce health inequalities in the District and promote good mental and physical health</p> <p>3b - Provide new leisure facilities in Winchester that meet the needs of a broad cross section of our communities for now and the future</p> <p>3c - Encouraging volunteering to support and extend local services</p> <p>3d - Support the delivery of a programme of festivals and events across the district</p> <p>3e - Work with partners to achieve significant and sustained change for vulnerable and troubled families with multiple, complex and persistent problems.</p>	<p>4a - Protect, enhance and respect the District's rich heritage and landscape whilst allowing appropriate development to take place</p> <p>4b - Enable our historic environment to evolve over time, with due regard for the landscape character</p> <p>4c - Work with our partners and using powers available to us, make Winchester a safer and pleasant place to live, work and visit</p> <p>4d - Protect, enhance and increase the use of open spaces in both the towns and more rural areas of the District</p> <p>4e - Work to change attitudes to waste, fly-tipping and littering and significantly improve recycling levels</p> <p>4f - Work with strategic partners to continue to develop flood resilience measures to protect our communities</p> <p>4g - Improve the environment and reduce harmful emissions through holistic planning</p> <p>4h - Working with strategic partners to identify opportunities to enhance and restore biodiversity in the District.</p>

Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

No	Risk Title	Risk Description
1	Capacity to deliver	Ambitious corporate plan with competing demands and multiple complex priorities risks that the Council does not maintain capacity to deliver services
3	Customer insight and engagement with change	Failure to engage and consult effectively with residents and stakeholders and make best use of customer data risks challenge over decisions
4	Business continuity	Lack of planning and preparedness to ensure that services are restored promptly and efficiently following a significant event affecting the Council, resulting in service delays
6	Effective partnership working	Faltering partnerships due to lack of shared vision, conflicting demands and individual partner failure. Poor scoping and commissioning of partners
7	Medium term financial viability	Reduced funding, business rates and income, cost inflation and reliance on strategic partners to deliver services and projects risks falling standards, service reduction and financial viability
8	Strategic planning for housing	Increasing demand for new houses, high costs including private sector rents and inability to identify new sites for housing risks delivery of the quality housing options corporate priority
9	Cyber Security	Failure to protect the Council's systems from Malicious attack leading to financial loss, disruption of business and ability to deliver services, loss and corruption of data.

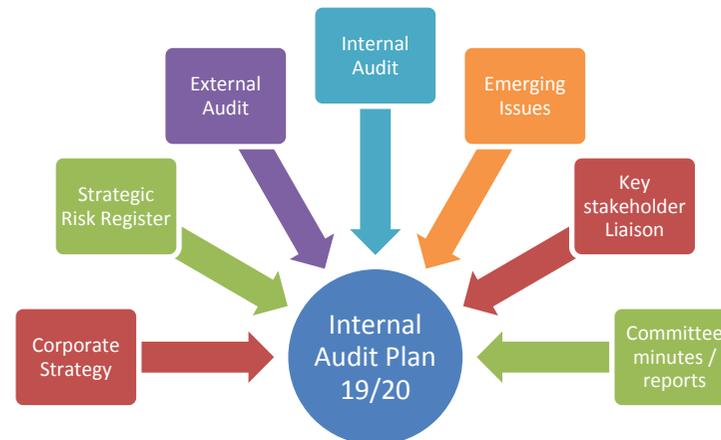
Developing the internal audit plan 2019/20

We have used various sources of information and discussed priorities for internal audit with the following groups:

- Joseph Holmes – Strategic Director, Resources
- Executive Leadership Board
- Other key Stakeholders
- Audit Committee

Based on these conversations with key stakeholder groups, a review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the coming year (2019/20) and a projected high level strategic plan (2019 – 2022). The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan 2019-20

Audit	Scope / Risk	Strategic Risk	Corporate Priority	Proposed Timing
<i>Strategic Risks and Corporate Cross Cutting</i>				
Programme & Project Management	Review of the programme and project management framework - compliance in relation to live / ongoing projects	1, 3, 6, 7	All	
Transformation	Assurance over transformation initiatives including: <ul style="list-style-type: none"> • Resource management • Benefits realisation • Efficiency Plan (Transformation Savings) • iESE process innovation 	1, 3, 6, 7	All	
Financial Stability	Assurance over financial risks relating to assumptions made for medium term financial projections. Emphasis on financial planning and resilience: <ul style="list-style-type: none"> ○ MTFS ○ Income Strategy ○ Growing the Local Economy 	1, 3, 6, 7	All	
Digital Agenda	Significant culture shift with the risk of insufficient IT infrastructure, security and stakeholder engagement. To review the process and transition to digitalised initiatives.	1, 3, 4, 7, 9	1, 2	
Working in Partnership	Assurance over governance, rights of access, third party assurance,	1, 6, 7, 8	All	

Audit	Scope / Risk	Strategic Risk	Corporate Priority	Proposed Timing
	contingency arrangements, exit strategies, hosting arrangements (accountabilities), benefits realisation, performance.			
Business continuity and emergency planning	Assurance over plans to recover services after a major incident / planning for extreme events that may lead to delays in responding to situations and failure to deliver services	4, 6, 9	All	
Governance				
HR	<p>Weak or ineffective internal control leading to failure to maintain capacity to deliver outcomes, financial loss, damage to the Council's reputation and adverse publicity. Coverage over a three year cycle to include:-</p> <ul style="list-style-type: none"> • Absence management • Recruitment • Training & Development • Workforce Development • Flexible Working • Volunteers 	1, 6, 7	All	
Fraud & Irregularities	<p>Ineffective procedures to detect / mitigate fraud and irregularity or to promote a zero-tolerance culture.</p> <p>Provision to facilitate CIPFA/Tecaff Fraud survey, NFI, advice.</p>	-	All	On-going
Information governance	Assurance over information governance arrangements to incl. DPA, FOI, Transparency and compliance with GDPR	4, 9	All	

Audit	Scope / Risk	Strategic Risk	Corporate Priority	Proposed Timing
Ethical behaviours	Assurance over governance arrangements for ethical behaviours including declarations of interest, gifts & hospitality, codes of conduct etc.	-	All	
Procurement	Assurance over compliance with contract procedure rules and legislative requirements (including P Cards)	1, 6, 7	All	
Corporate Strategy				
Energy Management & Climate Change	Review and assurance of strategy, policies, procedures and outcomes to include impact of transport policies		4	
Environmental Services Contract	Significant procurement to consider during 2019/2020.		4	
Planning & Open Spaces (incl. Community Infrastructure Levy)	Assurance over legislative compliance and conformance to local policies and procedures in addition to the effective use of open spaces. To also include assurance over the effective utilisation of CIL	8	2, 4	
Housing Asset Management	Assurance over process and delivery of repairs and maintenance, voids, Decent Homes Standards	8	2	
Housing Finance	Assurance over delivery, processes and procedures in place to address legislative change within the Housing & Planning Act 2016: <ul style="list-style-type: none"> • Sale of high value vacant property • New Starter Homes / Register of self builds • Rent setting & Collection 	8	2	

Audit	Scope / Risk	Strategic Risk	Corporate Priority	Proposed Timing
Core Financial Systems				
Council tax		7	All	
Accounts payable		7	All	
Payroll	Cyclical coverage to meet external audit / regulatory requirements and management concerns	7	All	
Income generation and collection (inc cash handling)		7	All	
Reconciliations		7	All	
IT				
Secure e-mail	Assurance over the new arrangements following the decommissioning of the Government's GCSX accounts	4, 9	All	
Back-ups	Assurance over back-ups to ensure business continuity in the event of failure, critical event or corruption/loss of data	4, 9	All	
Patch management	Assurance over the arrangements to test and verify patches (inc. change control) to ensure software is up to date and cyber security is maintained.	4, 9	All	

Audit	Scope / Risk	Strategic Risk	Corporate Priority	Proposed Timing
Business as Usual				
Establishment review – Tourism Information Centre	Assurance over the utilisation of financial systems, sales income and commission collection, cash handling arrangements, physical security etc.	-	-	
Bus Service Operator Grant	Certification Work	-	-	
Mayor's Charity	Audit of Final Accounts	-	-	
Other				
Management	Planning, liaison, reporting, audit committee, external audit, advice	-	-	Q1-4
Total Days				310

Internal Audit Strategy 2019 - 2022

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
Programme & Project Management	Review of the programme and project management framework - compliance in relation to live / ongoing projects	All	✓	✓	✓
Transformation	Assurance over transformation initiatives	All	✓	✓	

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
	including: <ul style="list-style-type: none"> • Resource management • Benefits realisation • Efficiency Plan (Transformation Savings) • iESE process innovation 				
Financial Stability	Assurance over financial risks relating to assumptions made for medium term financial projections. Emphasis on financial planning and resilience: <ul style="list-style-type: none"> ○ MTFS ○ Income Strategy ○ Growing the Local Economy 	All	✓	✓	✓
Asset Management	Assurance over effectiveness and delivery of the Asset Management Plan including repairs and maintenance to non-housing assets (planned & reactive)	2, 4			✓
Digital Agenda	Significant culture shift with the risk of insufficient IT infrastructure, security and stakeholder engagement. To review the process and transition to digitalised initiatives.	1, 2	✓	✓	✓
Working in Partnership	Assurance over governance, rights of	All	✓		

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
	access, third party assurance, contingency arrangements, exit strategies, hosting arrangements (accountabilities), benefits realisation, performance.				
Economic Development and Regeneration	Effectiveness of ambition to drive economic development and regeneration. Review of strategic approach and delivery including processes and outcomes.	1		✓	
Affordable Housing	Assurances over delivery & allocation of affordable housing (rent, buy, shared ownership) across a range of tenures and innovative models to achieve outcomes.	2		✓	
Housing Finance	Assurance over delivery, processes and procedures in place to address legislative change within the Housing & Planning Act 2016: <ul style="list-style-type: none"> • Sale of high value vacant property • New Starter Homes / Register of self builds • Rent setting & Collection 	2	✓		
Housing Asset Management	Assurance over process and delivery of repairs and maintenance, voids, Decent	2	✓		✓

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
Homes Standards					
Energy Management & Climate Change	Review and assurance of strategy, policies, procedures and outcomes to include impact of transport policies	4	✓		
Environmental Services Contract	Assurances over contractual arrangements and effective outcomes. Significant procurement in 2019/2020.	4	✓	✓	
Development / Building Control	Review of policy and processes of arrangements	2, 4		✓	
Business Continuity & Emergency Planning	Assurance over plans to recover services after a major incident / planning for extreme events that may lead to delays in responding to situations and failure to deliver services	All	✓		✓
HR	Weak or ineffective internal control leading to failure to maintain capacity to deliver outcomes, financial loss damage to the Council's reputation and adverse publicity. Coverage over three year cycle to include: <ul style="list-style-type: none"> • Absence management • Recruitment 	All	✓	✓	✓

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
	<ul style="list-style-type: none"> • Training & Development • Workforce Development • Flexible Working • Volunteers 				
Fraud & Irregularities	Ineffective procedures to detect / mitigate fraud and irregularity or to promote a zero - tolerance culture. Provision to facilitate CIPFA/Tecaff Fraud survey, NFI, advice.	-	✓	✓	✓
Procurement	Assurance over compliance with contract procedure rules and legislative requirements (including P Cards)	All	✓		✓
Contract Management	Review of contract management arrangements and compliance across a selection of 'key contracts'	All		✓	
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution	All		✓	
Information Governance	Assurance over information governance arrangements to incl. DPA, FOI, Transparency and compliance with the	All	✓	✓	✓

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
General Data Protection Regulations (GDPR)					
Ethical Behaviours	Assurance over organisational change (austerity) – cultural change, declarations of interest, gifts & hospitality, codes of conduct	All	✓		
Risk Management	Assurance over the risk management framework incl. governance, transparency and maturity.	All		✓	
Housing rents		All			✓
Housing Benefits		All		✓	
Council Tax		All	✓		
Accounts Payable	Coverage to meet External Audit / Regulatory requirements and management concerns	All	✓		
Accounts Receivable / Debt Management		All		✓	
Main Accounting		All		✓	
Reconciliations		All	✓		
Treasury Management		All			✓

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
NNDR		All		✓	
Payroll		All	✓		
Income generation and collection		All	✓		✓
Software licencing / management of assets	Assurance over the effective and efficient software licencing and management of IT assets.	All		✓	
Network management	Assurance over the management of the Network	All		✓	
Applications management	Assurance over inputs, processing, outputs, access controls, interfaces etc.	All			✓
Data security and management	Review the arrangements for a sample of areas e.g. Network Security and Cloud Computing	All			✓
IT Strategy and assurance mapping	Effective delivery of the IT Strategy and include joint working arrangements with TVBC.	All		✓	
Cyber security	Assurance against the defence of physical / information assets which could be	All		✓	

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
	compromised using information technology.				
Mobile devices	Assurance over retention, data security, use of own devices, remote / home working arrangements.	All			✓
Secure e-mail	Assurance over the new arrangements following the decommissioning of the Government's GCSX accounts	All	✓		
Back-ups	Assurance over back-ups to ensure business continuity in the event of failure, critical event or corruption/loss of data	All	✓		
Patch management	Assurance over the arrangements to test and verify patches (inc. change control) to ensure software is up to date and cyber security is maintained.	All	✓		
Planning & Open Spaces (incl. Community Infrastructure Levy)	Assurance over legislative compliance and conformance to local policy and procedure in addition to the effective use of open spaces. To also include assurance over the effective utilisation of CIL	2, 4	✓		
Licensing	Assurances over safeguarding, income,	-		✓	

Audit	Scope / Risk	Corporate Priority	2019-20	2020-21	2021-22
	application process and monitoring.				
Certification work	Certification/final accounts audit work as required		✓	✓	✓
Management	Planning, reporting, Audit Committee, Monitoring, Liaison and Advice	-	✓	✓	✓

