

**SUBJECT: INTERNAL AUDIT
DRAFT OPERATIONAL PLAN, 2022/23**

DIRECTORATE: Resources
MEETING: Governance & Audit Committee
DATE: 20th June 2022
DIVISION/WARDS AFFECTED: All

1. PURPOSE

To receive and consider the Draft Internal Audit Operational Plan for 2022/23.

2. RECOMMENDATION(S)

That the Governance and Audit Committee reviews, comments on and approves the Draft Internal Audit Plan 2022/23.

3. KEY ISSUES

- 3.1 The Operational Plan is based on the Internal Audit Strategic Plan which outlines a programme of work that would enable the Internal Audit Team to cover all material audit risks across all services of the Council over a period of time.
- 3.2 The planning process takes into account all possible systems, processes, sections and establishments that could possibly be audited within Monmouthshire. Key parts of this process involve an annual review of the corporate risk register and consultation with Chief Officers and Heads of Services across the Authority inviting them to highlight any emerging or changing risk profiles within their own service areas.
- 3.3 Consideration is given to over 300 possible areas to audit across all services provided by Monmouthshire which are risk assessed and allocated a high, medium or low risk. The audit team staff resources would then be allocated to cover the higher ranked risks as appropriate. That said, inevitably there will be reviews which the audit team have to undertake annually such as 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 is 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 2022/23, the total available days amounted to 1199, based on 5.5 FTEs auditors in the team for the full year. Due to current vacancies within the team the plan has been based on 975 total available days. An allowance for leave, sickness, maternity leave, training, management time and admin is deducted from this to give the total number of operational audit days in the year.
- 3.6 Total operational audit resources amounts to **658 days**, which will be allocated across service directorates on a risk basis (summary shown at Appendix 1). This includes 70 days for special investigations and unplanned work. The work will be undertaken by the current audit staff. Due to current vacancies within the team, the available audit resource is based on all staff being in place from September 2022 until the end of the financial year.
- 3.7 Although the time allocated to special investigations is usually a pressure point the 2022/23 allocation of days has been reduced to ensure appropriate coverage is given across all directorates.
- 3.8 Chief Officers and Heads of Service were given the opportunity to contribute to and shape this plan. The first quarter generally includes finalisation of 2021/22 work which was at draft report stage at year end, work planned for 2021/22 but not completed, NFI co-ordination along with the collation of the Annual Governance Statement.
- 3.9 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 Governance and Audit Committee for approval. The Governance and Audit Committee will be kept updated with the progress against the agreed plan via quarterly reports presented by the Chief Internal Auditor.
- 3.10 The team is headed up by the Chief Internal Auditor and comprises of one Audit Manager supported by one Principal Auditor, two Senior Auditors and one Auditor. The Chief Internal Auditor has overall responsibility for the team and operates on a shared services arrangement, 50:50 basis, with Newport City Council.
- 3.11 At the time of writing this report there were 2 vacancies in the team, Audit Manager and Senior Auditor. The Auditor started with the team in November 2021 and is developing into the role with support from the other team members. This will impact on the team achieving the full audit plan by the year end.
- 3.12 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 2022/23 Draft Internal Audit Plan is attached at Appendix 2 to this report. Audit jobs within the plan have been risk assessed and prioritised and matches the audit resources available for the year. 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 2020/21 and 2021/22 Operational Plans; and
 - d) The published Regulatory Plan produced by Audit Wales.
- 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.
- 4.4 Consultation was 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.
- 4.5 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 Governance and Audit Committee at the earliest opportunity.
- 4.6 An Annual Report will be prepared for the Governance and Audit Committee to provide appropriate assurance via the Chief Internal Auditor's annual opinion, along with details on the performance of the Section against the Operational Plan. Interim progress reports will also be provided to the Committee quarterly.
- 4.7 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 continues to undertake its work in accordance with these Standards.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Strategic Leadership Team
Directorate Management Teams

7. BACKGROUND PAPERS

Strategic Internal Audit Plan
Public Sector Internal Audit Standards

8. AUTHOR AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor
Telephone: x.4243
Email: andrewwathan@monmouthshire.gov.uk

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Internal Audit Plan 2022/23**

Appendix 1

DIRECTORATE SUMMARY			
	Days	Allocation of Audit Resources	Opinion jobs
Resources	115	17%	8
People & Governance	40	6%	2
Children & Young People	122	19%	7
Social Care, Health & Safeguarding	116	18%	7
Enterprise	89	14%	5
MonLife	45	7%	3
Chief Executives	11	2%	1
Corporate Work	51	8%	2
	588		35
Special Investigations	70	11%	
Available Productive Audit Days	658	100%	

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Appendix 2

Resources		Last Review	Risk	2022/2023 Days
Finance - Corporate Accountancy				
Finance - Revenues, Systems & Exchequer				
	National Non Domestic Rates (NNDR)	2017/2018	M	12
	Creditor Payments	2019/2020	M	12
	Revenues Shared Service		M	10
	Imprest Accounts Closure		H	10
Payroll & Systems				
	Payroll System [moving to People & Governance]	2019/2020	H	12
Digital				
	Freedom of Information		M	12
Commercial, Property, Fleet, Facilities				
	- Fleet / Vehicle Management - H&S follow-up	2021/2022	H	8
	- PTU Maintenance - follow-up	2021/2022	H	5
	Health & Safety - Buildings - follow-up	2021/2022	H	5
General				
	Audit Advice	Annual		16
	Finalisation of previous year's audits	Annual		6
	Monitoring Implementation of Previous Recommendations	Annual		7

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Total Planned Days for Resources			Days	115
People & Governance		Last Review	Risk	2022/2023 Days
Human Resources				
	~ Employment Status		M	15
Democratic Services & Communications				
Electoral Registration				
Legal				
	Land Charges		M	12
Emergency Planning				
General				
	Audit Advice	Annual		8
	Finalisation of previous year's audits	Annual		3
	Monitoring Implementation of Previous Recommendations	Annual		1.5
Total Planned Days for People & Governance				40
Children & Young People		Last Review	Risk	2022/2023 Days
Inclusion				

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Additional Learning Needs				
Achievement & Extended Services				
Finance & Support Services				
	School Improvement Grant	Annual	L	9
	Pupil Development Grant	Annual	L	8
21st Century Schools				
Primary Schools				
	Deri View Primary	2017/2018	L	8
	Dewstow Primary	2015/2016	L	8
	Llanvihangel Crucorney	2015/2016	L	8
	Our Lady & St Michaels RC Primary	2016/2017	M	8
	Overmonnow Primary	2017/2018	M	8
Secondary Schools				
	Chepstow School	2017/2018	M	15
	King Henry VIII School	2015/2016	M	15
General				
	Schools Financial Regulations Training / Cluster Meetings	Annual		
	Audit Advice	Annual		18
	Finalisation of previous year's audits	Annual		2
	Monitoring Implementation of Previous Recommendations	Annual		15
Total Planned Days for Children & Young People				122

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		Last Review	Risk	2022/2023 Days
Social Care, Health & Safeguarding				
Integrated Autism Service				
Adult Services				
	Carers Service		M	12
Commissioning & Disability Service				
	Commissioning & Contracts		M	12
All Age Disability & Mental Health				
	Disability Team		M	12
Integrated Services				
Transformation				
Safeguarding, Quality Assurance & Child Protection				
Youth Offending Service				
Managed Care/Looked After Children				
	Children With Disabilities		M	12
Wellbeing				

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	Fostering		M	15
Social Services Finance				
	Appointeeships & Deputyships	2012/2013	M	12
Public Protection				
	Animal Welfare		M	10
General				
	Audit Advice	Annual		16
	Financial Assessments (Dunn & B)			5
	Finalisation of previous year's audits	Annual		5
	Monitoring Implementation of Previous Recommendations	Annual		5
Total Planned Days for Social Care, Health & Safeguarding				116
Enterprise		Last Review	Risk	2022/2023 Days
Strategic Projects				
	Town Centre Projects - Caldicot Regeneration		M	10
Placemaking, Housing, Highways and Floods				
	Development Control			
	- Planning Applications		M	12

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	Housing Options Team - Private Sector Leasing		M	10
Enterprise and Community Animation				
	Housing Support Grant	Annual	M	12
Neighbourhood Services				
	Winter Maintenance		M	12
	Street Cleansing	2013/2014	M	12
General				
	Audit Advice	Annual		14
	Finalisation of previous year's audits	Annual		2
	Monitoring Implementation of Previous Recommendations	Annual		5
Total Planned Days for Enterprise				89
MonLife		Last Review	Risk	2022/2023 Days
Active				
	Memberships	2013/14	M	12
Heritage				
	Caldicot Castle	2019/2020	M	10
Outdoor				
	Countryside		M	12

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Creative				
Connect				
General				
	Audit Advice	Annual		8
	Finalisation of previous year's audits	Annual		
	Monitoring Implementation of Previous Recommendations	Annual		2.5
Total Planned Days for MonLife			Days	45
Chief Executives		Last Review	Risk	2022/2023 Days
Policy, Performance & Scrutiny				
	Abergavenny Hub	2016/2017	M	8
General				
	Audit Advice	Annual		3
	Finalisation of previous year's audits	Annual		
	Monitoring Implementation of Previous Recommendations	Annual		
Total Planned Days for Chief Executive's				11
Corporate Work		Last Review	Risk	2022/2023 Days
	Annual Governance Statement	Annual		5
	National Fraud Initiative (NFI)	Annual	M	15

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	Partnership Assurance			7
General				
	Audit Advice	Annual		3
	Finalisation of previous year's audits	Annual		2
	Monitoring Implementation of Previous Recommendations	Annual		8
Total Planned Days for Corporate Work				51

TOTAL AUDIT DAYS	588
SPECIAL INVESTIGATIONS	70
TOTAL PLANNED AUDIT DAYS	658
PRODUCTIVE AUDIT DAYS	658
NO' OF DAYS PLAN EXCEEDS AVAILABLE RESOURCES	0.0