

<b>Report of:</b>	<b>Chief Internal Auditor &amp; Risk Manager</b>
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<b>Report Track:</b>	<b>Audit &amp; Governance Committee 06/04/21</b>

**Audit & Governance Committee**  
**6 April 2021**  
**Internal Audit Plan for 2021-22**

**1 Purpose of Report**

- 1.1 To present to the Audit & Governance Committee the Internal Audit Plan for 2021-22.

**2 Recommendation(s)**

- 2.1 That the Committee approves the Audit Plan for 2021-22.

**3 Key Issues and Reasons for Recommendations**

**Key Issues**

- 3.1 Internal Audit has a duty to provide the Council with an annual opinion on the effectiveness of its internal control environment and governance arrangements. The work of Internal Audit is also used as one of the sources of assurance for the Annual Governance Statement.
- 3.2 Internal Audit is required to produce a plan of work to ensure that it can give an appropriate opinion on the Council's key risk areas and systems and provide sufficient coverage to inform the Annual Governance Statement.

**Reasons for Recommendations**

- 3.3 The planned work is deemed to be sufficient to ensure that Internal Audit can deliver an appropriate opinion on the control environment and governance arrangements at the Council.

**4 Relationship to Corporate Priorities**

- 4.1 This report supports all of the Council's Corporate Priorities by helping to ensure that there are effective governance arrangements in place.

<b>5 Report Detail</b>
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- 5.1 Internal Audit is an assurance function which primarily provides an independent and objective opinion to the Council on its governance arrangements and internal controls. The Internal Audit Section does this by conducting an independent appraisal of all the Council's activities, financial and otherwise. It provides a service to the whole of the Council and to all levels of management.
- 5.2 To provide this assurance Internal Audit conducts an annual risk assessment and determines an audit plan for the year. Meetings are held with Heads of Service and the Council's s151 Officer as part of the risk assessment process to obtain views and comments in relation to the composition of the Internal Audit Plan. Comments are also invited from the External Auditor.

### Resources

- 5.3 The resource available for the delivery of the Audit Plan across both authorities in 2021-22 is 590 days; the full details are shown in Appendix 1. The In-house team is currently carrying a vacancy, which is being covered by External Support from a contractor and a second post is currently occupied by a Level 4 Apprentice so is not as productive due to ongoing training commitments.
- 5.4 There has been a small change to the resources available due to a request from Cannock Chase District Council's Leisure Contractor, IHL, to provide them with an Internal Audit function for 12 months in return for an agreed fee. It has been agreed that the Shared Service will provide 40 days of internal audit work and 5 management days. The fee is being split equally between Cannock Chase District Council and Stafford Borough Council. The fee may either be taken as a saving for 2021/22 or used to back-fill and buy-in additional days from our Audit Contractor (20 days per Council).
- 5.5 The resources can be broken down into:

#### Allocation of Resources to Audit Plan Requirements

<b>Shared Service Audits</b>	<b>180</b>
<b>Cannock Specific Audits</b>	<b>182</b>
Stafford Specific Audits	133
IT Audit Plan	60
IHL Audit Plan	40
<b>Total Days</b>	<b>595</b>

- 5.6 The resources available for the year are considered sufficient to cover enough work to adequately inform the Annual Audit Opinion for 2021-22.

### Annual Audit Plan

- 5.7 Normally, a full review of the "Audit Universe" would take place and be presented to Committee setting out all the possible areas for review and the risk scores determined for 2021-22. However due to the ongoing impact of the Covid-19 Pandemic and the unusual circumstances that this has presented a full review of

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the Audit Universe has not been undertaken this year. Instead the main risks being faced by the Council have been identified and this has been used to inform the audit plan. This has led to the focus of work for 2021-22 being based around:

- (i) the Council's response and recovery to the pandemic;
- (ii) the strategic risk areas;
- (iii) major projects; and
- (iv) key financial systems.

5.8 Areas identified for review this year have been categorised as:

- (i) Covid Response – activity relating to the ongoing response to the pandemic;
- (ii) Covid Recovery – activity relating to recovery for the Council, our residents and businesses;
- (iii) Strategic Issues – items from the Strategic Risk Register and key projects; and
- (iv) Operational Elements – Key financial systems, other projects, operational functions

5.9 The plan has been prepared and is attached as Appendix 2 This shows two elements:

- (i) The areas delivered as a Shared Service with Stafford Borough Council; and
- (ii) Those services solely delivered by Cannock Chase District Council.

5.10 The Audit Plan has been split across the themes as follows

	<b>Number</b>	<b>%</b>
Strategic Issue	4	17
Response Elements	2	9
Recovery	2	9
Operational	15	65
<b>Total</b>	<b>23</b>	<b>100</b>

5.11 A predetermined budget of time has not been allocated to the individual audits this year. Instead, we instead to allocate blocks of time to each theme/area that we are looking to provide assurance on to allow a more flexible use of resources. For example, a block of time will be dedicated to the audit of the recovery actions to ensure that the Council is preparing itself for the future and a return to normal levels of service however if we do see further issues and a resurgence of the virus then our focus may shift and more resources may be allocated to reviewing the work on response.

5.12 The IT Audit Plan for 2021-22 is also attached as Appendix 3. This has been compiled following an IT Audit Needs Assessment completed by the Council's IT Audit Contractor based on discussions with the Head of Technology.

<b>6 Implications</b>
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**6.1 Financial**

None

**6.2 Legal**

None

**6.3 Human Resources**

None

**6.4 Risk Management**

None

**6.5 Equality & Diversity**

None

**6.6 Climate Change**

None

<b>7 Appendices to the Report</b>
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Appendix 1: Available Audit Resources 2021-22

Appendix 2: Internal Audit Plan 2021-22

Appendix 3: IT Audit Plan 2021-22

**Previous Consideration**

None

**Background Papers**

Audit Plan File held by the Chief Internal Audit & Risk Manager

Available Audit Resources 2021-22

	<b>General Audit Total</b>	<b>IT Audit Support</b>	<b>Total Days - Revised Plan</b>
Staffing of the Team (Excludes Chief Internal Auditor)	<b>3</b>		
<b>In House Total Days</b>	<b>1044</b>		<b>1044</b>
<b>External Support</b>	150	60	<b>210</b>
<b>Days Available</b>	<b>1194</b>	<b>60</b>	<b>1254</b>
Less Non-Operational (leave, training etc)	413		<b>413</b>
<b>Chargeable Days</b>	<b>781</b>	<b>60</b>	<b>841</b>
<b><u>Chargeable Work</u></b>			
Fraud	28		<b>28</b>
Advice, Consultancy	58		<b>58</b>
Contingency Budget	130		<b>130</b>
Follow-ups	30		<b>30</b>
<b>Audits</b>	<b>535</b>	<b>60</b>	<b>595</b>
<b>Chargeable Days</b>	<b>781</b>	<b>60</b>	<b>841</b>
<b><u>Allocation of Resources to Audit Plan Requirements</u></b>			
<b>Shared Service Audits</b>	<b>180</b>		
<b>Cannock Specific Audits</b>	<b>182</b>		
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## Internal Audit Plan for 2021-22

## Cannock Chase DC Specific

<b>Audit Area</b>	<b>Lead Officer</b>	<b>Classification</b>
Economic Growth Projects - Stadium Phase 2, Levelling-up Fund Application	Corporate	Strategic Issues
Commonwealth Games Project	Corporate	Strategic Issues
Affordable Housing Projects	Housing & Partnerships	Strategic Issues
Climate Change Actions/Group	Managing Director	Strategic Issues
Business Grants	Economic Development/Finance	Response
Community Support Framework	Housing & Partnerships	Response
Planning for the Future (include Corporate Plan and Capacity)	Corporate	Recovery
Leisure Open Book and Recovery Arrangements and Monitoring	Environment & Healthy Lifestyles	Recovery
Disabled Facility Grants	Economic Development	Operational Elements
Development Control & Enforcement	Economic Development	Operational Elements
New Planning IT System	Economic Development	Operational Elements
Property /Asset Management Works – Rugeley Pool & Boiler, MSCP Demolition, Civic Offices Toilets, Boardwalks, Elmore Park	Economic Development	Operational Elements
Culture & Sport Capital Programme – New Cemetery,	Environment & Healthy Lifestyles	Operational Elements
Waste - Biffa arrangements	Environment & Healthy Lifestyles	Operational Elements
Car Park Cashless payments (new process)	Environment & Healthy Lifestyles	Operational Elements
Housing Consumer Standards Compliance	Housing & Partnerships	Operational Elements

**Shared Services**

<b>Audit Area</b>	<b>Lead Officer</b>	<b>Classification</b>
Council Tax	Financial Management	Operational Elements
Housing Benefits	Financial Management	Operational Elements
New Finance System & E-payments implementation	Financial Management	Operational Elements
National Non-Domestic Rates	Financial Management	Operational Elements
Treasury Management	Financial Management	Operational Elements
Customer Transformation Work – Joint work including replacement CRM & E-forms.	Governance & Corporate Services / Operations	Operational Elements
Payroll	HR	Operational Elements



## IT Audit Plan for 2021-22

<b>Audit Area</b>	<b>Lead Officer</b>	<b>Classification</b>
Document Retention /IT Records	Technology	Operational Elements
IT Health check / IT Assurance / Vulnerability Scanning / Cyber Assurance Arrangements	Technology	Operational Elements
IT Third Party Supplier Management and External Data Sharing (including access controls)	Technology	Operational Elements
Change Control Procedures	Technology	Operational Elements