

# Cotswold District 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 Committee on the 30<sup>th</sup> April 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 were asked to review the request for funding from the Leisure Service provider to ensure it was appropriate, appraised the draft procedure for Discretionary Business Grants, reviewed policies for the Counter Fraud Unit 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 has involved 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.

## Internal Audit Planning: A Revised Approach 2020/21

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 (SLT), and the Audit 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 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 and efficient 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 or 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

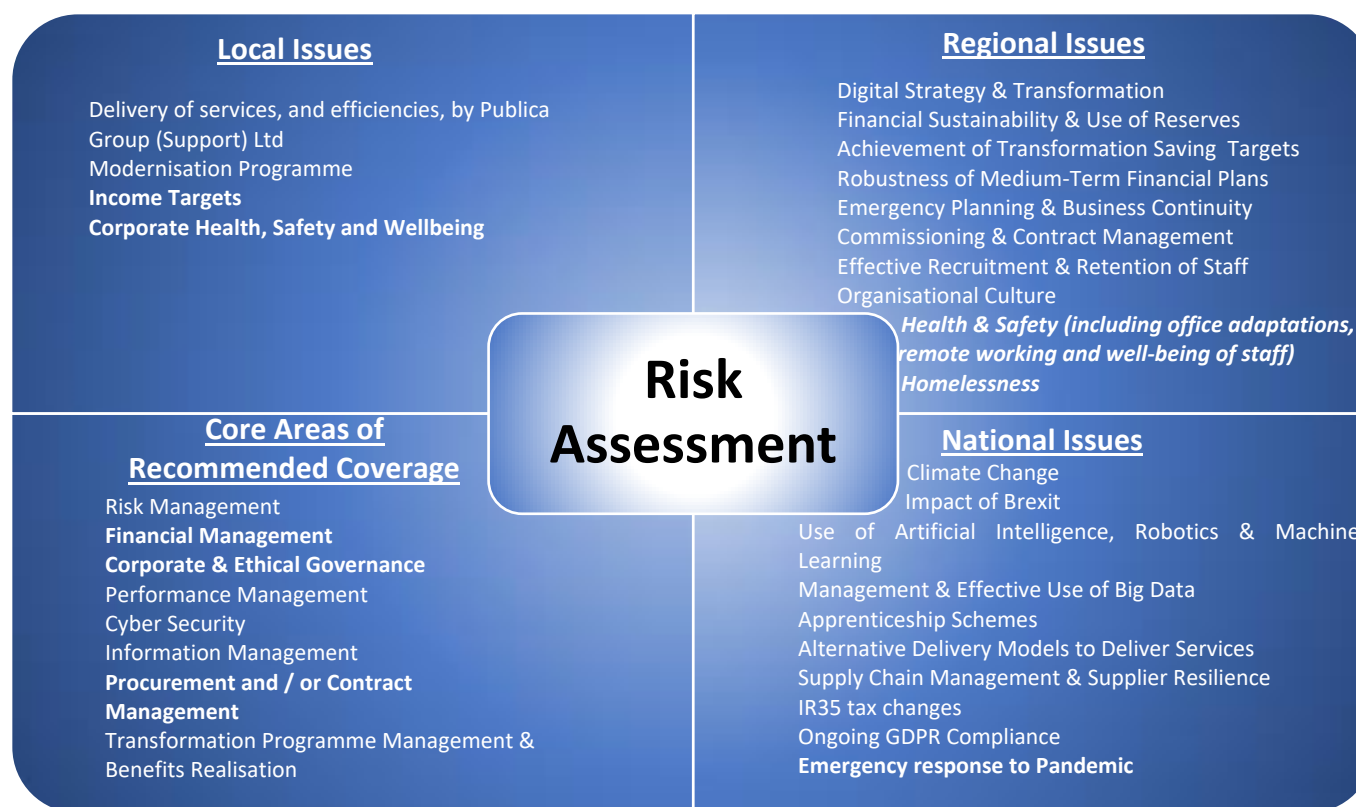
Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit 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	Responsible Officer	Priority (H, M, L) and Proposed Timing (Earlier, Later)
<b>Publica Transformation Benefits Realisation (audit deferred from 2019/20)</b> <i>Provision made in the Audit Plan to enable IA to give assurance(s) to the Council in respect of Benefits Realisation from the Publica Transformation Programme.</i>	Group Manager Commercial Development	Medium / Earlier
<b>The Delivery of Services by Publica</b> <i>Review to assess how the Council is getting assurance that Publica is delivering as per contracts and service level agreements. To include an assessment of metrics.</i>	Group Manager Strategic Support	Medium / Later
<b>Governance of Programmes and Projects</b> <i>Review to ensure the governance of programmes and projects is appropriate.</i>	Group Manager Strategic Support	High / Later
<b>Inclusivity and Diversity</b> <i>Review to assess how Publica is supporting the Councils' efforts to be externally (stakeholders and customers) inclusive and diverse.</i>	Group Manager Business Support	Medium / Later
<b>Authority's response to COVID-19</b> <i>Review to include assessment on the activation and effectiveness of Publica's and the Councils' Business Continuity Plans and involvement and support to emergency planning. Review to offer opinion on gains made and lessons learned.</i>	All	High / Earlier
<b>Continuous Assurance and Data Analytics – Key Financial Controls</b> <i>A programme of regular assurance over the Authority's key financial controls, includes Accounts Payable and Accounts Receivable</i>	Chief Finance Officer / Group Director Finance	Medium / Ongoing
<b>Core Financials – Publica Controls and Transactional Testing</b> <i>A review of the controls operating within Publica in respect of the Core Financial systems:</i> <ul style="list-style-type: none"> <li>• Payroll</li> <li>• Accounts Payable (Creditors)</li> <li>• Accounts Receivable (Debtors)</li> <li>• Treasury Management and Bank Reconciliations</li> <li>• Main Accounting, Capital Accounting and Budgetary Control (to include an element of Management and Monitoring of Contracts deferred from 2019/20)</li> </ul> <i>Depending on previous years audit assurances a high-level review may be deemed appropriate.</i>	Group Director Finance	Quarter 3

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<p><b>Off Payroll Working (IR35)</b>  <i>Review to ensure compliance with HMRC's IR35 legislation, ensuring any changes made to legislation by HMRC have been actioned.</i></p> <p><b>Human Resources</b>  <i>A review of an element of the Human Resources (HR) service – Suggested area to be reviewed is the Recruitment Process.</i></p> <p><b>Other Public Area</b>  <i>Review to be undertaken of Procurement, Health and Safety or 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><b>Revenues and Benefits</b>  <i>A review of the controls operating in respect of:</i></p> <ul style="list-style-type: none"> <li>• Council Tax</li> <li>• National Non-Domestic Rates</li> <li>• Housing Benefit and Council Tax Support</li> </ul> <p><i>Review to include the process for manual adjustments to account and sign-off and the use of generic accounts.</i></p>		
<p><b>ICT Audits</b>  <i>Scope to be defined and agreed following the results of the Cyber Security audit.</i></p>	<p><b>Group Manager Business Support</b></p>	<p><b>High / Ongoing</b></p>
<p><b>Risk Management</b>  <i>To review a specific element of the Council's Risk Management process – Suggested area to review is risk identification and description.</i></p>	<p><b>Group Manager Strategic Support</b></p>	<p><b>Low / Later</b></p>
<p><b>Performance Management</b>  <i>A review of an element of Performance Management – Suggested area to review is the Appraisal Process.</i></p>	<p><b>Group Manager Business Support</b></p>	<p><b>Low / Later</b></p>
<p><b>Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund</b>  <i>Ongoing work providing assurance over the distribution of Government grants issued during the COVID-19 pandemic offering support to the Counter Fraud Unit following submission of data to Spotlight and CIFAS</i></p>	<p><b>Group Director Finance</b></p>	<p><b>Medium / Ongoing</b></p>
<p><b>Implementation of a New Revenues and Benefits System</b>  <i>Support to the programme in respect of a new Revenues and Benefits System.</i></p>	<p><b>Group Manager Resident Services</b></p>	
<p><b>Further requested assurance / advisory / support work, as required</b></p>		<p><b>High / Ongoing</b></p>



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Other Audit Involvement		
<p><b>Management</b>  <i>Annual audit planning, preparation of IA Monitoring Reports and attendance at Audit Committee. Input to and attendance at Governance and Risk Groups meetings. High level programme monitoring. Liaison meetings with Chief Finance Officer and Management Team.</i></p> <p><b>Follow-Up Audits</b>  <i>Follow-Up of Previous Year's recommendations.</i>  <i>Follow-Up audit of all High Priority Recommendations.</i>  <i>Follow-Up audit of Systems Admin – ensuring outstanding recommendations have been actioned.</i>  <i>Follow-Up audit of Procurement – ensuring outstanding recommendations have been actioned.</i>  <i>Follow-Up audit of Procurement and Contract Management – ensuring outstanding recommendations have been actioned.</i></p> <p><b>Grant Certification</b>  <i>Review (income and expenditure) and certification of Disabled Facilities Grants and Additional Funding, ensuring funding requirements have been met.</i>  <i>Review and certification of the claim to the Government for the Income Compensation scheme for lost sales, fees and charges</i></p> <p><b>Working with the Counter Fraud Unit (CFU)</b>  <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><b>Contingency</b>  <i>Provision for new work based on emerging risks and Investigations.</i></p>		
Reserve Audit Areas		
<p><b>Leisure and Culture Facilities</b>  <i>Review to determine how the Council ensures the leisure service provider is 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><b>Property Related Health and Safety</b>  <i>Review to assess the Health and Safety arrangements at the Council's properties including compliance with Fixed Wire, Emergency Lighting and PAT testing.</i></p>		

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### **Use of Third-Party Workers**

*Review of the recruitment and on-going personnel management of agency, contractor, temporary, third-party workers who work at or on behalf of the Council. Are HR related considerations, processes and controls robust enough within individual service areas?*

### **Climate Change**

*Review to assess what business areas are doing to support the Council's commitment to the Climate Emergency.*

### **Environmental Regulatory Services (ERS) Flooding and Drainage Team**

*Request to review the service area – full scope to be determined with the Business Manager for the service.*

### **Building Control**

*Review of the Building Control process offering suggestions for improvement where appropriate.*

### **Reporting of Statutory Planning Application Data**

*Review to assess the accuracy and timeliness of statutory data published in respect of planning applications.*

### **Procurement Service Arrangements**

*Benchmarking Exercise*

### **Cash Handling (audit deferred from 2019/20)**

*Review of cash handling processes. Audit to review services that receive income, types of income, how it is receipted, end of day routines, banking and reconciliation.*

### **Leisure Service Provider**

*Review of the governance and financial arrangements in place for the Leisure Service Provider*