

Report of:	Chief Internal Auditor & Risk Manager
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Key Decision:	No
Report Track:	Audit & Governance Cttee: 29/03/22

Audit & Governance Committee
29 March 2022
Internal Audit Plan for 2022-23

1 Purpose of Report

- 1.1 To present to the Audit & Governance Committee the Internal Audit Plan for 2022-23.

2 Recommendation(s)

- 2.1 That the Committee approves the Audit Plan for 2022-23

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.

5 Report Detail

- 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, the Chief Executive 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 2022-23 is 594 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.
- 5.4 A second post is currently occupied by a Level 4 Apprentice has not been as productive due to ongoing training commitments. However, the Apprentice has just commenced the End-point Assessment period and will be more productive in 2022-23 due to less study time.
- 5.5 A request was received in 2021-22 from Cannock Chase District Council's Leisure Contractor, Inspiring Healthy Lifestyles (IHL), to provide them with an Internal Audit function for 12 months in return for an agreed fee - this arrangement has been agreed to continue into 2022-23. It has been agreed that the Shared Service will provide 40 days of internal audit work and 5 management days to IHL. The fee is being split equally between Cannock Chase District Council and Stafford Borough Council. It is anticipated that the fee for 2022-23 will be used to purchase an electronic working paper system for the section to improve efficiency within the team.
- 5.6 The resources can be broken down into:

Allocation of Resources to Audit Plan Requirements	
Shared Service Audits	180
Cannock Chase DC Specific Audits	179
Stafford BC Specific Audits	135
IT Audit Plan	60
IHL Audit Plan	40
Total Days	594

- 5.7 The difference in days between Cannock Chase DC and Stafford BC specific days is due to Cannock retaining its housing stock and is funded from the Housing Revenue Account.
- 5.8 The resources available for the year are considered sufficient to cover enough work to adequately inform the Annual Audit Opinion for 2022-23.

Annual Audit Plan

- 5.9 A light touch review of the Audit Universe has been undertaken and the main risks being faced by the Council have been identified. This work has been used to inform the audit plan. As a result the focus of work for 2022-23 is based around:
- (i) the strategic risk areas;
 - (ii) major projects; and
 - (iii) key systems.
- 5.10 The plan has been prepared and is attached as **APPENDIX 2**. This shows two elements:
- (i) The areas delivered as a Shared Service with Cannock Chase District Council; and
 - (ii) Those services solely delivered by Stafford Borough Council.
- 5.11 Those services solely delivered by Stafford Borough Council. Two areas have been identified as high priority areas but not included formally in the Audit Plan for 2022-23 but will be taking a responsive approach. These are:
- (i) Implementation of New Finance System & E-Payments System- this was originally included in the 2021-22 Audit Plan but delays in the implementation and full roll out of the system along with the effects of the Covid Pandemic and delays with the External Audit of the Accounts have meant that this was not reviewed. A decision has been taken not to include the review on the 2022-23 plan and instead support the implementation of the software with greater advice and monitoring of the development of new working practices and procedures. This will allow Internal Audit to have an overview of the system as it develops during 2022-23.
 - (ii) Proposals for Potential Further Development of Shared Services - This was originally flagged in Summer 2021 as part of the report to share a Chief Executive between the two Councils. A further report is due to go to both Councils in April 2022 on this matter. Internal Audit will continue to monitor the situation in relation to this and where necessary seek to support the development of arrangements to explore options for the development of further sharing of services should this be supported by Members.
- 5.12 A predetermined budget of time has not been allocated to the individual audits. Instead, we intend 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.

5.13 The IT Audit Plan for 2022-23 is also attached as **APPENDIX 3**. This has been compiled following discussions between the Chief Internal Auditor & Risk Manager, the Council's IT Audit Contractor and the Head of Technology.

6 Implications

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

7 Appendices to the Report

Appendix 1: Available Audit Resources 2022-23

Appendix 2: Internal Audit Plan 2022-23

Appendix 3: IT Audit Plan 2022-23

Available Audit Resources 2022-23

	General Audit Total	IT Audit Support	Total Days - Revised Plan
Staffing of the Team (Excludes Chief Internal Auditor)	3		
In House Total Days	783		783
External Support	150	60	210
Days Available	933	60	993
Less Non-Operational (leave, training etc)	248		248
Chargeable Days	685	60	745
<i>Chargeable Work</i>			
Fraud	8		8
Advice, Consultancy	28		28
Contingency Budget	100		100
Follow-ups	15		15
Audits	534	60	594
Chargeable Days	685	60	745
<i>Allocation of Resources to Audit Plan Requirements</i>			
Shared Service Audits	180		
Cannock Chase DC Specific Audits	179		
Stafford BC Specific Audits	135		
IT Audit Plan	60		
IHL Days	40		
Total Days	594		

Internal Audit Plan for 2022-23

Shared Services

Audit Area	Service Lead Officer	Notes
Project Governance Arrangements	Corporate	A review of the overarching Project Management Arrangements / Processes at both Councils
Building Control	Economic Development	A review of the Building Control Service
Housing Benefits	Finance	A review of the Housing Benefits Arrangements
Council Tax	Finance	A review of arrangements for the collection and billing of Council Tax.
National Non-Domestic Rates	Finance	A review of arrangements for the collection and billing of Non-domestic rates.
Capital Programme	Finance	A review of arrangements for monitoring and managing the Capital Programme at both Councils.
Agency Staff & Consultant use	Corporate	A review of policies and procedures for the use of Agency Staff and Consultants including a review of IR35 compliance arrangements.
Procurement	Governance & Corporate Services	A review of procurement arrangements taking into account Spend Analysis, Procurement Regulation Compliance and the use of Purchasing Card.
Payroll	Human Resources	A review of the arrangements for processing pay and expenses to employees.
IT Strategy Resources and operational plans	Technology	A review of the framework and plans to deliver the Council's IT Strategy.
Replacement Customer Relationship Management Project	Technology / Governance & Corporate Services / Operations	A review of the project to procure a replacement CRM solution to help deliver the Councils digital strategy.

Cannock Chase DC Specific Audits

Audit Area	Service Lead Officer	Notes
Economic Development Projects	Economic Development	A review of major projects in Economic Development including the Levelling Up project.
Licensing	Economic Development	A review of the Council's Licensing Function.
Food Safety	Economic Development	A review of the Council's Food Safety Inspection arrangements.
Asset Management Strategy & Records	Economic Development	A review of the Council's Asset Management Strategy and records.
Property Services - Major Projects	Economic Development	A review of major projects being carried out by Property Services including refurbishment works, Rugeley Boardwalk, Bridges.
New Planning & Building Control Application Project	Economic Development / Technology	A review of the project to implement a new Planning & Building Control System.
Leisure Contract Monitoring Arrangements	Environment & Healthy Lifestyles	A review of the arrangement put in place to monitor the Council's Leisure Contractor.
Env & Healthy Lifestyles Projects	Environment & Healthy Lifestyles	A review of Major Projects in Environment & Healthy Lifestyles.
Housing Allocations	Housing & Partnerships	A review of the Housing Allocations function.
Housing Property Service	Housing & Partnerships	A review of the Housing Property Services Function including the arrangements for letting major contracts.
Homelessness & Housing Advice	Housing & Partnerships	A review of the Homelessness and Housing Advice function.
Housing & Partnership Major Projects	Housing & Partnerships	A review of major projects in Housing & Major Projects including new-build projects.

IT Audit Plan for 2022-23

Audit Area	Notes
IT Resilience	To provide assurance that appropriate and effective resilience arrangements are in place to manage the loss of information or critical systems, ensuring that in such an event key frontline services can continue to be provided.
Wireless Network security	To provide assurance over the adequacy of the arrangements for monitoring and developing of wireless access points and network capacity to support business needs and the strategy of the Council as staff increasingly work at different locations / remotely.
Remote Working	Assurance over the Council's Remote Working Policies and that they are aligned to the best practice guidance. This will include the controls for user education, network connectivity and capacity monitoring, asset tracking and mobile device management.
Critical applications security	To provide assurance over the security of information assets through the management of the Councils' IT applications.