



Internal Audit Plan 2018/19

“Providing assurance on the management of risks”



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This document sets out the Internal Audit Plan 2018/2019 for Worcestershire County Council. These services are provided by the Internal Audit Service of Warwickshire County Council in partnership with Worcestershire. This document complements the Audit Charter and the formal agreement with Warwickshire. The Internal Audit and Insurance Manager of Warwickshire is the Council's designated Head of Internal Audit.

The Role of Internal Audit

Evaluating the effectiveness of risk management

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending, and making the most of their opportunities. The different types of risk are varied and commonly include financial risks, IT risks, supply chain failure, physical risks to people, and damage to the organisation's reputation. The key to the Council's success is to manage these risks effectively.

The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 state that a local authority is responsible for ensuring that its financial and operational management is effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. The Regulations require accounting systems to include measures to ensure that risk is appropriately managed.



Providing assurance

The requirement for an internal audit function is also contained in the 2015 Regulations which require the Authority to:

“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Definition of Internal Auditing

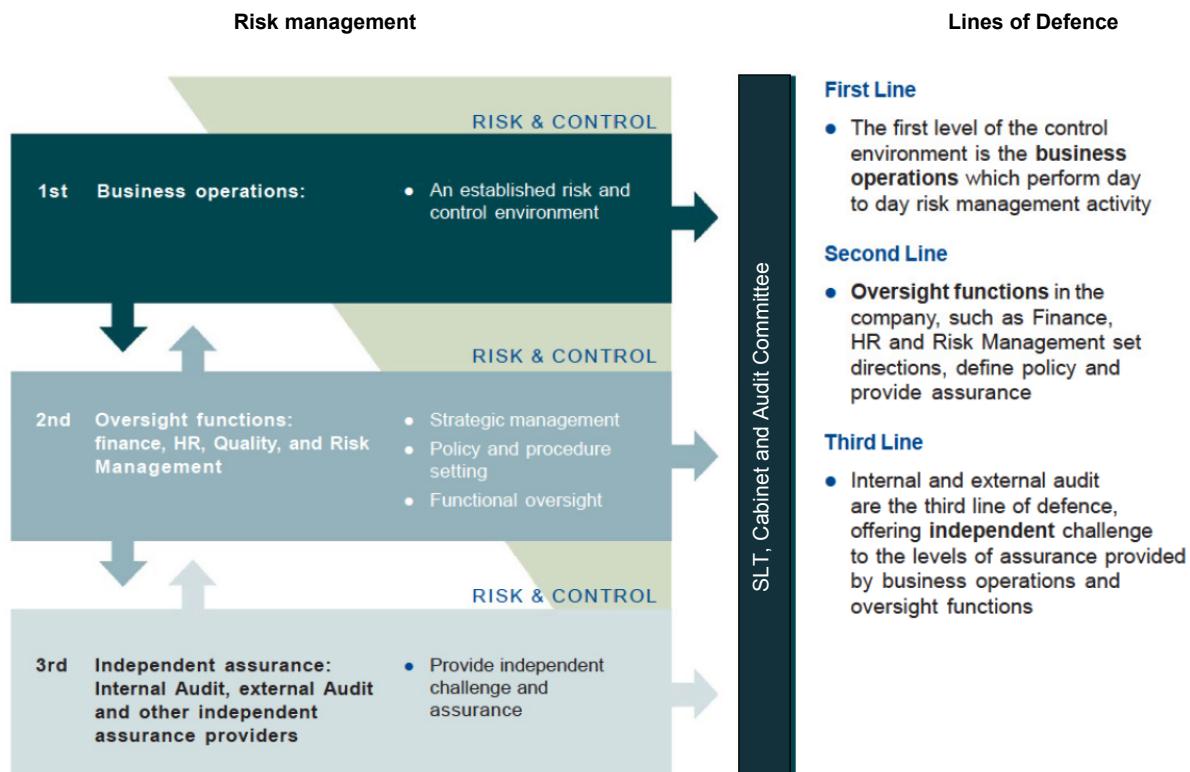
“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

The key word in the definition is assurance, the role of audit is not to identify or investigate alleged irregularities it is to primarily provide assurance to the organisation (managers, heads of services and the Audit and Governance Committee) and ultimately the taxpayers that the authority maintains an effective control environment that enables it to manage its significant business risks. We do this by **providing risk-based and objective assurance, advice and insight**. The assurance work culminates in an annual opinion on the adequacy of the Authority's governance, control and risk management processes which feeds into the Annual Governance Statement.

Three lines of defence

Different parts and levels of an organisation play different roles in managing risk, and the interplay between them determines how effective the organisation as a whole is in dealing with risk. The Institute of Internal Auditors uses a three lines of defence model, which operates in most organisations, to explain Internal Audit's unique role in providing assurance about the controls in place to manage risk:

- 1st line of Defence – functions that own and manage risks
- 2nd Line of Defence – functions that oversee risk
- 3rd Line of Defence – functions that provide independent assurance



The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of defence, audit's main roles are to:

- ensure that the first two lines of defence are operating effectively; and
- advise how they could be improved.

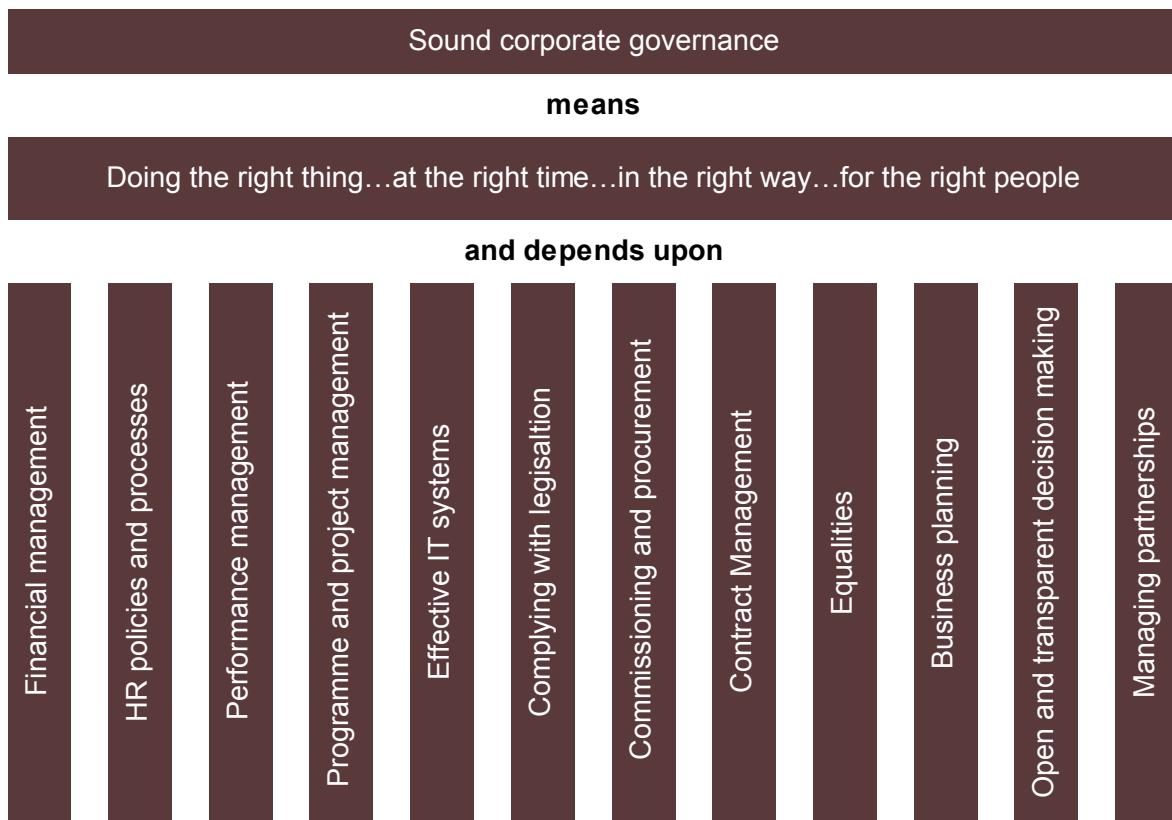
Blurring audit's role by undertaking roles that are properly the responsibility of the first or second line of defence should be avoided.

Internal Audit Planning

Internal Audit develop and then deliver a programme of internal audits to provide independent reasonable assurance to senior management and members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial and management control and governance processes and report this directly and independently to the most senior level of management. In accordance with regulatory requirements most individual assurance assignments are undertaken using the risk based systems audit approach and are not usually designed to identify potential frauds.

Our audit plan covers one year. This is now accepted best professional practice. The focus of our work continues to be primarily on the high risk areas and change programmes and key corporate processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the Council that its overall governance, control and risk management arrangements remain effective.

Figure 1: Key corporate processes



To make the best use of limited resources audit work needs to be carefully planned. We align our work with the Council's risk base by liaising extensively with senior management and taking into account the organisation's aims, strategies, key objectives, associated risks, and risk management processes. Our plan also takes into account those topics which have not recently been audited or which feature in the corporate risk register or which when last audited received a low opinion. In addition, auditors regularly attend various professional networking meetings which highlight wider issues affecting public sector internal audit which need to be reflected in the programme of work.

The risk of potential fraud forms part of the risk assessment process and national surveys and intelligence on risk areas is taken into account along with data on actual frauds at Worcestershire.



We give an opinion on how much assurance systems give that significant risks are addressed. We use four categories of opinion: Full, Substantial, Moderate and Limited assurance.

A report, incorporating an agreed action plan, will usually be issued for every audit. The results of audits are also reported to the Council's Audit and Governance Committee. To assist managers in addressing areas for improvement, recommendations are classified as: Fundamental, Significant and Merits Attention

Vision, purpose and values

A professional, independent and objective internal audit service is one of the key elements of good governance in local government.

As a modern effective internal audit service we:

- Act as a catalyst for improvement and provide insight on governance, control and risk management
- Influence and promote the ethics, behaviour and standards of the organisation
- Develop a risk aware culture that enables customers to make informed decisions
- Are forward looking
- Continually improve the quality of our services

A key driver of this strategy is the need to meet all our customer's needs. Our customers will continue to be affected by a variety of local and national issues:

- Funding pressures faced by local government;
- Increased growth in partnerships, for example with health and the private sector;
- Ever increasing use of technology to deliver services;
- Flexible working arrangements to make more effective use of accommodation;
- The introduction of new ways for customers and the public to access services; and
- Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness.

These, and other developments, will mean increased pressure on the service to review existing systems and provide advice on new and complex initiatives within reducing resources. To respond to the demands on us we will:

- Continue to develop our staff to ensure we are fully equipped to respond to our customer's demands.
- Continue to invest in modern technology to improve efficiency and effectiveness.
- Add value and make best use of our resources by focussing on key risks facing our customers.
- Increasingly work in partnership with clients to improve controls and performance generally. We must add value and help deliver innovations in service delivery.
- Continue to buy in specialist help – particularly in IT.

Other Services

In addition to undertaking audits the Service is able to support the organisation by also providing the following services:

Consultancy / Advice

The Council will face major changes in systems and procedures over the coming years and we are able to provide advice on the governance, control and risk implications of these changes. The service will act as a critical friend. Particular emphasis is put on project governance and process design.

Our knowledge of the management of risk enables us to **challenge** current practice, **champion** best practice and be a **catalyst** for improvement, so that the Council as a whole achieves its strategic objectives.

So, for example if a line manager is concerned about a particular area of his/her responsibility, working with us could help to identify improvements. Or perhaps a major new project is being undertaken - we can help to ensure that project risks are clearly identified and that controls are put in place to manage them.

Challenge

Champion

Catalyst for improvement

It is more constructive for us to advise on design of processes during a change project rather than identify problems after the event when often it is too late to make a difference, and it is possible to use less resource to identify key points than in a standard audit - timely advice adds more value than untimely criticism.

Irregularities

As a publicly funded organisation the Council must be able to demonstrate the proper use of public funds. It is the responsibility of every manager to have systems in place to prevent and detect irregularities. However, if an irregularity is identified, or suspected, managers are required to notify the Service and may need professional support to investigate the matter.

All significant investigations will be undertaken by the Service but more minor matters will be referred back to the service manager to progress with support from the audit team. The decision on which cases will be investigated will be made by the Head of Internal Audit in conjunction with the Chief Financial Officer.

We are also responsible for coordinating the Council's participation in the National Fraud Initiative.

Our approach for 2018 / 2019

In developing the list of planned topics we have taken into account existing management processes and oversight by second line of defence functions such as

HR, Health & Safety and Legal; as well as external agencies such as CQC and Ofsted. The Internal Audit service therefore builds upon the work of other assurance providers and allows us to reduce the resource required for some advisory topics. This approach will be further refined in future plans. Similarly, although our roles and responsibilities are different the service continues to liaise closely with the Authority's External Auditors (Grant Thornton).

Based upon extensive discussions with directors and heads of service and our professional judgement an indicative priority has been allocated to each potential topic. This takes into account a range of factors including: when the topic was last audited, complexity of the topic and level of change. The links between the severe risks listed in the Council's risk register and the Internal Audit Plan is shown in Annex 1. Demonstrating the assurances planned on each strategic risk and being transparent about audit topics that cannot be audited are key requirements of internal audit professional standards which also require a top down approach with the plan being driven by key risks.

The aim is to give a high-level overview of audit areas with detailed terms of reference being agreed when audits commence. Whilst we are unable to provide assurance on all risks facing the Council the Committee is able to accept a plan on this basis, provided this matches its "risk appetite" for independent assurance, also recognising that management have the prime accountability for managing processes and risks (and therefore assurances can be obtained directly from them where necessary).

Those service areas that will not be audited during the year have been discussed with the Chief Financial Officer.

Whilst providing advice on governance, risk and controls implications of key projects is good practice and reduces the risk of not addressing these issues which potentially could result in an adverse opinion from a future assurance assignment, assurance work is essential to ensure sufficient coverage to deliver the annual Head of Audit opinion. The plan therefore takes a proportionate approach to consultancy and focusses on key projects:

- The replacement of Framework
- Alternative delivery model for Children Social Care
- Continued development of financial systems and the final accounts process

Following the implementation of new systems in 2017/18 a significant amount of time has been allocated to the audit of core financial systems. The need for individual school audits will be considered on a case by case basis.

There will inevitably be circumstances where the Internal Audit Manager will have to amend the programme, e.g. when risks change or a specific project becomes a matter of priority. There may be cases where individual lower priority audits have to be rescheduled because of competing priorities. Throughout the year the plan will be updated to ensure it remains relevant. In year changes to the plan to reflect such changes are accepted as best practice. This plan, therefore, is not set in stone. All amendments will be agreed with the Chief Financial Officer, and reported to the Audit and Governance Committee.

The total cost of Internal Audit for 2018/19 is £306,000.

The Internal Audit Team

The core team that will deliver the Internal Audit plan at Worcestershire are qualified with significant experience of internal audit and the Council:

Engagement Manager	Jackie Sparkes
Principal auditors	Chris Portmann Lisa Smith
Senior auditors	Andrew Dyson
Auditors	Jo Hastings Dominic Roberts Helena Warnett

The core team will be supplemented by other staff and specialist IT auditors as required. Jackie will be supported by Garry Rollason and Paul Clarke.

Performance

The performance of the Internal Audit Service is subject to regular monitoring. The performance standards for 2018/19 are:

Performance Indicator	Target
All of individual audit assignments to include a final report with agreed recommendations and action plan.	100%
Draft reports to be issued within a maximum of 15 working days following the completion of the audit.	95%
Final reports to be issued within 5 working days of the report being approved by the Head of Service.	100%
Achievement of the Annual Internal Audit Plan by 30 April following the year end.	95%
Attendance at planned meetings with officers, councillors and external audit where required.	100%
Average score from client satisfaction survey issued following the completion of planned audit, special investigations and grant audits.	Average score is at least 4 (on a scale of 1 to 5)

Quality Assurance and Improvement Programme

The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to develop and maintain a quality assurance and improvement programme (QAIP) covering all aspects of the internal audit activity.

The QAIP includes internal assessments, periodic self-assessments and external assessments and is not only designed to assess the efficiency and effectiveness of Internal Audit, but also to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the PSIAS and an evaluation of whether internal auditors apply the Code of Ethics.

A full external assessment of the audit service was undertaken in 2017/18 which concluded that service "complies with the expectations of the Public Sector Internal Audit Standards and compares favourably to other provision within the sector." We have an Audit Manual based on accepted professional practice which as well as being compliant with PSIAS builds quality into every stage of the audit process. A summary of the QAIP is shown in Annex 3.



Audits are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

Key Contacts

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Links between the Council's severe risks and the Internal Audit Plan

Risk	Risk Severity	Examples of past internal audit coverage ¹	Examples of proposed internal audit role / planned assignments
Inability to meet need for services because of demographic demand/reduced resources/staff		<ul style="list-style-type: none"> • Panel process (Moderate) • Brokerage (Substantial) • Continuing health care (Moderate) • Social work practice (Substantial) • Hospital discharges (Substantial) 	<ul style="list-style-type: none"> • Financial Assessments and billing • Direct Payments • Commissioning and Contracting • Domiciliary care • Framework replacement
Increased Delayed Transfers of Care		<ul style="list-style-type: none"> • Hospital discharges (Substantial) 	<ul style="list-style-type: none"> • Care packages optimisation/ Urgent Care system
Lack of capacity of adult social care providers - Residential & Nursing care			<ul style="list-style-type: none"> • Procurement
Ineffective Corporate Business Continuity / Emergency Response e.g. to Human Pandemic		<ul style="list-style-type: none"> • Emergency planning (Substantial) 	
Budget overspend/ underspend - financial pressure and failure to achieve required savings		<ul style="list-style-type: none"> • Contract management (WIP) • Transformation and savings plans (WIP) • Budget management (WIP) 	<ul style="list-style-type: none"> • Delivery of Budget reductions • Collaborative Planning • MTFP • Procurement
Reputational Risk as a Result of Receiving a Poor Ofsted Inspection Rating			<ul style="list-style-type: none"> • Transitions • Safeguarding • Early help effectiveness • LAC Placements and placement spend

¹ Only audits completed in last 3 years are shown

Risk	Risk Severity	Examples of past internal audit coverage ¹	Examples of proposed internal audit role / planned assignments
			<ul style="list-style-type: none"> Foster care/payments
Workforce - Vacancy rates / Turnover of Senior Staff			<ul style="list-style-type: none"> HR Strategy/Policy development and compliance
Recruitment/development of employees with the right capabilities and skills			<ul style="list-style-type: none"> HR Strategy/Policy development and compliance
Culture - Embedding behavioural change			<ul style="list-style-type: none"> Corporate Governance HR Strategy/Policy development and compliance
Failure to Safeguard Vulnerable Children - Serious Harm or Death of a Child or Young Person		<ul style="list-style-type: none"> Adult Case file audits (Limited) Schools themed - safeguarding (Substantial) 	<ul style="list-style-type: none"> Safeguarding

Workplan 2018/19

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
Adults	Transition from Children to Adult services	It is important that the needs of a service user approaching 18 are appropriately assessed and cost implications understood and that there is a sound process for transferring information to Adult Services.	Assurance required on process for transfer of clients from Children services to Adults. To include clarity and timeliness of communication and potential costs.	2
	Safeguarding	A failure to comply with safeguarding policies and procedures could result in abuse, neglect, serious injury or death of a vulnerable adult. High profile risk area. Potential for financial claims against the Council. Failure of a joined up approach with partner agencies. Worcestershire Safeguarding Adults Board has a range of statutory duties.	Review of overall arrangements in place for safeguarding vulnerable adults including the role of the WSAB and MASH	2
	Financial Assessments and billing	Accurate assessment of charges to be paid by a service user and their timely recovery. Non declaration of assets has been identified nationally as a key fraud risk.	Assurance on the governance, risk management and controls relating to the assessment of charges for care and recovery processes.	2
	Care packages optimisation/ Urgent Care	Area subject to risk of overspend as well as pressure to make savings	Review of end to end process to identify adequacy of controls and opportunities for greater efficiency.	2
	Framework replacement	Key IT system which is being replaced to a very tight timetable because end of support has been brought forward. Late implementation may affect ability to patch and also PSN compliance.	Advisory input on governance, risk management and control implications of the implementation. To include data migration and security model.	1 – 4
	Direct Payments	Responsibility for buying care rests with the service user. Misuse of funds is a key fraud risk. Limited opinion audit in 2017/8.	Review of the systems for administering direct payments including the monitoring of spend. Adequacy of arrangements to prevent / detect fraud.	4
	Domiciliary care	High spend and high profile service. Introduction of 3 conversations model to manage demand.	Review of policies and processes for assessing need and agreeing care	4

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
			plans. Financial monitoring of spend.	
Children, Families and Communities	Safeguarding	A failure to comply with safeguarding policies and procedures could result in abuse, neglect, serious injury or death of a child. High profile risk area. Potential for financial claims against the Council. Failure of a joined up approach with partner agencies. Worcestershire Safeguarding Children Board has statutory duties to co-ordinate the work of relevant agencies. Given national cases there is always a risk that case records are not maintained adequately or shared in accordance with guidelines. GDPR implications.	Review of overall arrangements in place for safeguarding children including the role of the WSCB and MASH. The audit will also assess standards of records management and training of staff in records management.	
	SEND	Growth in numbers requiring places and transport. Significant budget pressures. Work underway to address these issues and ensure that our statutory requirements are met. Adequacy of management and financial information relating to transport. Recent critical SEND inspection.	Assurance that action plan to address issues raised in inspection is on track. Governance of SEND Transport project. Adequacy of financial and management information on transport costs.	3
	Alternative Delivery Model	Council considering options for an alternative delivery model in response to Ofsted inspection. High profile topic.	Advice on project governance, risk management and control implications of proposals.	2 - 4
	Schools in financial difficulties	Significant number of schools in difficulties. With some schools operating at a deficit for a number of years	Arrangements to identify schools causing concern and to provide appropriate support to prevent a governance failure. Arrangements to ensure that schools with a deficit are supported to return to a balanced budget. Lessons are learnt from failures.	2
	Schools Limited assurance revisits	High rated recommendations from previous audit may not have been implemented / addressed	Revisit schools that received a limited opinion in previous year.	3

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
		risks identified.		
	Schools Thematic Reviews	Implementation of new financial and payroll / HR systems in 2017/8.	Visits to a sample of schools to assess budget management, payroll, procurement, ordering and creditor payments processes.	
	Early help	Bringing targeted family support back in house. Effectiveness of Early Help Service being considered as part of Ofsted Improvement Plan.	Assurance on governance of improvement plans and effectiveness of key performance measures / performance management regime.	
	Looked after children - Placements and placement spend	High spend service with limited number of providers. Streamlined, timely but robust process required to identify provider. Use of frameworks.	Assurance on the process for identification, assessment of need and placement.	
	Foster care/payments	Is best value being obtained. Shortage of carers. Key fraud risk area. Delay or incorrect payments could create financial issues for foster carers and in turn for the Looked After Child.	Assurance on the process for recruitment, retention, training and payment of foster carers.	
Economy & Infrastructure	Waste	Costs of dealing with waste are increasing. Worcestershire and Herefordshire currently have a PFI contract with Mercia Waste management for various facilities which ends in 2023. No recent internal audit coverage.	Assurance on the overall arrangements for managing waste especially the contract with Mercia.	2
	Approval of development	Robust process needed for processing s278 (adjustment to existing highways) and s38 (adoption of highways) applications to ensure these processed in a timely manner and right amount is received at the right time. Charging methodology is transparent, consistently applied and recovers costs.	Overall governance and controls relating to management of developer contributions.	
	Economic Growth and Investment Team	The team provides support to applicants for ERDF funding and generally promote funding opportunities. Worcestershire is the accountable body.	Assurance on overall arrangements for awarding grants.	

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
Commercial and Commissioning	Information Management	Implementation of GDPR on May 25th has increased potential for legislative / regulatory breaches that could result in increased risk of penalties for non-compliance or reputational damage.	Governance of GDPR project and information governance generally. Compliance with GDPR requirements has been achieved or a project plan exists and is on track to secure compliance. Training, guidance and support available to managers.	
	Procurement	Key corporate process. Robust process essential to deliver value for money.	Robust procurement, quotation and tendering processes exist and are consistently followed with appropriate training, support and guidance available to managers responsible for procurement. Adequacy of management and financial information on procurement activity. Central procurement resource is adequately skilled and staffed.	
	IT Governance	Major IT contract with DXC largely being brought back in-house during 2018/9. Some functions remain with DXC over which robust governance will be required. Limited in-house IT skills at present hence have a single point of failure but should be resolved once DXC contract in-sourced. Essential that following this an appropriate organisation structure is setup with robust division of duties and is appropriately staffed. Continued expectations on ICT to deliver efficiencies.	Assurance over arrangements for in-sourcing of IT. Management of the residual contract with DXC. Assessment of governance arrangements for IT once DXC contract in-sourced (performance and financial monitoring and prioritisation of work / support).	2
	Cyber Security	Robust controls are essential due to the increase in the number of cyber related attacks, including ransomware, which may result in data loss or corruption, and a serious impact on the Council's ability to conduct its day-to-day business and cause reputational damage. The Cyber Essentials	Assessment of controls primarily using the Cyber Essentials Scheme as the baseline standard.	2

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
		Scheme (CES) was launched by the UK Government in June 2014. The scheme aims to guide organisations in protecting themselves against cyber threats.		
	Data centre	Key infrastructure asset requiring adequate security measures and fall back plans to ensure continuity of service.	Assurance on security and resilience of the data centre and communications facilities.	2
	Liberata contract	Major contract for provision of finance and HR services to the Council. Robust contract management is essential to ensure the Council receives the service required at the agreed price. Significant issues in previous years.	Contract management arrangements including existence, adequacy and monitoring of performance indicators. Payments are only made in accordance with contractual provisions. Appropriate action is taken to address poor performance.	
	HR Strategy/Policy development and compliance	Good HR practices are fundamental to delivering the Council's objectives and delivering good quality services. HR policies have been reviewed.	Compliance with HR policies especially absence and performance management. Adequacy of support, training provided to managers.	
Public Health	Ring-fenced grant	Public health grant which funds all of public health service ends March 2020.	Adequacy of preparations for ending of grant funding. Governance arrangements for the project.	3
	Commissioning and Contracting	Public Health have a number of significant contracts two of which will be retendered in March 2019.	Assessment of existing contract management arrangements to identify lessons to be learnt to feed into retendering exercise. Existence, adequacy and monitoring of performance indicators. Payments are only made in accordance with contractual provisions. Appropriate action is taken to address poor performance.	1
Cross cutting	Delivery of Budget reductions	The Council has to deliver significant budget savings over the coming years. Overall financial	Governance of the savings programme. Process for identifying and costing	

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
		position for local authorities over the medium term is uncertain. Significant demand led pressures. Robust process needed to identify and cost savings proposals.	existing savings proposals. Monitoring of delivery of savings plans.	
	Corporate Governance	Sound corporate governance processes underpin the Council's ability to deliver quality services.	Assessment against the requirements of the Cipfa / Solace Framework.	
	Project management	A number of significant projects underway and major projects often subject to overruns. Have lessons been learnt from previous projects.	Robust project management methodology in place with relevant guidance, support and training available to staff. Adequacy of financial monitoring. Robust process in place leading up to project approval and entry into capital programme.	
	Risk Management	The next few years will present unprecedented challenges for the Council in delivering its services. Whilst these changes create opportunities; they also create significant risks and uncertainty. The Council has to manage the risks and opportunities associated with the delivery of its outcomes, by adopting good risk and opportunity management principles.	Overall assessment of the Council's risk management processes. Including the existence of up to date policies and procedures which are consistently followed. Reporting of risks. Adequacy of support and training available to managers and members.	
	Corporate Risk Management Group	Key corporate group driving the development of risk management.	Attendance at and general support to the Group.	1 - 4
Finance	MTFP	Significant financial issues in the coming years. Following CIPFA advice and using a 3 year cash allocation process. MTFP Policy to be amended. Council is facing significant financial pressures	Assurance over the process for developing the MTFP.	3
	Budget management	Collaborative planning module being implemented in 2018/9. System is fundamental to monitoring of budgets, forecasting and delivery of savings plans.	Use of the system, Adequacy of testing and links with other systems. Adequacy of training and support available to managers.	3

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
	General Ledger	New system E5 implemented 2017/8. Key financial system	Assurance that system and processes are now embedded and operating efficiently and effectively. Scope limited to controls operated by the Council. To cover reconciliation of control accounts, feeder interfaces, clearance of suspense accounts.	2
	Key financial systems - Access Controls	New system E5 implemented 2017/8. Key financial system	Robust process exists for adding new users and removing leavers from the system. Appropriateness of security model.	2
	Bank Reconciliation	New system E5 implemented 2017/8. Key financial system	Assurance that system and processes are now embedded and operating efficiently and effectively. Scope limited to controls operated by the Council.	2
	Accounts Payable	New system E5 implemented 2017/8. Key financial system. Limited opinion in 2017/8.	Assurance that system and processes are now embedded and operating efficiently and effectively. Scope limited to controls operated by the Council.	2
	Payroll	New system iTrent implemented 2017/8. Key financial system	Assurance that system and processes are now embedded and operating efficiently and effectively. Scope limited to controls operated by the Council.	2
	Accounts Receivable	New system E5 implemented 2017/8. Key financial system. Limited opinion given in 2017/8	Assurance that system and processes are now embedded and operating efficiently and effectively. Scope limited to controls operated by the Council.	3
	Final Accounts and Annual Governance Statement - Quality Assurance	New system E5 implemented 2017/8. Key process. Significant issues with 2016/17 closedown.	Quality assurance and advice on final accounts / AGS process for 2017/8 and 2018/19	1 and 4

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
	Treasury Management	Major financial process involving significant sums. Cipfa have issued a code of practice on treasury management. Optimum returns are obtained consistent with risk appetite.	Assurance on arrangements to manage the County's cash flow and the related risks.	2
	Pensions – Administration	The County Council is the administering authority for the WCC Pension Fund. This includes: maintaining membership records, admission of new bodies to the scheme, processing transfer values and contributions, payment of pensions and other benefits. GDPR impact. Growing complexity of arrangements impacting on skills required of administering body - Cipfa Code of practice sets out skills and knowledge required.	Assurance on controls relating to administration of the pension scheme.	3
	Pensions – Investments / Pooling	Key financial system involving large amounts. The Council has joined the Central Pool. WCC assets will be transferred to the Pool during 2018/9 so assurance needed over the transfer. Need to coordinate with the auditors of other members of the Pool to develop a coordinated assurance strategy.	Assurance on the transfer of assets to the Pool and management of risks associated with the management of the investments of the Worcestershire Pension Fund.	2
Grant/Fund Audits	BSOG/Bus subsidy	Internal audit certification is mandatory	Grant certification	2
	Troubled Families	Internal audit certification is mandatory	Grant certification	1 - 4
	Growth Hub	Internal audit certification is mandatory	Grant certification	1
	Local Transport Capital – (Integrated Transport & Highways Maintenance)	Internal audit certification is mandatory	Grant certification	2

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)
	Local Transport Capital - (Pot Hole Action Fund)	Internal audit certification is mandatory	Grant certification	2
	Local Transport Capital - (National Productivity Investment Fund)	Internal audit certification is mandatory	Grant certification	2
	Local Transport Capital (Flood Resilience Fund)	Internal audit certification is mandatory	Grant certification	2
	Local Growth Fund	Internal audit certification is mandatory	Grant certification	2
	Youth Justice Board	Internal audit certification is mandatory	Grant certification	1
	Kidderminster Trust Fund	Internal audit certification is required by management	Certification of Fund's accounts	1
Other	WLEP	The County Council is the accountable body for the Worcestershire Local Enterprise Partnership. Best practice guidance on LEP transparency and governance was published in January 2018.	The review would assess the extent to which the WLEP governance structures as designed and documented in the WLEP Assurance Framework February 2018 meet the LEP National Assurance Framework 2016 (informed by the LEP governance and transparency best practice guidance 2018). It would also examine on a sample basis the application of the framework in practice.	3
	Counter Fraud governance arrangements	CIPFA Code of Practice on Managing the Risk of Fraud and Corruption sets out best practice for the management of fraud risks.	Assessment against Cipfa Code of Practice identifying areas for improvement.	
	National Fraud Initiative (NFI)	Participation on the NFI is mandatory	Coordination of the Council's participation on the NFI.	3 - 4

Service	Topic	Potential control / governance issue	Proposed Audit Coverage	Indicative timing (Qtr)

Annex 3: QAIP

