

**SUBJECT: INTERNAL AUDIT SECTION
OPERATIONAL PLAN, 2017/18
FINAL**

**DIRECTORATE: Resources
MEETING: Audit Committee
DATE: 6th July 2017
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

To receive and consider the Internal Audit Operational Audit Plan for 2017/18.

2. RECOMMENDATION(S)

That the Audit Committee accepts and endorses the 2017/18 Internal Audit Plan.

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 2017/18 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.
- 3.3 There are over 300 possible areas to audit across all services provided by Monmouthshire so coverage needs to be prioritised; areas are risk assessed 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 2017/18, total available audit resource amounts to 763 days, which will be allocated across service directorates on a risk basis. This includes 116 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 2017/18 allocation of days has been maintained to ensure appropriate coverage is given across service areas.
- 3.7 The detail of the plan is shown at Appendix 1, which has been compiled following consultation with Heads of Service. The first quarter will include finalisation of 2016/17 work which was at draft report stage at year end, work planned for 2016/17 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.
- 3.9 The team comprises of one Audit Manager (CIPFA) supported by one Principal Auditor (IIA), two Senior Auditors and one Auditor with the Chief Internal Auditor (CIPFA) 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 2017/18 Internal Audit Summary Plan is attached at Appendix 1 to this report. The Plan is based on a risk assessment 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 2016/17 Operational Plan; and
- d) The published Audit Plan produced by the Wales Audit Office.
- e) The Council's Improvement Plan and the Single Integrated Plan for Monmouthshire.

- 4.3 Each review is 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 2016/17 were unable to be undertaken during the year due to insufficient resources and the effects of unplanned special work, these audits have been included in the Operational Plan for 2017/18 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 2017/18 financial year, and an allowance of time will be included within the Plan for these audits.
- 4.5 Consultation was undertaken, with visits and email correspondence to the various managers and finance representatives of each directorate. There may be further amendments to the Plan as the year progresses to reflect any changes in risk profiles within the directorates.
- 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

Head of Finance

7. BACKGROUND PAPERS

Strategic Audit Risk Matrix
Public Sector Internal Audit Standards
CIPFA Local Government Internal Audit Manual
Wales Audit Office 2017 Audit Plan – Monmouthshire CC

8. AUTHORS AND CONTACT DETAILS

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Internal Audit Plan for 2017/18

DIRECTORATE:		Children & Young People	
<u>Service Area</u>	<u>Subject</u>	<u>Risk</u>	<u>Type</u>
21st Century Schools			Audit Advice
Achievement & Extended Services	Education Improvement Grant	Med	Grant Claim Audit
Achievement & Extended Services	Pupil Deprivation Grant	Low	Grant Claim Audit
Achievement & Extended Services	Outside School Childcare Grant	Low	Grant Claim Audit
Achievement & Extended Services	Special Educational Needs	Med	Completion of Work in Progress
Achievement & Extended Services			Audit Advice
Schools	Mounton House Special School	Med	New Audit
Schools	Deri View Primary School	Low	New Audit
Schools	Thornwell Primary School	Low	New Audit
Schools	Osbaston Primary School	Low	New Audit
Schools	Overmonnow Primary School	Low	New Audit
Schools	Cross Ash Primary School	Low	New Audit
Schools	The Dell Primary School	Low	Finalisation of Report
Schools	Raglan Primary School	Med	Completion of Work in Progress
Schools	Pembroke Primary School	Low	Finalisation of Report
Schools	Our Lady & St. Michael's Primary School	Low	Finalisation of Report
Schools	Ysgol Y Ffin	Med	Finalisation of Report
Schools	Magor Primary School	Med	Finalisation of Report
Schools	Chepstow School	High	Completion of Work in Progress
Schools	Ysgol Y Ffin	Med	Follow-up
Schools	Raglan Primary School	Med	Follow-up
Schools	Monitoring Implementation of Audit Recommendations		Follow-up
Schools			Audit Advice
CYP Resources	School Uniform Grant	Low	Grant Claim Audit
CYP Resources	School Private Fund Accounts	Med	New Audit
CYP Resources	School Admissions	Med	Finalisation of Report
CYP Resources			Audit Advice

DIRECTORATE:

Enterprise

<u>Service Area</u>	<u>Subject</u>	<u>Risk</u>	<u>Type</u>
Economy & Enterprise	Agri-Urban URBACT Scheme June 2017	Low	Grant Claim Audit
Economy & Enterprise	Agri-Urban URBACT Scheme Dec 2017	Low	Grant Claim Audit
Economy & Enterprise			Audit Advice
Tourism, Leisure & Culture	Borough Theatre Trust	High	Completion of Work in Progress
Tourism, Leisure & Culture	Leisure Centres Payroll Review	Med	New Audit
Tourism, Leisure & Culture	Alternative Delivery Models	High	New Audit
Tourism, Leisure & Culture	Youth Service	Med	New Audit
Tourism, Leisure & Culture	Sports Development	Med	Completion of Work in Progress
Tourism, Leisure & Culture	Events	High	Follow-up
Tourism, Leisure & Culture			Audit Advice
Tourism, Leisure & Culture	Monitoring Implementation of Audit Recommendations		Follow-up
Policy & Performance	National Performance Indicators	Med	New Audit
Policy & Performance	Local Performance Indicators	Low	New Audit
Policy & Performance			Audit Advice
Communications			Audit Advice
Planning	Section 106 Agreements	High	New Audit
Planning	Homelessness	High	Finalisation of Report
Planning			Audit Advice
Partnerships/Whole Place			Audit Advice
Local Democracy			Audit Advice
Scrutiny			Audit Advice

DIRECTORATE:

Operations

<u>Service Area</u>	<u>Subject</u>	<u>Risk</u>	<u>Type</u>
Passenger Transport Unit	PTU Follow-up audit	Med	Completion of Work in Progress
Passenger Transport Unit			Audit Advice
SWTRA & Street Lighting	SWTRA Agreement	High	New Audit
SWTRA & Street Lighting			Audit Advice
Transport	Fuel Cards	Med	Completion of Work in Progress
Transport	Monitoring Implementation of Audit Recommendations		Follow-up
Transport			Audit Advice
Property Services & Facilities	Procurement Follow-up 2016/17	High	Completion of Work in Progress
Property Services & Facilities	School Meals System (Parent Pay)	Med	New Audit
Property Services & Facilities	Procurement	High	New Audit
Property Services & Facilities			Audit Advice
Waste & Street Operations	Monitoring Implementation of Audit Recommendations		Follow-up
Waste & Street Operations			Audit Advice
Traffic Network	Kerbcraft	Med	New Audit
Traffic Network	Streetworks	Med	New Audit
Traffic Network			Audit Advice
County Highways Operations			Audit Advice

DIRECTORATE:

Resources

<u>Service Area</u>	<u>Subject</u>	<u>Risk</u>	<u>Type</u>
People & Information Governance	Payroll	Med	New Audit
People & Information Governance	Payroll 2016/17	Med	Completion of Work in Progress
People & Information Governance	HR Policy Review 2016/17	High	Finalisation of Report
People & Information Governance	HT Policy Review	High	Follow-up
People & Information Governance			Audit Advice
Digital & Technology			Audit Advice
Finance	Creditor Payments System	Med	New Audit
Finance	Procurement Cards	Med	Completion of Work in Progress
Finance	Fixed Assets	Med	Completion of Work in Progress
Finance	Creditors 2016/17	Med	Completion of Work in Progress
Finance	Corporate Sundry Debtors	Med	New Audit
Finance	Cashiers	Med	New Audit
Finance	Budgetary Control	High	New Audit
Finance	NDR Transitional Reliefs	Med	New Audit
Finance	Council Tax & NDR Systems	Med	Completion of Work in Progress
Finance	Suspense Control & Holding Accounts	Med	Finalisation of Report
Finance	Insurances	Med	Finalisation of Report
Finance			Audit Advice
Community Led Delivery	Community Hubs	Med	Finalisation of Report
Community Led Delivery	Markets	Med	Follow-up
Community Led Delivery	Monitoring Implementation of Audit Recommendations		Follow-up
Community Led Delivery			Audit Advice

DIRECTORATE:

Social Care & Health

<u>Service Area</u>	<u>Subject</u>	<u>Risk</u>	<u>Type</u>
Integrated Services	My Day My Life	Med	Follow-up
Integrated Services	Supporting People Grant	High	Grant Claim Audit
Integrated Services	Supporting People Grant 2016/17	High	Finalisation of Report
Integrated Services	Monitoring Implementation of Audit Recommendations		Follow-up
Integrated Services			Audit Advice
Children's Services	External Placements 2016/17	High	Finalisation of Report
Children's Services	External Placements	High	Follow-up
Children's Services			Audit Advice
Public Protection	Health & Safety	Med	New Audit
Public Protection	Licensing	Med	Completion of Work in Progress
Public Protection	Registrars	Med	Finalisation of Report
Public Protection			Audit Advice
Social Services Finance Unit			Audit Advice

Corporate Work

<u>Service Area</u>	<u>Subject</u>	<u>Risk</u>	<u>Type</u>
Cross Cutting	National Fraud Initiative	Med	New Audit
Cross Cutting	Annual Governance Statement		New Audit
Cross Cutting	IT Procurement	Med	Completion of Work in Progress
Cross Cutting	Risk Management	High	Completion of Work in Progress
Cross Cutting	Capital Receipts	High	Finalisation of Report
Cross Cutting	Capital Programme	High	Finalisation of Report
Cross Cutting	Volunteering 2016/17	Med	Finalisation of Report
Cross Cutting	Mobile Phones 2016/17	Med	Finalisation of Report
Cross Cutting	Compliance with Bribery Act 2016/17	Med	Finalisation of Report
Cross Cutting	Safeguarding Arrangements	High	New Audit
Cross Cutting	Compliance with Bribery Act	High	Follow-up
Cross Cutting	Volunteering	Med	Follow-up
Cross Cutting	Mobile Phones	Med	Follow-up
Cross Cutting	Monitoring Implementation of Audit Recommendations		Follow-up
Cross Cutting	Future Monmouthshire		Audit Advice