



Report for:
INFORMATION

Contains Confidential or Exempt Information	No
Title	Draft Internal Audit Plan 2020/21
Responsible Officer	Ross Brown, Chief Finance Officer Mike Pinder, Head of Audit & Investigations
Author	Mike Pinder, Head of Audit & Investigations, ext 5792, pinderm@ealing.gov.uk
Portfolio	Cllr Bassam Mahfouz - Finance and Leisure
For Consideration By	Audit Committee
Date to be Considered	4 March 2020
Implementation Date if Not Called In	1 April 2020
Affected Wards	All
Keywords/Index	Audit Strategy and Plan

Purpose of Report:

This report details the draft internal audit plan for 2020/21.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Committee is being asked to review and approve the proposed strategy and plan.

1. Recommendation

- 1.1 The Audit Committee is asked to review and approve the draft internal audit plan for the period 1 April 2020 to 31 March 2021.

2. Reason for Decision and Options Considered

- 2.1 Internal Audit is an assurance function that provides an independent and objective opinion to the Council on the adequacy and effectiveness of the systems of internal control comprising of risk management, internal control and governance, by evaluating its effectiveness in achieving corporate objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

- 2.1 The assurance gained from the programme of work set out in the 2020/21 Plan (Appendix A), will form the main input for the development of the 2020/21 opinion of the Chief Audit Executive regarding the control environment within Ealing Council.

3 Key Implications

- 3.1 The 2020/21 Internal Audit Plan is an indicative plan which is kept under constant review to ensure that it is agile and able to respond to emerging risks. It is subject to revisions during the year with the approval of the Audit Committee.

4 Background

- 4.1 The fundamental role of Internal Audit is to provide senior management and Members with an independent assurance on the adequacy, effectiveness and efficiency of the system of internal control and report major weaknesses together with recommendations for improvement. The role is fulfilled by carrying out appropriate audit work in accordance with the Annual Plan as approved by the Executive Director of Corporate Resources and the Audit Committee. As Internal Audit is a major source of assurance that the Council is effectively managing its risks, a key rationale for the development of the Internal Audit Plan was the Council's own Corporate and Service Risk registers.

- 4.2 The Council's Internal Audit Service is delivered in accordance with a regulatory framework comprising:

- The Local Government Finance Act 1972 which requires councils to 'make arrangements for the proper administration of their financial affairs'.
- The Accounts and Audit Regulations 2015. These require that all local authorities must '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'.
- The Public Sector Internal Auditing Standards 2017 (PSIAS). These standards set out what is meant by appropriate internal audit practices.

- 4.3 The PSIAS require the Council to have an Internal Audit Charter, similar to a terms of reference, which sets out the purpose, authority and responsibility of the Internal Audit Service. The Internal Audit Charter was agreed by Audit Committee in May 2019.

- 4.4 The planning process is a high level statement which outlines how the Internal Audit planning is undertaken. The PSIAS no longer make specific reference to a strategy document, but requires that the information that it contains be communicated to the Audit Committee, to support discussion about audit planning and resources.

Regular progress meetings will be undertaken between the Section 151 Officer (Chief Finance Officer) and the Head of Audit & Investigations and the PwC Contract Manager.

5. Financial

5.1 The Audit Plan will be funded from the Audit and Investigations budget.

6. Legal

6.1 All Local Authorities are required to make proper provision for Internal Audit in accordance with the 1972 Local Government Act and the Accounts and Audit Regulations 2015 (as amended). The Public Sector Internal Audit Standards 2017 (PSIAS) requires proper planning of audit work.

7. Value for Money

7.1 Ealing's Internal Audit Services are currently provided by a Strategic Audit Partner (PricewaterhouseCooper). The contract places an obligation to continuously develop and improve services over the life of the contract, including improved benchmarking of services and costs.

8. Sustainability Impact Appraisal

8.1 Not applicable.

9. Risk Management

9.1 The Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

9.2 The proposed internal audit plan is based on risk and takes into consideration the current levels of strategic and operational risks managed by the Council. Risk management arrangements are, however, kept under continual review.

10. Community Safety

10.1 Not applicable.

11. Links to Strategic Objectives

11.1 Internal Audit makes a significant contribution to delivering the Corporate Plan and Council Objectives, providing regular assurance to senior management and Members on the effectiveness of the corporate governance and internal control framework. Internal Audit impacts on all services and functions throughout the Council, including internal and external partnerships, and stakeholders. This links to the strategic objective of being a high performing organisation focussed on the needs of its community.

12. Equalities and Community Cohesion

12.1 No equality impact assessment has been undertaken as the report does not affect the general duties of the Equalities Act 2010.

13. Staffing/Workforce and Accommodation implications

13.1 Not applicable.

14. Property and Assets

14.1 Not applicable.

15. Any other implications

15.1 None.

16. Consultation

16.1 As per attached table.

17. Appendices

Appendix A: 2020/21 Draft Internal Audit Plan

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Ross Brown	Chief Finance Officer (s151 Officer)	13/02/2020	13/2/2020	Throughout
Corporate Leadership Team	All Departments			Throughout
Cllr Bassam Mahfouz Johnson	Portfolio Holder – Finance and Leisure			

Report History

Decision type:	Urgency item?
For Information	No
Report no.: Report author and contact for queries: Mike Pinder, Head of Audit & Investigations, pinderm@ealing.gov.uk	



Draft Internal Audit Plan 2020/21
Ealing

Draft Internal Audit Plan for 2020/21.
To Audit Committee – 4 March 2020

Introduction

The role of internal auditors is to provide independent, objective assurance designed to add value and improve the council's performance. The remit and approach of internal audit, as set out in the internal audit charter, is to help management and the Audit Committee to evaluate and improve the effectiveness of risk management, control and governance processes.

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve the council's performance. Our remit and approach, as set out in the internal audit charter, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Councils' approach complies with best professional practice, in particularly the Public Sector Internal Audit Standards.

Internal audit's objectives are to:

- Remain independent and objective in the delivery of internal audit
- Provide assurance to management and the Audit Committee
- Formulate an effective annual operational plan, based upon regular review and risk assessments
- Respond to new and emerging risks through on going liaison with management and provision of adequate contingency
- Use benchmarking and comparison to identify wider changes to the sector
- Work closely with management and other assurance providers to optimise assurance, develop effective conclusions and recommendations
- Work with the anti-fraud service to optimise investigation coverage, promote good controls and fraud preventions and aid management.

This document sets out the planning process along with a one year operational plan for the coming year (2020/21). A strategic plan is also set out including coverage from 2017/18, 2018/19 and also potential areas and areas to consider for 2020/21.

Planning Process

The strategy for planning is set out in line with the internal audit charter and considers the public sector internal audit standards. It sets out our delivery of the internal audit service and is based upon the following:

- 1) Developing a framework for the service, which ensures independence and objectivity for internal audit staff.
- 2) Providing assurance through a systematic approach covering key areas including:
 - Controls Assurance Monitoring on key financial systems.
 - Risk based audits to confirm actions are in place to help mitigate risks
 - Prevention of fraud, linking to the anti-fraud service to help protect services for those with a genuine need
 - Special projects linking with services to help provide them with assurance following a period of change.
 - Contract audit to provide assurance on the increasing number of key projects, as well as monitoring of contracts in operation.
 - Schools audit ensuring all schools are audited over a period of time
 - Information Communication Technology (ICT) audit to provide assurance on the on ICT estate operated by the Council.
 - Appropriate use of computer aided audit techniques including data matching and analytics to provide whole population testing.
- 3) Promoting good practice in:
 - Risk management
 - Control and fraud prevention
 - System designed
 - Governance
- 4) Adding value by:
 - Working with management to develop the most effective recommendations
 - Providing challenge where appropriate
 - Benchmarking with PWC network, London Audit Group and other sources.
- 5) Optimising assurance by:
 - Working closely with other assurance providers, such as external audit to optimise coverage. Utilising the three lines of defence model to draw assurance from available sources.

A list of project areas which require internal audit review or independent sign off is also included. For example grants received, which require sign off by the provider. The strategic plan internal audit plan remains responsive to key risks, but acts as a planning aid. Setting out a list of areas to help with future year discussions. It is intended that the strategic plan will continue to build over the next few years, but also that it will continue to be agile to reflect a changing risk environment.

2020/21 – Operational Internal Audit Plan

The operational one plan will remain reasonably fluid to allow areas of emerging risk to be adopted during the year where necessary. Updates will be reported to management and the Audit Committee during the year.

	Topic	Description/Indicative Scope	Assurance Map Risk rating	Period (forecast)
Corporate Wide				
1	Future Ealing (P)	A review of key Future Ealing promise projects: <ul style="list-style-type: none"> - Housing and Homeless - All age disabilities 	High	Q2
2	Council Owned Companies (P)	To consider monitoring arrangements for the Council Owned Companies. This will focus on Broadway Living (including Broadway Living Registered Provider (RP)) and Greener Ealing Limited.	High	Q3
Finance				
	Key financial systems.	Testing of key financial systems, the programme is now run on a three year programme. In this year the reviews will focus on the following three projects: <ul style="list-style-type: none"> - 	High	Q3
3	(P)	Accounts Payable	High	Q3
4	(P)	Accounts Receivable	High	Q3
5	(P)	Treasury and Pensions Investments	High	Q3
6	Financial Assessments (P)	A review of the system, controls and checks undertaken for financial assessments.	Medium	Q1

	Topic	Description/Indicative Scope	Assurance Map Risk rating	Period (forecast)
Place				
7	Project Management (P)	Perceval House project management. This will include talking to service areas to consider their own readiness.	High	Q2
8	Housing Allocations (P)	A review of the controls of the application process for Housing.	Medium	Q2
9	Temporary Accommodation (P)	A review of financial recording and monitoring. Also to consider arrangements around H&S	Medium	Q1
10	Housing Repairs and Maintenance (P)	A review of reactive repairs and maintenance arrangements.	High	Q2
Information Communication Technology and Property				
11	Health and Safety (P)	A review of the arrangements of Fire, Legionella, Asbestos, Gas and Electrical assessments for the Corporate Property Estate. Including recording on the new system (Concerto).	High	Q1
12	Fleet Management (I)	Central fleet audit. Assurance to confirm new system and processes are working.	Medium	Q1
13	Repairs (Supplies) (P) (Light)	A light high level review of process to purchase supplies for the repair and maintenance of the Corporate Estate.	Medium	Q1
14	IT Licencing (I)	A review of a sample of system to confirm: <ul style="list-style-type: none"> Starters, leavers and access to applications. Software Asset Management arrangements. Admin/High level access rights to system. 	High	Q1
15	IT Implementation (P)	A post project review of the implementation of the Information at Works system.	Medium	Q1

	Topic	Description/Indicative Scope	Assurance Map Risk rating	Period (forecast)
16	Data breaches (P)	To consider the Council's response to data breaches. <ul style="list-style-type: none"> - Follow-up action by the data team. - Lessons learnt, recurring issues. 	High	Q2
Children and Adults				
17	Mosaic (P)	A review of performance monitoring reporting. To consider completeness/quality of input and output reports.	High	Q4
18	Direct Payments (Adults) (I)	A review over the controls and processes in operation for monitoring of direct payments.	High	Q1/2
19	Children's Services – Business Systems (P)	A review of the core business processes, following a planned implementation of a new structure from April 2020.	Medium	Q3
20	Regional Adoption Agency (P)	A review of the processes around the RAA.	Medium	Q2
21	Special Educational Needs (P)	A review of SEND placements, including management information and monitoring arrangements.	High	Q2
22	Continuing Healthcare (CHC) (P) (Light)	A light high level review around the processes for to ensure that CHC cases are recorded and treated as such.	Medium	Q1
Greener Ealing Limited				
23	Corporate Governance (P)	A review of the internal governance arrangements.	High	Q3

Cyclical Verification Work

This is internal audit work to review e.g., grant claims or income that require independent sign off. Additional requests may be made during the year.

Mortlake Cemetery (April 2020)
MHCLG Disabled Facilities Grant (pre-December 2020).

Key

(P) A review likely to be allocated to the PWC internal audit team.

(I) A review likely to be allocated to the In-house internal audit team.
(Light) A lighter touch high level review of the process.

Strategic plan

This includes coverage from 2017-2020 and the operational plan for 2020/21.

This document helps to reflect on the time elapsed between audits as this may impact on the risk assessment process.

Topic	2017/18	2018/19	2019/20	2020/21
Workforce Planning		✓		
Human Resources			✓ (Transactional)	
Council Owned Companies	✓			✓
Temporary Workers/Contractors	✓			
Controls Assurance Monitoring of key financial system	✓	✓	✓	
Payroll & Transactions HR	✓		✓	
General Ledger	✓		✓	
Accounts Payable	✓			✓
Accounts Receivable	✓			✓
Council Tax	✓	✓		
NNDR	✓	✓		
Cash		✓	✓	
Housing Benefits		✓		
Housing Rents		✓		
Financial System (Agresso)		✓		
Pensions Administration			✓	
Treasury and Pension Investment	✓			✓
Data Protection	✓	✓		✓ Breaches process
Financial Control		✓		
Corporate Credit Cards		✓	✓	
New starters induction programme		✓		
No Recourse to public funds	✓			
Safeguarding Adults – Deprivation of Liberty	✓			
Better Lives Programme		✓		
Commissioning		✓		
Direct Payments	✓			
Home Care/Support	✓			

Emergency Response/Business Continuity		✓		
Special Educational Needs and Disabilities (SEND)	✓ (Transport)		✓ (ESCAN)	
Viridor Recycling Contract	✓			
Out of Hours service	✓			
Benefits		✓		
Licensing)	✓(Homes of Multiple Occupation		✓ (Alcohol and Gambling)	
Trading Standards	✓			
Cyclical Planned Maintenance	✓			
Health and Safety	✓ (Housing Electrical)	✓ (Fire Risk Assessment)	✓ Schools (and Follow-up).	✓ Corporate Property)
IT – Cyber	✓			
Homelessness Reduction Act		✓		
Temporary Accommodation		✓	✓	✓
Housing Allocations				✓
Housing Repairs				✓
Direct Payments	✓			✓
Fostering		✓		
Future Ealing Programme		✓	✓	✓
Environment Commercial Income		✓		
Section 20				
Libraries		✓		
Leaseholder		✓		
Right to buy				
Contract management			✓ (Housing)	
Waste Contract			✓ (Advice)	
Project Management		✓ (Regeneration)	✓	✓ (Perceval House)
Planning		✓		
Section 106/ Community Infrastructure Levy				
Commercial Property Income				
IT Security				
ICT applications			✓	✓

IT Cloud				
ICT Licencing				✓
ICT Implementation (Info at Work)				✓
Mosaic (Performance Info)				✓
Digital Programme Management			✓	
Grant Administration			✓	
West London Alliance			✓	
Brexit			✓	
Highways			✓	
Section 75 Agreement			✓	
Facilities Management			✓(Security)	✓ Repairs Supplies
Fleet Management				✓
Brokerage Team			✓	
Safeguarding				
Children's Services Business Systems				✓
Regional Adoption Agency				✓