



Internal Audit Plan 2020/21 to 2022/23
2021/22 Plan focus

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Executive summary

The Internal Audit plan represents a summary of the planned audit review areas which will be delivered during 2021/22. This is the second year of a three-year plan approved at the 13 March 2020 Audit and Governance Committee. The mission of Internal Audit is to assist the Council to appropriately manage the key risks to which the Council is exposed, and help improve the effectiveness of the Council's governance, risk management and internal control processes by providing risk-based and objective assurance, advice and insight.

The audit plan is based on a risk assessment largely aligned to the nine key themes that contribute to a Healthy Organisation model. The Plan will also cover fraud prevention, detection, and investigation work. Other factors that have driven the plan include direction by senior leadership to other risks linked to the Corporate Plan, an annual assessment of the financial controls and grant certification requirements.

The requirements of managing audits during the pandemic response have highlighted the need for agile audit planning. We have worked closely with operational managers to ensure that audits continue to be delivered effectively, utilising remote access, system-based research and self-assessment questionnaires to support the audit process. The annual plan is reviewed on a quarterly basis and the detailed focus for the quarter will be discussed and agreed with the Chief Officers' Group and the Audit and Governance Committee.

Fraud prevention, detection and investigation will continue to be a key focus, including increased training and communications for operational staff. We will continue to engage with the statutory National Fraud Investigation process from the Cabinet Office and will also be working to establish continuous monitoring of key areas to mitigate potential frauds.

Team details

Name	Role	Contact details
Jenni Morris	Chief Internal Auditor	jmorris4@worcestershire.gov.uk
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Vacant	Audit and Compliance Manager	Tbc
Sally Gill	Finance Business Partner – Internal Audit	Tbc
Rakhee Gogna	Finance Business Partner – Internal Audit	rgogna1@worcestershire.gov.uk
Kate Kenderdine	Finance Business Partner – Internal Audit	Tbc
Dominic Roberts	Auditor	droberts4@worcestershire.gov.uk
Rachel Hallam	Risk and Assurance Manager	rhallam2@worcestershire.gov.uk
Noel Wallcroft	Risk Officer	nwallcroft@worcestershire.gov.uk
Audit team		auditteam@worcestershire.gov.uk
Fraud hotline		worcsfraudhotline@worcestershire.gov.uk

Plan focus 2021/22

The key areas of focus are based around the following themes:

- Assurance and risk assessment audits
- Financial controls assurance reviews
- Management requested assurance reviews and advisory support
- Individual school audits and schools-based thematic reviews
- Grant certifications
- Fraud and corruption prevention, detection and investigation
- Worcestershire Children's First assurance reviews and advisory support
- Worcestershire Pension Fund assurance reviews and advisory support

All audits will consider healthy organisation themes, the culture of the service and environmental issues.

The healthy organisation model is designed to strengthen the governance and assurance framework within the Council and drive the future risk assessment of the services and corporate policies. It is based on key themes which are crucial to the effective governance of the Council.

- Corporate governance
- Financial management
- Risk management
- Performance management
- Procurement and commissioning
- People management
- Programme and project management
- IT and cyber security
- Asset management

The model is assessed against standard questions to ensure consistency.

Following successful recruitment in 2020/21 our resource availability for 2021/22 is 1,000 days. We will continuously review our available resource to ensure that it is enough to provide the required level of assurance to the Council and will work closely with teams across Financial Services to ensure delivery. In 2021/22 just under two thirds of our available days are allocated leaving contingency for audit areas identified as part of the healthy organisation and controls' assurance work, additional areas requested by management and special investigations, with support from the Risk and Assurance team as required.

We will continue to use Worcestershire Internal Audit Shared Services (WIASS) to support our IT audit work.

Area of coverage	Brief description	Management lead
Assurance and risk assessment audits		
Covid response arrangements	Continuing our work to assure the Council in its arrangements to manage the Covid response.	Paul Robinson, Chief Executive
Democratic and governance	Following recommendations from phase 1 of the Covid governance assurance work we will work with Democratic Services to ensure effective democratic and governance arrangements	Assistant Director Legal Services – Abe Ezekiel Assistant Director Transformation and Change – Jonathan Fitzgerald-Guy
Transport services, external and internal management and reporting	The procurement, provision and reporting relating to transport services provided by the Council, with a specific focus on the provision of services to Worcestershire Children First and control over financial commitments and budgeting.	Strategic Director of Economy & Infrastructure – John Hobbs
Worcestershire Children First contract management	Reviewing the contract management arrangements in place and ensure that services are being provided as per the contract	Strategic Director of People - Paula Furnival
Adult social care working with people	An evaluation of the current process including commissioning of care, placement outcomes and financial management	Strategic Director of People - Paula Furnival
Digital strategy implementation	Advisory and assurance work to support the implementation of the digital strategy. This will include a range of focussed audits and project advice and support	Assistant Director for IT and Digital – Sandra Taylor
Risk management	Reviewing the implementation and embedding of the revised risk culture in the Council.	Chief Finance Officer - Michael Hudson
Insourced services – advisory and assurance support	To include Place Partnership, Liberata and Babcock insourcing process and post insourcing review as appropriate	In line with service area
Starters and leavers process	Consideration of the effectiveness of the starter and leaver process. End to end process to include HR and IT.	Assistant Director HR – Richard Taylor Assistant Director for IT and Digital – Sandra Taylor
HR reviews to be determined	Developments during the year will determine the detailed area, but likely to include total reward, changes to working practices and organisational culture	Assistant Director HR – Richard Taylor
Financial control assurance reviews		

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Financial resilience	Reviews to ensure the financial resilience of the Council, including reserves management, financial planning, delivery of efficiencies and financial savings targets	Chief Finance Officer - Michael Hudson
Treasury management and the prudential code	Ensuring our treasury management is meeting legislative requirements and maximising the returns delivered on our investments.	Chief Finance Officer - Michael Hudson
Financial Instruments to generate money for commercialisation	Ensuring that the investment options meet meeting legislative requirements and maximising the returns delivered on our investments. This will explore the options available to consider alternative funding such as Bonds.	Chief Finance Officer - Michael Hudson
General Ledger Maintenance - CP / e5 upgrades	Ensuring the upgrade process is effective and lessons learned post upgrade.	Chief Finance Officer - Michael Hudson
Individual school and school thematic reviews		
Schools qualitative reviews	A rolling programme of individual and school themed audits will be carried out across a range of schools based on a risk assessment. Schools are audited in line with a standard schools' audit programme, which includes an element of self-assessment.	WCF Interim Chief Executive – Tina Russell / Chief Finance Officer - Michael Hudson. Head Teachers and Governors
Governor support and training thematic review	Limited assurance report follow-up delivery of actions and process improvements	Director of Education and Early Help – Sarah Wilkins
St Egwin's Middle School	Limited assurance report follow-up delivery of actions and process improvements	Head Teacher & Governors
Grant certifications		
Grant certifications	Certification of grants for government bodies	Various, as appropriate
Worcestershire Children First assurance and risk assessment audits		
Dedicated schools grant and high needs block	Budget planning, forecasting and management of pressures	WCF Director of Resources – Phil Rook
Liquid Logic and Controcc post implementation review	Evaluation of the effectiveness of the implementation of the case management and financial systems	WCF Director of Resources – Phil Rook

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Area of coverage	Brief description	Management lead
Placement process for children in care	Reviewing the arrangements for placing children in care	WCF Interim Chief Executive – Tina Russell
Worcestershire Pension Fund assurance and risk assessment audits		
Pensions investment reviews	Scope to be determined, to include work of pooled arrangements	Chief Finance Officer - Michael Hudson
Pensions administration reviews	Scope to be determined following transfer of function and key personnel changes	Chief Finance Officer - Michael Hudson
Fraud and special investigations		
Fraud and special investigations	Prevention, detection and investigation of allegations and identified risk areas. All fraud allegations reported to the team will be subject to an initial triage process to determine the extent of any further investigation.	Various, as appropriate
National Fraud Investigation	Provision of key data sets to the Cabinet Office at regular intervals. Support for operational teams to investigate notified matches.	Identified NFI leads
Continuous data monitoring	Identification of key data sets to enable regular trend and matching analysis to assist in fraud prevention and risk mitigation	Internal Audit management team
Management and administration		
Communications – regular updates and newsletters	To include termly schools’ newsletters and quarterly organisational updates.	Internal Audit management team
Contingency	There is always a need to plan for some contingency due to additional ad hoc work, such as fraud investigations, additional assurance or overruns. This will be monitored during the year and discussed with the CFO and SLT and reported to the Audit and Governance Committee.	SLT / Chief Internal Auditor / Audit & Governance Committee
Training	Provision has been made for the team’s development around professional and behavioural competencies, as well as continued development of the Internal Audit system.	Internal Audit management team
Management	There will be a need for the Internal Audit management team to produce reports, support a range of corporate meetings / projects, as well as undertake management tasks such as appraisals. This time	Internal Audit management team

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Area of coverage	Brief description	Management lead
	will be monitored and discussed with the CFO and SLT and reported to the Audit and Governance Committee	

Audit charter

1. Introduction

The Council has committed to set up and maintain a permanent, independent, and objective internal audit function to operate across the Council. This Charter defines the purpose, objectives, and authority of the function.

2. Mission

The mission of Internal Audit is to assist the Council, elected members, Strategic Directors, and officers to appropriately manage the key risks to which the Council is exposed, and help improve the effectiveness of the Council's governance, risk management and internal control processes by providing risk-based and objective assurance, advice and insight.

3. Objectives

The Internal Audit service:

- Provides independent and objective assurance and advisory activity.
- Adds value to the Council's operations and governance.
- Helps the Council to accomplish its activities by evaluating and improving the effectiveness of risk management, control and governance processes, taking into accounts public section internal auditing standards and guidance.
- Ensures outcomes of the audit programme are designed to provide senior management, elected members and the WCF Board with assurance that the Council is effectively governed and to provide guidance on improvements where required.
- Follows an identical audit approach for Worcestershire Children First (WCF) and maintain a separate audit plan reportable to their Board.
- Delivers audit activity as required by the Accounts and Audit (England) Regulations 2015.

4. Authority

To ensure the authority of the Internal Audit function the following arrangements are in place:

- The function is headed by the Chief Internal Auditor, who reports administratively to the Chief Financial Officer.
- The Chief Internal Auditor maintains regular contact with Leadership Team, including regular meetings with the Chief Executive, Strategic Directors, and the Leader of the Council.
- The Chief Internal Auditor attends and reports to the Audit and Governance Committee, and Strategic Leadership Team.
- The independence of the role is further supported by the arrangements for appointment and dismissal being confirmed by the Chief Executive and Chairman of the Audit and Governance Committee.

The Council cannot place any restrictions on the work of Internal Audit and staff engaged on audit work, either directly by the Council or by one of our partners, are entitled to receive and have access to whatever information or explanations they require to fulfil their responsibilities to the Council. Internal Audit have full, free and unrestricted access to records, personnel or property of the Council; relevant security and privacy arrangements will be complied with.

5. Independence and objectivity

It is vital that the Internal Audit service remains independent and that the function remains free from all conditions that threaten the ability of the internal auditors to carry out their responsibilities in an unbiased manner. This includes audit selection, scope procedures, frequency, timing, and report content. Details of any impairment, in fact or appearance, will be reported by the Chief Internal Auditor to the Chair of the Audit and Governance Committee.

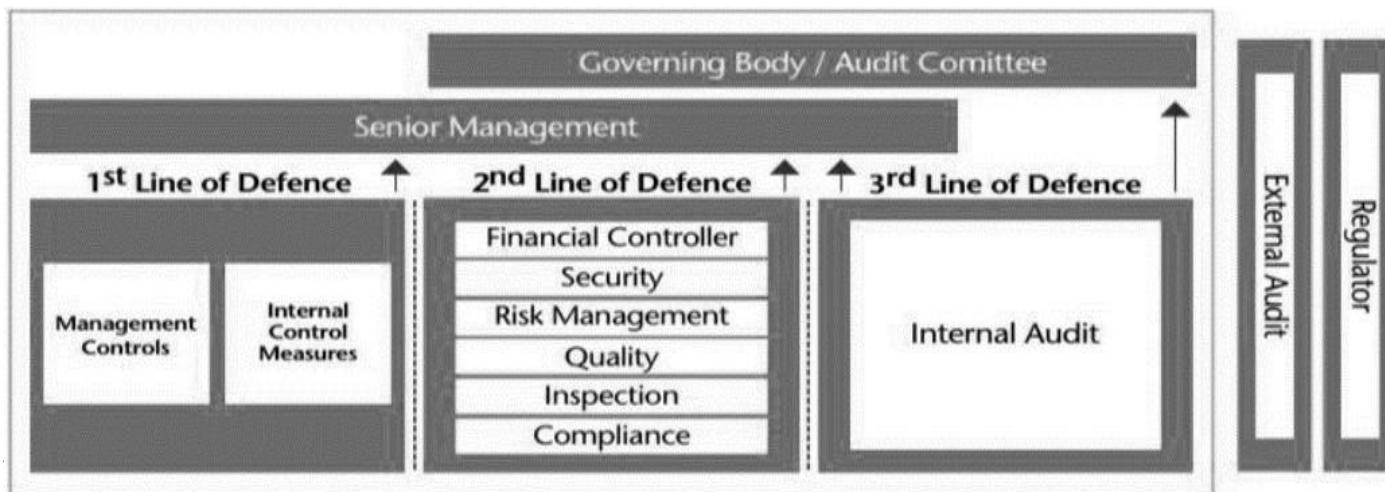
To ensure this independence and objectivity internal auditors provide advisory rather than decision making services, remaining independent of the activities we audit and rotating staff across audits.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or processes being examined
- Make balanced assessments of all available and relevant facts and circumstances
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

6. Organisational Status

The assurance levels are considered in conjunction with the Three Lines of Defence model.



The Three Lines of Defence model explains the relationship between the functions involved in assurance:

- 1st line of defence are the functions that own and manage risks
- 2nd line are the

- functions that oversee or specialize in the compliance or management of risk
- 3rd line are the functions that provide independent assurance.

7. Audit Approach

Internal Audit work will normally include, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments of the adequacy and effectiveness of governance, risk management, and control processes. Assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed
- The actions of the Council's officers and elected members comply with our policies, procedures and applicable laws, regulations and governance standards
- Operations or programs are being carried out effectively and efficiently

8. Responsibilities of Internal Audit and Officers

Internal Audit is responsible for operating under the policies established by the Council in line with professional standards and best practice. We conduct our work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by the Public Sector Internal Audit Standards (PSIAS). We ensure that any documentation and evidence provided is secured and confidentiality is always maintained.

Officers are responsible for agreeing the scope of internal audit work and for implementing agreed actions. The Strategic Leadership Team supports Internal Audit and ensures there is direct access and freedom to report findings and actions. Management will notify Internal Audit of any changes to key systems, legislation, processes, or staff to enable us to consider any potential impact on the audit plan.

Deliverables and the timeline for the audit will be agreed as part of the terms of reference. If information is not provided to agreed milestones, we will agree revisions if appropriate. If however information is still not provided we reserve the right to issue a report

specifying the impact of gaps in evidence and the assurance level provided will reflect this.

9. Planning and reporting

Internal Audit produce an annual plan in consultation with senior managers and considering the Council's aims, strategies, key objectives and associated risks. The strategic plan gives a three-year overview of activity and enables forward planning for identified changes and is supported by an annual plan which includes contingency allocation to allow us to respond to changing conditions and requests from managers. The plan is approved annually by the Audit and Governance Committee. The plan is reviewed regularly, and any changes discussed with the Chief Financial Officer. These changes are reported to the Audit and Governance Committee as part of our reporting schedule. The Chief Internal Auditor reports progress on the audit plan and action implementation to the Audit and Governance Committee. An annual report is provided giving an opinion on the Council's system of internal control. This opinion forms part of the Annual Governance Statement.

Delivery of Internal Audit activity is governed by our Internal Audit Engagement Standards, which ensure:

- Terms of reference are agreed in advance for each audit to ensure that all parties agree what the audit will cover. Reasonable notice is given about the start and process of each audit and we will work to minimise disruption to operational teams. We reserve the right to make unannounced visits if significant control risks are identified.
- Audit reports include an opinion on the adequacy of controls in the area reviewed, detail actions for improvement and agree the allocation of management responsibility and timeline for delivery with the relevant manager. Reports are agreed with the manager, usually following a presentation of findings to assistant director or operational manager and copied to the Strategic Director. Reports with financial implications are sent to the Chief Financial Officer. Audits resulting in a limited assurance opinion are reported to the Strategic Leadership Team and Leader of the Council.

Assurance audits will give an assurance level assessment providing an indication of the relative impact of the service on the Council's overall governance and effectiveness. Audit assurance levels are:

Full assurance	The system of internal control meets the Council's objectives. All the expected system controls tested are in place and are operating effectively. Future audits are undertaken in line with standard planning
Substantial assurance	There is a generally sound system of internal control in place designed to meet the Council's objectives. Weaknesses in the design of controls or inconsistent application of controls in a small number of low risk areas put the achievement of a limited number of system objectives at risk. The resulting risk is not significant. Future audits are undertaken in line with standard planning.
Moderate assurance	The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively, increasing the risk that the system does not meet the Council's objectives. An improvement

Limited assurance review audit is undertaken within 3 years. Weaknesses in the design and / or inconsistent application of controls puts the achievement of the Council's objectives at risk in many areas reviewed. The resulting risk is significant. An improvement review audit is undertaken within 12-18 months.

10. Healthy Organization Framework

As part of the development and continuous improvement of the function we use a healthy organisation framework to provide an objective assessment of the management control framework or "health" of the Council that supports the way we work. The framework comprises corporate themes:

- Corporate governance
- Financial management
- Risk management
- Performance management
- Procurement and commissioning
- People management
- Programme and project management
- IT and cyber

11. Performance Measures

It is important as part of their ongoing assessment of the governance arrangements for the Council that the Strategic Leadership Team, Members and WCF Board can assess the quality and performance of both the Internal Audit Service and the improvement output and response from the services audited. Performance will be subject to quarterly monitoring and review by both the Audit and Governance Committee and the WCF Board.

The following are proposed indicators and targets, and will develop and refine as the Internal Audit function matures:

Performance Indicator	Target
All 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%

12. Quality assurance

All audit documentation is subject to internal review, to ensure consistency and clarity of reporting. Internal Audit are subject to quality standards in line with PSIAS standards. We will carry out External Quality Assessment every 3 years to ensure that these standards are met. We are planning to carry out an assessment in 2021/22.