

2018/19 SWAP Internal Audit Plan

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Purpose of the Report

As a key element of its Governance arrangements the Council has a partnership arrangement with South West Audit Partnership to deliver an annual internal audit plan. The Executive Director and Senior Auditor for SWAP, together with the Council's S151 Officer have produced an Audit Plan for 2018/19 that requires the approval of the Audit Committee.

Recommendation

That the Audit Committee approve the Internal Audit Plan for April 2018 to March 2019.

Background

This plan has been pulled together with a view to providing assurance to both Officers and Elected Members of the current and imminent risks faced by the Authority in an ever-changing risk environment. If an emerging risk or a fraud investigation is deemed higher risk than the audits in this Audit Plan, then changes may be required during the year. The Committee are approving the initial plan and changes required in year will be reported to Committee quarterly for approval.

To ensure that to the best of our ability we have covered the necessary risks, the Executive Director, Senior Auditor and the Section 151 Officer have together, whilst also considering audits already undertaken in recent years, produced the plan detailed in Appendix A. Our audit plan will remain flexible throughout the year to accommodate emerging high risks and required changes in assurance focus to meet the Council's needs.

Section 1: Core Governance and Core Finance Audits:

Advice and Meetings - Internal Audit are risk experts and as well as undertaking planned audits are always glad to assist officers where they seek advice on managing their risks. Similarly, to enable effective governance Internal Audit work closely with the External Auditors and with the Section 151 Officer and the Audit Committee through regular liaison meetings and progress reporting.

ICT Audits Reviews – IT Reviews are completed to provide the Authority with assurance with regards to their compliance with industry best practice. SWAP has specialist Computer Auditors who has liaised with the IT Lead Specialist to identify specific IT related risks, which include support through the Transformation programme on agile working across the first three quarters of the year and Disaster Recovery in Quarter 4.

Key Financial Controls Audits - This process focuses primarily on key risks relating to the Council's major financial systems. There are 8 recognised key financial systems; Capital Accounting, Creditors, Debtors, Housing and Council Tax Benefits, Main Accounting, Council Tax & Non-Domestic Rates, Payroll, Treasury Management.

Due to Service Redesign, we have recommended that the full suite of financial control audits is undertaken during the year to assess the new control environment. The exact scope of these audits will be agreed with the S151 Officer prior to commencement, taking into account emerging and current

issues. Using our risk-based methodology, it may be possible that in future years these can be undertaken on a cyclical basis, however it is useful to have a baseline view of the new processes.

Section 2: Risk Based Audits:

A number of audits have been included within this Section to reflect areas of high and/or strategic risk facing the Council. The scope is agreed with the Audit Lead and a risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. The audits listed are informed by wider macro-economic factors, such as the Financial Resilience/Contract Monitoring audit and risks arising as a result of the Council's Transformation and strategic direction. Audits that were deferred from the 2017/18 Plan in favour of Transformation support have also been included within this Section.

Section 3: Advice and Consultancy:

A number of days will be allocated to support the Council's Transformation project, in similar vein to 2017/18. Early engagement with us will be key to ensure that resource is appropriately focussed on emerging risks. In addition, a pot of days has been allocated to Benefits Realisation in Quarter 4, to look to provide assurance that Transformation has delivered the intended benefits.

Section 4 – Other Assurance Areas:

Annual Accounts Certification – As included in previous years, we will undertake certification of the annual accounts for Yeovil Cemetery and Crematorium and the Boden Mill/Chard Regeneration Scheme.

Follow Up Audits – Internal Audit follow up on all outstanding recommendations with Management and the Cyber Security 2017/18 Audit, where two significant findings were identified. A pot of days will be allocated to follow up these recommendations.

Financial Implications

There are no financial implications associated with these recommendations.

Background Papers: *None*

Appendix A - 2018/19 SWAP Internal Audit Plan

Audit Theme / Service Area	Specific Topic or Activity	Quarter
Section 1 - Core Governance and Core Finance Audits		
Corporate Advice	Support and Advice	1 - 4
Committee Reporting and Attendance		1 - 4
Planning/Client Liaison		1 - 4
External Audit		1 - 4
ICT Audit Reviews		
EU General Data Protection Regulations	SWAP to provide the cross-cutting report to SSDC with focus on common findings.	1
Disaster Recovery	Focus on DR after the third stream of transformation takes place. Business Continuity could go into Q1 of 2019-20, once services have moved into new model. Days changed from 15 to 10.	4
Agile Working	Support through transition - moving to Agile work force. Focus on mobile devices/ technical security, staff training. Focus on timing across Q1,2,3 (8 days in each) in line with implementation of three workstreams: 1 support services 2 strategy and commissioning 3 direct service	1 - 3
Main Accounting, Budgetary Control and Capital Accounting	Full suite to be delivered given the change in controls as part of Transformation	3
Treasury Management and Bank Reconciliations		3
Payroll		3
Accounts Receivable (Debtors)		3
Accounts Payable (Creditors)		3
Cash Receipting		3
Risk Management	No risk officer yet in place – Committee keen to understand risk arrangements	4

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Audit Theme / Service Area	Specific Topic or Activity	Quarter
Section 2 - Risk Based Audits		
Housing Benefit Subsidy Claims	Assurance required to ensure systems and processes are in place to minimise the risk of error	4
S106 Agreements and Funds	Audit review to ensure S106 Agreement and Funds are monitored and reported regularly - Deferred from 17/18	2
Commercial Strategy/Income Generation	New approach by SSDC to raise additional income – is this achieving as required? To include Asset Management & Property Acquisitions	4
Procurement and Contract Management Governance (Supply Chain)	Currently buying in expertise from TDBC - ensure compliant with FR's and SO's - value for money is being achieved.	1 - 2
Financial Resilience/Contract Monitoring	Emerging risk following Carillion collapse – is the authority managing contracts for financial robustness? Link to MTFP - is Governance and Reporting on track? (Not LED - separate audit - see below)	2
Lone Working Arrangements	Part of Transformation – consideration of the management of Health & Safety and/or productivity	4
Leisure East Devon (LED) Contract Compliance	Deferred from 17/18 - still big risk area. Due to staff changes there may have been a loss of knowledge	1
Section 3 - Advice and Consultancy		
Transformation Programme	Continued Transformation Support - likely completion in January 2019 - ad-hoc support to projects - may include business as usual regarding income collection e.g. Car Parks.	1 - 3
Benefits Realisation	Non-opinion piece of work to review the projected outcomes of the Transformation Programme	4
Section 4 - Other		
Annual Accounts Certification	Yeovil Cemetery & Crematorium Annual Accounts	1
Annual Accounts Certification	Boden Mill/Chard Regeneration Scheme	1
Follow Up Audits	Follow Up of Previous Year Recommendations	2