

# Cotswold District Council

## Proposed Internal Audit Plan 2022/23

## Internal Audit Planning 2022/23

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2022/23 financial year.

### Introduction and Objective of the Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Senior Management Team and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

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The proposed 2022/23 plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives and risks as well as core areas of recommended coverage.

**Internal audit is only one source of assurance and should be considered as such.**

### Update to Approach

Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management and review of the Authority's risk register will be considered in this process. Our 2022/23 audit plan will contain an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

The proposed audit plan at Appendix 1 provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit activity.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. Internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

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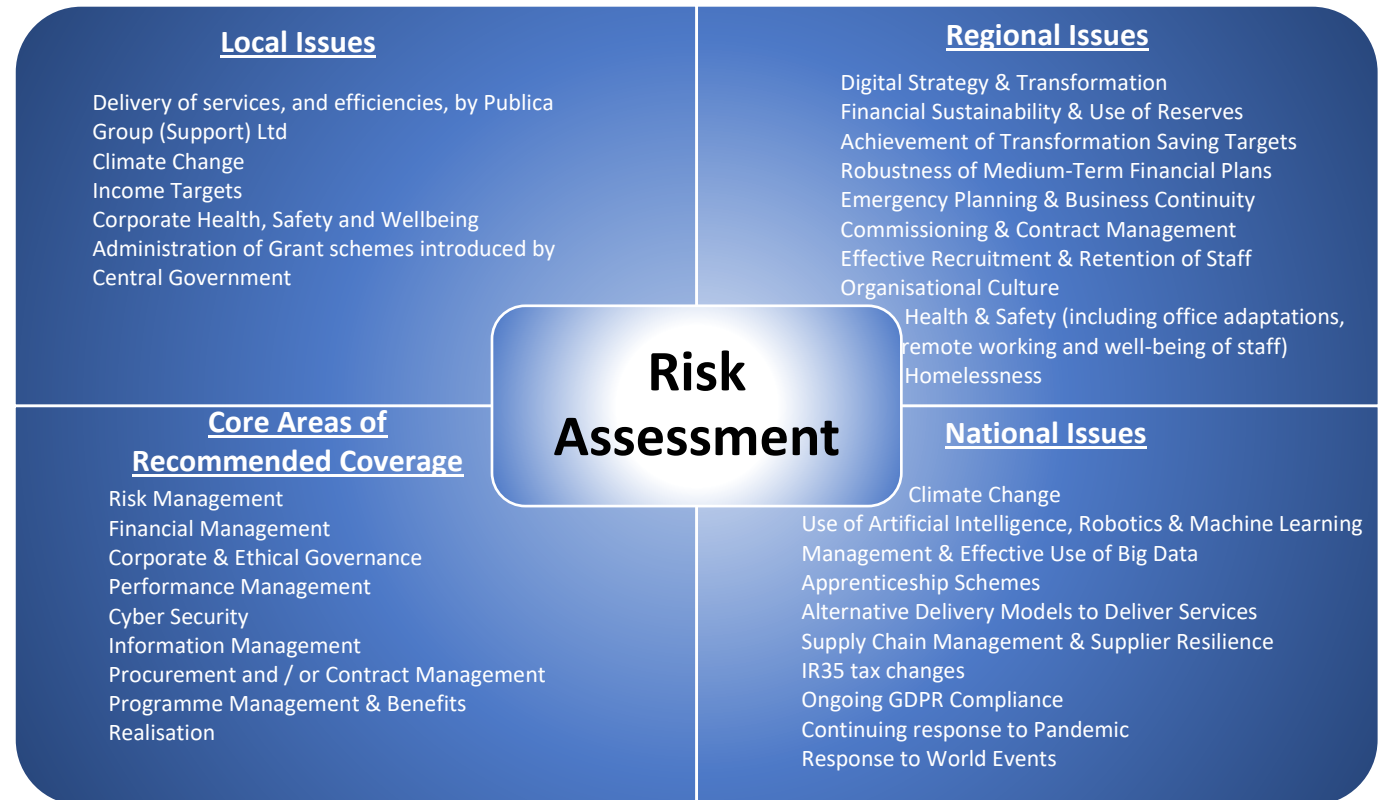
Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

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 2022/23 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register has been considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Cotswold District Council



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
<b>Core Audit Areas</b>	
<p><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></p> <ul style="list-style-type: none"> <li>• <i>Payroll</i></li> <li>• <i>Accounts Payable (Creditors) – to include regular check of potential duplicate payments and reporting to AP service for investigation. Approvals on BW</i></li> <li>• <i>Accounts Receivable (Debtors)</i></li> <li>• <i>Treasury Management (Cash Flow Forecasting) and Bank Reconciliations</i></li> <li>• <i>Main Accounting, Capital Accounting and Budgetary Control – Review to assess how Asset Management, Investment and Capital Strategies support the Medium Term Financial Plan (MTFP) including reporting mechanisms</i></li> <li>• <i>Management and Monitoring of Contracts – following 2021/22 audit, new annual review of a sample of Council Contracts to ensure compliance with Council legislation / strategy</i></li> </ul>	<b>Group Finance Director</b>
<p><b>Human Resources</b>  <i>A review of an element of the services provided by Human Resources (HR)</i></p>	<b>Group Manager Business Support</b>
<p><b>Other Publica Area</b>  <i>Review to be undertaken of either Procurement / Health and Safety / Insurance</i></p>	<b>Group Manager Business Support</b>
<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>• <i>Council Tax</i></li> <li>• <i>National Non-Domestic Rates</i></li> <li>• <i>Housing Benefit and Council Tax Support</i></li> </ul> <p><i>Scope to be confirmed</i></p>	<b>Group Manager Resident Services</b>
<p><b>ICT Audits</b>  <i>Audits to be discussed and confirmed with the Chief Technology Officer and ICT Audit and Compliance Manager</i></p>	<b>Group Manager Business Support</b>
<p><b>Risk Management</b>  <i>To review a specific element of the Council’s Risk Management process</i>  <i>Scope to be confirmed</i></p>	<b>Group Manager Strategic Support</b>

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<b>Performance Management</b> <i>A review of an element of Performance Management</i> <i>Scope to be confirmed</i>	<b>Group Manager Strategic Support</b>
<b>Regulatory Services</b> <i>A review of either Licensing / Building Control / Environmental Health – service area to be confirmed</i> <i>A review of an element of Planning e.g. application processing, appeals, income allocation</i> <i>Area and scope to be confirmed</i>	<b>Group Manager Resident Services</b>
<b>Proposed Audit Areas</b>	
<b>Business Grant Post Payment</b> <i>Head of IA working with CFEU Manager re. recovery of overpayment of grants</i>	
<b>Business Grant Post Payment Assurance</b> <i>Post payment assurance on business grants applied for, and paid after March 2021, including Omicron Scheme</i>	
<b>Covid Additional Relief Fund (CARF)</b> <i>Review requested to assess scheme introduced by Central Government and administered by the Council</i>	
<b>Council Tax £150 Rebate Scheme</b> <i>Head of IA support to the Project Team</i>	
<b>Council Tax £150 Rebate Scheme</b> <i>Review to assess scheme introduced by Central Government and administered by the Council</i>	
<b>Climate Change</b> <i>Review to assess what business areas are doing to support the Council's commitment to the Climate Emergency</i>	
<b>Carbon Reduction</b> <i>Review to assess how carbon data is measured ensuring the Council continues to meet it's commitment to carbon reduction</i>	
<b>Changes to Prudential Code and Treasury Management Strategy</b> <i>Audit to ensure strategies and / or policies have been updated to reflect changes made in the Prudential Code</i>	
<b>Procurement Strategy</b> <i>Review to ensure procurement of new contracts is in accordance with the updated, and approved, strategy</i>	
<b>Contract Waivers</b> <i>Audit to assess if contract waivers are being requested and approved in accordance with strategy / policy</i>	
<b>Escalating Operational / Strategic Risks</b>	

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<i>Review to assess how high scoring operational / strategic risks are included on the Council's Corporate Risk Register, to ensure Statutory Officers are aware of any potential risks to the Council and can suggest measures for mitigation</i>	
<b>Grant Income</b> <i>Audit to assess the effectiveness of the management of grant income by Business Managers. To include communications with the Finance Service and the allocation of income</i>	
<b>Dual Contracts</b> <i>Review of officers with dual contracts – to include ensuring new personnel have the same delegated authorities as their predecessors</i>	
<b>Staff Welfare</b> <i>Assessment of the support in place for staff welfare, during and after Covid-19, and emerging world events which may impact staff wellbeing</i>	
<b>Green Investment Bonds</b> <i>Review of the scheme being introduced at the Council to ensure it is being administered appropriately</i>	
<b>Ukrainian Refugee Scheme</b> <i>Support to Ukrainian Refugee Scheme as administered by the Council. To include review of financial information / grant funding / recovery.</i>	
<b>Rolling Audit Areas</b>	
<b>Leisure and Culture Facilities</b> <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>	
<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>	
<b>Use of Third-Party Workers</b> <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>	
<b>Will consider, during the year, and in discussion with the CFO and / or CEO, any further areas (not included above) that would benefit from an Internal Audit Review. The Audit Plan will be updated as appropriate</b>	
<b>Further requested assurance / advisory / support work</b>	

Other Audit Involvement	
<p><b>Management</b>  <i>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.</i></p> <p><b>Follow-Up Audits</b>  <i>Follow-Up of Previous Year's Agreed Actions</i>  <i>Follow-Up audit of all High Priority Agreed Actions</i></p> <p><b>Programmes and Projects</b>  <i>IA support to programmes and projects as appropriate (to include Environmental Services Improvement Programme ESIP)</i></p> <p><b>Grant Certification</b>  <i>Review (income and expenditure) and certification of Grants received by the Council ensuring funding requirements have been met (to include Disabled Facilities Grants)</i></p> <p><b>Working with the Counter Fraud and Enforcement Unit</b>  <i>Provision to ensure collaborative working with the CFEU and to ensure control weaknesses, identified during CFEU 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>	