

# CORPORATE OVERVIEW & SCRUTINY PANEL

TUESDAY, 4TH FEBRUARY, 2020

At 6.30 pm

in the

COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD

## SUPPLEMENTARY AGENDA

### PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
8.	<u>2020/21 DRAFT INTERNAL AUDIT AND INVESTIGATION PLAN</u> To consider the draft report and the Internal Audit Charter.	3 - 10

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**Chargeable Audit & Investigations Work****Details**

<b>Key Financial Systems</b>			
Traditionally, the service has undertaken full coverage of the key financial systems below. The coverage is listed in the outline scope. The Service will be continually reviewing this coverage in consultation with the Council's External Auditor and the Director of Resources (section 151 officer) in year to ensure that audit coverage, if any, is relevant and focused correctly.			
<b>Audit</b>	<b>Reason for Audit</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Payroll (including AfC Payroll)	Main financial system	To provide assurance that only bona fide, authorised and accurate payments are made in a timely manner; to ensure that all payroll transactions are accurately reflected in the accounting system; to ensure correct classification on payments made to individuals to confirm the Council is compliant with guidance regarding the employment status of workers.	Y
Debtors	Main financial system	To provide assurance that income-generating activities are identified and accurately invoiced; that all invoices are paid and the income is accounted for and reflected in the Council's accounts; the extent of debt is minimised and overdue accounts are promptly followed up.	Y
Creditors	Main financial system	To provide assurance that creditor payments are valid authorised, accurate and timely in respect of goods and services ordered and received by the Council.	Y
General Ledger	Main financial system	To provide assurance that all financial transactions of the Council are recorded, including ensuring their completeness and integrity with the aim of providing the data from which management accounts, final accounts and statutory returns can be prepared.	Y
Cash & bank reconciliation	Main financial system	To provide assurance on the effectiveness, accuracy and completeness of reconciliations.	Y

Cash and banking arrangements	Main financial system	To provide assurance on the following; legislation, policy and procedures, cash transactions and records, cash collection, cash payments, cash holdings, banking, management reporting and future customer payment options.	Y
Treasury Management	Main financial system	To provide assurance on the implementation and operation of the treasury function in compliance with the Treasury Management Strategy.	Y
Pensions Payroll and Administration	Main financial system	To provide assurance on the following; Roles and responsibilities, adherence to policy and procedures, administrative controls between administration and payroll systems, payment authorisation and process, reconciliations, management reviews of; pension fund transfers, pension and benefit calculations, pensions Masterfile, capital costs and suspensions and write offs, maintenance of files and retention documents and computer security.	Y
Benefits/CTRS	Main financial system	To provide assurance on Benefit/CTRS operations.	Y
Council tax and NNDR	Main financial system	To provide assurance on Council tax and NNDR collection and recovery processes.	Y
Capital Programme, Accounting and Expenditure Monitoring	Main financial system	To provide assurance that the Council is correctly and accurately accounting for its assets.	Y

<b>Governance Building Blocks</b>			
These reviews cover the key governance elements and are necessary for the formation of the Chief Audit Executive (CAE) and Annual Governance Statement (AGS)			
<b>Audit</b>	<b>Reason for Audit</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Risk Management	Governance Building Block	To provide assurance on the assessment of risks scores and risk appetites and compliance with the Risk Management Strategy.	N
Procurement	Governance Building Block	To provide assurance on ;Compliance with Procurement Directive, engagement with consultants, compliance with EU thresholds, compliance with RBWM thresholds, material decisions, use of standing lists, major suppliers.	N
Performance Management	Governance Building Block	To provide assurance on; Objective of the Performance Management, alignment of the Key Performance Indicators (KPIs) with the Council's Vision and Council Plan, alignment of the KPIs with Service Plans, progress of the KPI reporting and plans for implementation, clarity of roles and responsibilities for maintaining the Performance Management System and accuracy of KPIs and Quality Assurance.	N
Financial Governance and Management (AGS 19.5 & 19.7)	Governance Building Block	To provide assurance on; Governance, Savings Delivery, Budgetary setting, monitoring and control measures, including the Forward Plan, income against targets and response to economic and emerging policy signals, Medium Term Financial Plan - assumptions made for financial reserves required including average risk and confidence levels. , mitigation in case MTFP fails, funding and budgets to deliver the regeneration programme and insufficient resources to meet demands leading to Pension Fund substantial deficit. Financial management in projects. Non systems risks. Management information and reporting.	Y
Corporate Governance (AGS 19.1, 19.2, 19.10 & 19.11)	Governing Building Block	To provide assurance on; Codes of Conduct – Members and Officers, Annual Governance Statement including compliance, statutory responsibilities and policies.	N

<b>Key Strategic Risks</b>			
With reference to the Council's Corporate Risk Register, these audits are intended to provide assurance to management that the expected mitigating actions and controls to manage risks are operating as expected. All key strategic risks are expected to be covered over a two to three year period.			
<b>Audit</b>	<b>Reason for Audit</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Commissioned Services	Key Corporate Risk	Contract audit coverage for key partners including contract tendering, management, renewal and extension of Adult Services including Adult Safeguarding and statutory responsibilities (20), Children's Services including Children's Safeguarding and statutory responsibilities (20), Highways (15).	Y
Inadequate strategic planning between children's services, adults and health (Transitions between children and adults)	Key Corporate Risk	To provide assurance on; Management controls within Optalis, collaborative working and transitions - governance, planning and operations.	N
Security	Key Corporate Risk	To provide assurance on; Integrated permanent HVM measures, Evacuation Plan, Community Safety Partnership Strategy, Key partnership working with Police and military, Channel Panel and One Borough partnership working.	N
Viability of key partners under outsourced/partnership business processes	Key Corporate Risk	To provide assurance on financial viability of key partner organisations.	N
Business Continuity Plans (AGS 19.6)	Key Corporate Risks	To provide assurance on; Policy, Completion, Review, Testing and Audit.	N
Shared Emergency Planning Service	Key Corporate Risks	To provide assurance on; Robustness of the Council's Emergency Plan including governance and operations.	N
GDPR (AGS 19.4)	Key Corporate Risks	To provide assurance on; Governance, Policy, Compliance, Training, Reporting and Audit.	Y

**Key Operational Risks**

With reference to the Corporate Risk Register and through discussion with Directors, these audits are intended to provide assurance to management that the expected mitigating actions and controls to manage risks are operating as expected.

<b>Audit</b>	<b>Reason for Audit</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Enforcement	Key Operational Risk	To provide assurance on; Homes with Multiple Occupants, statutory inspections, staffing and promotions.	N
Health and Safety (AGS 19.8)	Key Operational Risk	To provide assurance on; Policies, operational management, risk assessments, accident/dangerous incidents reporting, training, monitoring and reporting and self-audit process.	N
Optalis – Delivery of Statutory Responsibilities of provider including Stewardship of the Public Purse.	Key Operational Risk	To provide assurance on the internal control environment of Optalis.	N
Risk of a significant fine and reputational damage due to loss of confidential/sensitive data. (Computer Audit).( AGS 19.9)	Key Operational Risk	To provide assurance on; Information Security Management System - governance for this area including Senior Information Risk Owner & Information Governance Group roles, encrypted IT equipment, secure storage/ lockers at council offices , robust policies in this area, mandatory refresher programme recently undertaken, archiving of physical records, training for staff on document / information handling and basic information security practice, secure e-mail solution, document marking scheme and SIRO responsibilities - Information Security incident follow up.  PSN Compliance including It security vulnerabilities such as out of date software, missing security patches and weak passwords.	Y
School standards improvement	Key Operational Risk	To provide assurance on; Engagement with the Regional Schools Commissioners, education and early years links, school to school support and education agenda - termly meetings with Heads, Chairs of Governors and Ofsted.	N

<b>Fraud and Investigation</b>		
<b>Activity</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Reactive Investigations	Investigation of ad hoc referrals, including whistleblowing work where suspected irregularity has been detected.	Y
Proactive Investigations	Proactive counter fraud work that includes targeted testing of processes with inherent risk of fraud (Council Tax Empty Property Relief, Business Rates, Council Tax Reduction).	Y
National Fraud Initiative	Management of Council's provision of data and investigation of matches.	Y
Disciplinary investigations	Investigations on behalf of management.	Y
Other	Continued development of Counter Fraud policies in line with current legislation and best practice; providing Statutory data such as Transparency information.	Y



<b>Auditor Judgement and Servicing the Business</b>		
<b>Reason for Audit</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Maintained Schools	To provide assurance on; General School Management and Governance Framework, budgetary setting, monitoring & control, imprest account (Non-Agresso schools only), procurement of goods and services, income, school vehicles (if appropriate), school trips and children's Safeguarding including DBS checks.	Y
Children's Centres	As per AfC contract requirements.	N
Property Company	To provide assurance on; Governance, income generation and value for money.	N
Spot checks	To undertake various spot checks.	Y
Contract Auditing	Pre, current and post contract auditing.	N
Grant Certifications	Mandatory certification of grants received from central government.	Y
Annual Governance Statement	To aid the preparation of the Annual Governance Statement.	Y
Public Sector Internal Audit Standards	Mandatory Quality Assurance review.	Y
Advice on demand	Requests for adhoc advice on control, risk management and governance issues.	Y
Contingency (including management and member requests)	To cover management/member and other unforeseen requests throughout the year for both audit and investigation.	Y
Follow up countermeasures and testing)	Extreme and Major risks only.	N

<b>AfC Audits</b>		
To undertake audits in the Children's Services Directorate		
<b>Reason for Audit</b>	<b>Outline Scope</b>	<b>2019/20 Audit</b>
Buildings and Facilities Management	To provide assurance on; Roles and responsibilities, Service Level Agreement and escalation process.	N
Information Governance	To provide assurance on; information creation, storage, access, retention and disposal.	N
Leaving Care	To provide assurance on; Compliance with the Care Act, payment of allowances and accommodation.	N