

**SUBJECT: INTERNAL AUDIT SECTION
OPERATIONAL PLAN, 2018/19
DRAFT**

**DIRECTORATE: Resources
MEETING: Audit Committee
DATE: 8th March 2018
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

To receive and consider the early **draft** Internal Audit Operational Audit Plan for 2018/19.

2. RECOMMENDATION(S)

That the Audit Committee reviews, comments on and shapes the early Draft Audit Plan with a view to receiving a more detailed plan by the end of the 1st quarter for approval.

3. KEY ISSUES

- 3.1 A comprehensive risk matrix was developed for the 2011/12 planning process which gave an outline programme of work that would enable the Internal Audit Section to cover all material audit risks across all services of the Council.
- 3.2 This report explains how the 2018/19 Operational Audit Plan has been prepared and how the plan will be put together in future years. The risk matrix enables all possible systems, processes, sections and establishments that could possibly be audited within Monmouthshire to be risk assessed and ranked in a high to low risk priority. Size, Control and Detection were the overarching categories which risk was assessed against, each broken down to 4 sub categories. Each area was individually scored against each criteria with an overall score being determined by the risk matrix, where 5 was considered to be the highest risk and 1 the lowest.
- 3.3 Over 300 possible areas to audit across all services provided by Monmouthshire were risk assessed in this way and then sorted in risk order from high, then medium and low. The audit team staff resources would then be allocated to cover the higher ranked risks as a priority. That said, inevitably there will be reviews which the audit team have to undertake annually such as performance indicators, annual governance statement, mandatory grant claim audits and audit advice, which have also been incorporated into the plan, along with follow up

reviews, finalisation work and planned work from previous year not undertaken.

- 3.4 An allocation of time will be included in the plan for special investigations where the team might receive allegations of fraud, theft, non compliance. The plan also needs to be flexible enough to respond to changes to risk profiles and other developments in year; the audit management team will continually monitor this situation.
- 3.5 For 2018/19, total available audit resources amounts to 894 days, which will be allocated across service directorates on a risk basis. This includes 120 days for special investigations and unplanned work. The work will be undertaken by 5.4 FTE audit staff. The available resource is based on all staff being in place for the whole of the year.
- 3.6 Although the time allocated to special investigations is usually a pressure point the 2018/19 allocation of days has been maintained to ensure appropriate coverage is given across service areas.
- 3.7 The detail of the plan is still to be finalised following completion of the ongoing consultation exercise with Heads of Service. The first quarter will include finalisation of 2017/18 work which was at draft report stage at year end, work planned for 2017/18 but not completed, corporate performance indicators along with the collation of the Annual Governance Statement.
- 3.8 This plan may change as the year progresses if the risk profile of audit work changes. Any significant change will be brought back to the Audit Committee for approval. The Audit Committee will be kept updated with the progress against the agreed plan via quarterly reports. The intention is to bring an updated plan back to Audit Committee for formal approval by the end of the 1st quarter.
- 3.9 The team comprises of one Audit Manager supported by one Principal Auditor, two Senior Auditors and one Auditor with the Chief Internal Auditor having overall responsibility for the team; he operates on a shared services arrangement with Newport City Council.
- 3.10 To seek to maximise performance against the plan, Audit Management will ensure audit reports are more focused and timely, that staff with the right skill sets are allocated to appropriate work and non-productive time is minimised.

4. REASONS

- 4.1 The draft 2018/19 Internal Audit Summary Plan is attached at Appendix 1 to this report. The Plan will be based on the risk assessment matrix along with cumulative audit knowledge. This will be reviewed on an annual basis in order to determine the appropriateness of the risk assessment each year where audit resources will be deployed to cover the higher risk reviews.

- 4.2 The Operational Plan has been updated to take account of:
- a) The Authority's latest Risk Assessment;
 - b) New areas for inclusion in the Plan identified from changes to legislation and the regulatory framework for local government and from ongoing discussions with service managers;
 - c) Areas of slippage from the 2017/18 Operational Plan; and
 - d) The published Regulatory Plan produced by the Wales Audit Office.
- 4.3 Each review will be risk assessed and categorised as High, Medium or Low risk. Within the cycle of audits the team would aim to cover the higher risk areas as a priority but also provide coverage across directorates with lower risk services. All fundamental financial systems may now not be covered on an annual basis, especially if they have been previously determined as well controlled, with no significant changes to the system or to personnel. We will ensure that these are incorporated within the plan every few years to provide ongoing assurance. This new approach and methodology has been discussed and agreed with the external auditor who places reliance on the work undertaken by Internal Audit.
- 4.4 Where audits planned for 2017/18 were unable to be undertaken during the year due to insufficient resources and the effects of unplanned special work, these audits will be included in the Operational Plan for 2018/19 and will be undertaken in the early part of the financial year. Similarly, those audits in progress at the year-end will be completed early in the 2018/19 financial year, and an allowance of time will be included within the Plan for these audits.
- 4.5 Consultation will be undertaken, with visits and email correspondence to the various managers and finance representatives of each directorate. As a result there may be further minor amendments to the Plan to reflect specific suggestions from various representatives of Chief Officers and Heads of Service.
- 4.6 The Operational Plan will be kept under review through the course of the year to identify any amendments needed to reflect changing priorities and emerging risks. Material changes to the Plan will be reported to the Audit Committee at the earliest opportunity.
- 4.7 An annual Outturn Report will be prepared for the Audit Committee to provide details on the performance of the Section against the Operational Plan. Interim progress reports will also be provided to the Committee three times per year.
- 4.8 With effect from 1st April 2016 the revised Public Sector Internal Audit Standards came into force for all public sector bodies including local government organisations. The Chief Internal Auditor will ensure that the Audit Team undertake their work in accordance with these Standards.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Heads of Service

7. BACKGROUND PAPERS

Strategic Audit Risk Matrix
Public Sector Internal Audit Standards
CIPFA Local Government Internal Audit Manual

8. AUTHORS AND CONTACT DETAILS

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DIRECTORATE:	Children & Young People		
Service Area	Subject	Type	Risk
21st Century Schools 21st Century Schools	Monitoring Implementation of Audit Recommendations	Follow-up Audit Advice	
Achievement & Extended Services	Education Improvement Grant	Grant Claim Audit	Med
Achievement & Extended Services	Pupil Deprivation Grant	Grant Claim Audit	Low
Achievement & Extended Services	Outside School Childcare Grant	Grant Claim Audit	Low
Achievement & Extended Services	Special Educational Needs	Finalisation of Report	Med
Achievement & Extended Services Achievement & Extended Services	Monitoring Implementation of Audit Recommendations	Follow-up Audit Advice	
Schools	Monmouth Comprehensive School	New Audit	Med
Schools	Shirenewton Primary School	New Audit	Low
Schools	St. Mary's RC Primary School	New Audit	Low
Schools	Kymin View Primary School	New Audit	Low
Schools	Gilwern Primary School	New Audit	Low
Schools	Goytre Fawr Primary School	New Audit	Low
Schools	Usk CiW VC Primary School	New Audit	Low
Schools	Magor Primary School	Follow-up	Med
Schools	Deri View Primary School	Finalisation of Report	Low
Schools	Thornwell Primary School	Finalisation of Report	Low
Schools	Trellech Primary School	Finalisation of Report	Low

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Appendix

Schools	Raglan Primary School follow-up	Finalisation of Report	Med
DIRECTORATE:	Children & Young People		
Service Area	Subject	Type	Risk
Schools	Ysgol Y Ffin Primary School follow-up	Finalisation of Report	Med
Schools	Magor Primary School	Finalisation of Report	Med
Schools	Overmonnow Primary School	Finalisation of Report	Low
Schools	Monitoring Implementation of Audit Recommendations	Follow-up	
Schools		Audit Advice	
CYP Resources	School Private Fund Accounts	Finalisation of Report	Med
CYP Resources	Monitoring Implementation of Audit Recommendations	Follow-up	
CYP Resources		Audit Advice	

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Appendix

DIRECTORATE:	Enterprise		
Service Area	Subject	Type	Risk
Enterprise & Community Delivery	Agri-Urban URBACT Scheme Final Claim	Grant Claim Audit	Low
Enterprise & Community Delivery		Audit Advice	
Tourism, Leisure & Culture	Borough Theatre	New Audit	High
Tourism, Leisure & Culture	Leisure Centres Payroll Review	Finalisation of Report	Med
Tourism, Leisure & Culture	Alternative Delivery Model Implementation	New Audit	High
Tourism, Leisure & Culture	Youth Service	Finalisation of Report	Med
Tourism, Leisure & Culture	Caldicot Castle	New Audit	Med
Tourism, Leisure & Culture	Events	Follow-up	High
Tourism, Leisure & Culture	Monitoring Implementation of Audit Recommendations	Follow-up	
Tourism, Leisure & Culture		Audit Advice	
Policy & Governance	National Performance Indicators	New Audit	Med
Policy & Governance	Local Performance Indicators	New Audit	Low
Policy & Governance	Monitoring Implementation of Audit Recommendations	Follow-up	
Policy & Governance		Audit Advice	
Planning, Housing & Place Shaping	Section 106 Agreements	Finalisation of Report	High
Planning, Housing & Place Shaping	Monitoring Implementation of Audit Recommendations	Follow-up	
Planning, Housing & Place Shaping		Audit Advice	
City Deal		Audit Advice	

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DIRECTORATE:	Operations		
Service Area	Subject	Type	Risk
Passenger Transport Unit	Personal Transport Budgets	New Audit	Low
Passenger Transport Unit	PTU Follow-up audit	Finalisation of Report	Med
Passenger Transport Unit		Audit Advice	
SWTRA & Street Lighting	Monitoring Implementation of Audit Recommendations	Follow-up	
SWTRA & Street Lighting		Audit Advice	
Transport	Fuel Cards	Follow-up	Med
Transport	Monitoring Implementation of Audit Recommendations	Follow-up	
Transport		Audit Advice	
Waste & Street Operations	Waste & Recycling	New Audit	High
Waste & Street Operations	Monitoring Implementation of Audit Recommendations	Follow-up	
Waste & Street Operations		Audit Advice	
Highways & Flood Management	Monitoring Implementation of Audit Recommendations	Follow-up	
Highways & Flood Management	Streetworks	Finalisation of Report	Med
Highways & Flood Management		Audit Advice	
County Highways Operations	Highways Operations	New Audit	Med
County Highways Operations		Audit Advice	

DIRECTORATE:

Resources

Service Area

Subject

Type

Risk

People	Payroll	New Audit	Med
People	Attendance Management	New Audit	Med
People	Payroll 2017/18	Completion of Work in Progress	Med
People	Term Time Working - new contractual arrangements	New Audit	Med
People	HR Policy Review	Follow-up	High
People	Monitoring Implementation of Audit Recommendations	Follow-up	
People		Audit Advice	
Digital & Agile		Audit Advice	
Finance	Creditor Payments System	New Audit	Med
Finance	Creditors 2017/18	Completion of Work in Progress	Med
Finance	Corporate Sundry Debtors	Finalisation of Report	Med
Finance	Cashiers	New Audit	Med
Finance	Bank Reconciliations	New Audit	Med
Finance	Treasury Management	New Audit	Med
Finance	Budgetary Control	Completion of Work in Progress	Med
Finance	NDR Transitional Relief	Finalisation of Report	Med
Finance	Cashiers 2017/18	Finalisation of Report	Med
Finance	IR35	Finalisation of Report	Med
Finance	Direct Bank Payments	Finalisation of Report	Med
Finance	Monitoring Implementation of Audit Recommendations	Follow-up	

DIRECTORATE:

Resources

Service Area	Subject	Type	Risk
Finance		Audit Advice	
Commercial & Integrated Landlord Services	Investment Property Acquisitions	New Audit	High
Commercial & Integrated Landlord Services	Health & Safety of Authority's existing buildings	New Audit	Med
Commercial & Integrated Landlord Services	Property Services - Gwent Police contract	New Audit	Med
Commercial & Integrated Landlord Services	Parent Pay	Finalisation of Report	Med
Commercial & Integrated Landlord Services	Procurement	Finalisation of Report	High
Commercial & Integrated Landlord Services	Markets follow-up	Finalisation of Report	Med
Commercial & Integrated Landlord Services	Monitoring Implementation of Audit Recommendations	Follow-up	
Commercial & Integrated Landlord Services		Audit Advice	
Business Planning & Redesign		Audit Advice	

DIRECTORATE:

Social Care & Health

Service Area	Subject	Type	Risk
Integrated Services	Section 117 Mental Health Act	New Audit	Med
Integrated Services	My Day My Life	New Audit	Med
Integrated Services	Former Monmouthshire Enterprise Services follow-up	Finalisation of Report	Med
Integrated Services	Supporting People Grant - Outcomes Data (May)	Grant Claim Audit	High
Integrated Services	Supporting People Grant - Financial Data (Sept)	Grant Claim Audit	Med
Integrated Services	Monitoring Implementation of Audit Recommendations	Follow-up	
Integrated Services		Audit Advice	
Children's Services	External Placements follow-up	Finalisation of Report	High
Children's Services	Review of Imprest Account	Completion of Work in Progress	Med
Children's Services	Monitoring Implementation of Audit Recommendations	Follow-up	
Children's Services		Audit Advice	
Public Protection	Health & Safety	Finalisation of Report	Med
Public Protection	Monitoring Implementation of Audit Recommendations	Follow-up	
Public Protection		Audit Advice	
Social Services Finance Unit	SCH Debtors	New Audit	Med
Social Services Finance Unit		Audit Advice	

DIRECTORATE:

Corporate

Service Area

Subject

Type

Risk

Cross Cutting	National Fraud Initiative	New Audit	High
Cross Cutting	Annual Governance Statement	New Audit	
Cross Cutting	General Data Protection Regulation	New Audit	High
Cross Cutting	Wellbeing of Future Generations Act	New Audit	Med
Cross Cutting	IT Procurement	Finalisation of Report	Med
Cross Cutting	Agency Workers	New Audit	Med
Cross Cutting	Compliance with Bribery Act	Follow-up	High
Cross Cutting	Safeguarding Arrangements	New Audit	High
	Annual Safeguarding Report to WASG	New Audit	
Cross Cutting	Compliance with Bribery Act 2017/18	Finalisation of Report	High
Cross Cutting	Volunteering	Follow-up	Med
Cross Cutting	Mobile Phones	Follow-up	Med
Cross Cutting	Monitoring Implementation of Audit Recommendations	Follow-up	
Cross Cutting	Future Monmouthshire	Audit Advice	