

Flintshire Internal Audit

Strategic Plan



2017/18 –
2019/20

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Presented to Audit Committee, 15 March 2017

Introduction

This strategic plan sets out the approach we have taken to develop the internal audit plan for 2017 / 2020, the role of Internal Audit has within Flintshire County Council and the approach Internal Audit will take to deliver a professional service to the Council's stakeholders.

The Purpose and Function of Internal Audit:

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2014 must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. It must make provision for internal audit in accordance with the Standards and the Local Government Application Note issued alongside it. Our professional responsibilities as internal auditors are set out within the Standards, published in 2013 and subsequently revised in 2016.

In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, in particular to how those elements help Flintshire County Council achieve its objectives. The work is designed to enable the Interim Internal Audit Manager to arrive at her year-end opinion on the adequacy and effectiveness of governance, risk management and the control environment. The Annual Report provides evidence to support the Annual Governance Statement.

Within Flintshire County Council the Internal Audit Charter defines the role, scope, independence, authority, and responsibility of the Internal Audit Department. Audits will be delivered in accordance with that Charter. The team will also be developed during the year in accordance with the Charter and Portfolio Business Plans. Development will continue to be predominantly by the implementation of integrated audit software and increased use of computer assisted audit tools and techniques software (CAATTS) to increase the efficiency of the department.

'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.'

(Public Sector Internal Audit Standards)

Developing the Internal Audit Strategic Plan

In developing the Strategic Plan for 2017/20 and the detailed plan for 2017/18 the starting point is an understanding of the Council's priorities, objectives and risks. We have used a risk based approach and considered the following:

- The draft Improvement Plan 2017/22, including the strategic priorities and objectives of the Council and the risks associated with these;
- Reports by management to Cabinet and Scrutiny Committees;
- Reports to Programme Boards on the management of risks;
- Strategic risks managed within the CAMMS system;
- Areas of concern or requests for coverage from management and the Audit Committee;
- Areas where it is necessary to provide ongoing assurance with regards to key financial systems;
- Other sources of assurance available to the organisation;
- Any recent significant changes within the organisation and its operations and service delivery;
- Reputational and financial risk
- Legislation
- Any external assurance
- Results of previous internal audit coverage; and
- The timing for each internal audit review to maximise the benefit of assurance provided.

We have consulted with management across the organisation to further understand the priorities and associated risk within their Portfolios to understand where internal audit assurance is appropriate.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategic plan includes an audit management allocation, used at Audit Manager and Principal Auditor level for quality control, internal and external liaison and for preparation for and attendance at Audit Committee and the development of the Internal Audit Service.

To ensure the detailed plan is flexible to adapt to local and national issues, risks as they arise, and requests from management, quarterly management meetings have been introduced to continuously monitor and review the plan. All changes will be reported to the Audit Committee.

The strategic plan will be revisited each year to confirm current priorities for internal audit coverage and to develop a detailed internal audit plan for the forthcoming year.



Audits covered within the plan

Outline scopes for each review are given in the table on page 8. The following types of audit work will be completed.

Risk Based Audit: This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls around those risks.

System Based Audit: Predominantly of key financial systems to give assurance that they are operating effectively. Key control reviews will be carried out of all core financial systems with continuing close liaison with our external auditors to maximise audit efficiency.

Follow Up Audit: Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews. There is also a contingency of 30 days to allocate to further follow up reviews as they become necessary.

Advisory Work: Audit time to take part in specific projects or developments, as already requested/agreed with management. Again, there is a contingency of 40 days to cover requests or developments as they arise throughout the year.

Value For Money: Value for money is considered as part of each audit review. In addition, there are a few specific reviews in the plan where that is the focus of the audit.

Schools: We will continue to use Control and Risk Self-Assessment for all schools. This is designed to increase the level of assurance we can provide about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits.

We will continue to complete school based reviews on risks identified from the self-assessment. A sample of schools will be visited to assess the identified risks.

Grant Claims: As in previous years, time has been assigned to carry out reviews of grant claims.

Counter Fraud: We will continue to conduct investigations in fraud and irregularity during the year. In addition we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions. The amount of time allocated, 200 days, is based on experience in previous years, but there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks.

Resources

The audit plan will be delivered by the in-house team and the plan has been based on the current complement of the audit team and it may be necessary to use external resource to deliver some of the more technical ICT audits. Internal Audit has been requested to undertake a commissioned piece of work. The funding from this work will be used to backfill the post. Apart from that, no reliance will be placed on other sources of assurance.

Based on the current team, Internal Audit has an annual allocation of around **1125** productive working days available for 2017/18. This level of resource is capable of delivering the level of assurance required by the Council and is broadly in line with others across Wales.

Within the plan (detailed on page 8 onwards), the level of audit prioritisation is based on risk analysis and consultation with management. This has taken into consideration the last audit opinion, the length of time since the last audit, last audit opinion, any new developments or links to the draft Improvement Plan, budget materiality, strategic and reputational risk and management concern or priorities. Each area has been assessed and all high priority audits will be undertaken within the financial year 2017/18. To ensure the appropriate resources are allocated for each review, the audit days will be assigned following the scoping meeting.

Those audits rated as medium priority will be kept under constant review through formal quarterly meetings with Chief Officers and their management Team, Chief Executive and Wales Audit Office. Any new priorities or emerging risks may take precedence over those medium priority audits.

This new approach to formulating and managing the audit plan has been discussed with Wales Audit Office, Chief Executive, Section 151 Officer and Chief Officers. By ensuring the plan remains a live working document, Internal Audit has the ability to respond quickly to emerging risk and priorities whilst completing sufficient work in order to be able to give the annual audit opinion on the adequacy and effectiveness of controls, corporate governance and risk management.

Audits identified for the second and third years of the plan are indicative and may change.

CONSIDERATIONS REQUIRED OF AUDIT COMMITTEE

- Does the three year Strategic Plan for Internal Audit (as set out in the table) reflect the areas that the Audit Committee believe should be covered?
- Does the first year of the plan reflect the areas that should be prioritised?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

Strategic Plan for Internal Audit 2017/18 – 2019/20

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
CORPORATE						
Income from Fees and Charges / Efficiency Savings		To review the effective implementation of the Fees & Charges policy and the application of delegated responsibility to enforcing this	H	x		
Consultants		Advisory work on the use of Consultants	Advice & Consultancy	x		
Corporate Governance		Continuing participation in the Corporate Governance Working Group and further work to provide assurance on overall corporate governance arrangements within the Council	Annual	x	x	x
COMMUNITY & ENTERPRISE						
Single Access Route to Housing (SARTH)	Supportive Council	The review will focus on the controls around the operation of the single housing register following its introduction in April 2015	H	x		
Strategic Housing and Regeneration Project (SHARP)	Supportive Council	It intended to review the project in terms of progress against defined objectives, performance on the project, management of risk and benefits to the community	H	x		

Audit			Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Welsh Standard	Housing Quality		Supportive Council	The compliance policy will be reviewed with particular attention given to the controls governing the issue of compliance certificates	H	x	x	x
	Transient Travellers		Supportive Council	The audit will establish the arrangements made to ensure compliance with relevant legislation	M	x		
	Housing Rent Arrears			The level of housing rent arrears will be reviewed and an assessment will be made of the measures in place to manage the level of debt	M	x		
	Council Tax & NNDR			It is intended that the service will carry out a self-assessment of the risks and controls.	Annual	x	x	x
	Housing Benefit			It is intended that the service will carry out a self-assessment of the risks and controls	Annual	x	x	x
EDUCATION & YOUTH								
	School Closure (John Summers High Schools)			Ensure arrangements are in place to effectively manage the school closure	H			
	IT Procurement in schools			To review the arrangements in place to procure IT. Particular attention will be given to contract arrangements made with third party providers to ensure compliance with relevant procurement rules and achievement of value for money	M			

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Education Grants: Including Education Improvement Grant (EIG) & Professional Development Grant (PDG)	Learning Council	To carry out the annual review of the grant arrangements in line with the requirements of the grant provider	Annual	x	x	x
Control and Risk Self-Assessment		This is the annual self-assessment of the schools control framework (to include governor training)	Annual	x	x	x
Risk based thematic reviews across all schools including central controls		To analyse the results of the control and risk self-assessment and focus Internal Audit resources on reviewing areas identified as high risk, including performance management within schools	Annual	x	x	x
GOVERNANCE						
Procurement - Contract Monitoring (Joint Review)		Through a joint working arrangement with Denbighshire Internal Audit Team this review will examine the Contract Monitoring arrangements across Flintshire and Denbighshire following the implementation of the Council's CPRs	H	x		
Procurement - Aggregated Spend (Joint Review)		A joint review with Denbighshire Internal Audit Team this review will examine the aggregated spend across two authorities to ensure compliance with Public Sector Contract Regulations 2006	H	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Joint Procurement Arrangement (Joint Review)		Flintshire and Denbighshire Internal Audit Teams will jointly review whether the Joint Procurement Arrangement in place to determine whether the intended outcomes are being delivered	H	x		
Community Benefits	Connected Council	This audit will examine whether community benefits are being delivered as intended	M	x		
Case Management		A new legal case management system is being introduced, the review will assess the controls in place over the use of the software	M	x		
Digitisation / Digital Strategy	Connected Council	To provide advice and consultation on the role out of the Digital Strategy	Advice & Consultancy	x		
Data Protection		To assess the Authority's preparation for the introduction of the general data protection regulation (GDPR) in April 2018	Annual	x	x	x
ORGANISATIONAL CHANGE 1						
Post Transfer - Leisure, Libraries & Museum Services	Connected Council	Following transfer, examine internal controls to ensure they remain robust whilst ensuring they provide flexibility to operate commercially	H	x	x	
ADM - Facility Services, Leisure & Libraries, Work Opportunities	Connected Council	Advisory - Ongoing consultation	Advice & Consultancy	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Libraries		Examined the Libraries Medium Term Plan to determine whether this has been achieved, including a review of the Communities Libraries to ascertain whether they are achieving the desired outcome	M	x		
Clwyd Theatre Cymru (CTC)	Connected Council	CTC is unique in that it is one of the few theatres which is looked after by the authority and as such needs to remain accessible to all. As part of this review, it will be examined as to whether the Theatre has maximised on its events income, taking into account the quality of service delivery, pricing (ticket prices) and remaining accessible to all	M	x		
Future ADM : Bailey Hill, Museums & Archives and any emerging ADMs	Connected Council	Advisory - Future consultation	Advice & Consultancy	x	x	x
ORGANISATIONAL CHANGE 2						
Community Asset Transfer - Holywell Swimming Pool	Connected Council	An assessment will be carried out of agreements in place with CAT organisations and the effectiveness of the outcomes such as community benefits. End of March 17	H	x		
Post ADM Transfer - Facilities Services	Connected Council	To review the operational controls in place following the transfer of the service	H	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Community Asset Transfer - Contract Management - Connah's Quay Swimming Pool	Connected Council	To assess the community benefits achieved following the transfer to the community	M	x		
County Hall Campus		Following the reorganisation of the accommodation arrangements at County Hall, assess the benefits that have been achieved by the project	M	x		
Property Maintenance		To review a sample of contracts to ensure compliance with the contract procedure rules	M	x		
CCTV		Following the appointment of a new contractor to manage the CCTV operations, a review will be carried out to ensure the conditions of the contract are being met	M	x		
Community Asset Transfer - New	Connected Council	A review will be carried out of the process in place to transfer assets to the community	Advice & Consultancy	x	x	x
PEOPLE & RESOURCES						
IR35 Compliance		Examined the Council's approach to meeting the requirements of the IR35 which comes into effect 3 April 2017	H	x		
Working Time Regulations		To examine the Council's overall compliance with the Working Time Regulations (compensatory rest periods). Examining across all Portfolios and Clwyd Theatre Cymru	H	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Appraisals		The review will examine the level of compliance with the Appraisal Policy, including both Competency Based and Light Touch Appraisals	M	x		
Workforce Planning		Following the implementation of the Workforce Strategy review the Council's approach to workforce planning, including, talent management, succession planning and learning and development			x	
Payroll		System Based Audit to include any new legislative requirements	Annual	x	x	x
E-Teach (Supply Staff) – Payroll and Recruitment		To provide advice to the E-Teach working group	Advice & Consultancy	x		
Treasury Management		Examine the Council's approach to Treasury Management, including compliance with the Treasury Management policy	M	x		
Main Accounting – Accounts Payable (AP) / P2P		Annual review to examine the key controls of the AP and P2P systems	Annual	x	x	x
Main Accounting – General Ledger (GL)		Annual review to examine the key controls of the General Ledger system	Annual	x	x	x
Main Accounting – Accounts Receivable (AR)		Annual review to examine the key controls of the AR System	Annual	x	x	x

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Corporate Grants		Following the implementation of the new Corporate Grant system, examine the effectiveness of the system and compliance with the Corporate Grants Policy and Procedures				x
Collaborative Planning (CP)		To provide advice following the implementation of the CP Software to ensure integrity in the assumptions of the project	Advice & Consultancy	x		
Masterpiece Migration & ADM Financial Solution Project		To provide advice on the Masterpiece Migration & ADM Financial Solution Project	Advice & Consultancy	x		
Finance Modernisation Programme – AR		To provide advice on the AR project which forms part of Council’s Finance Modernisation Programme	Advice & Consultancy	x		
Accounts Governance Group		To provide advice to the Accounts Governance Group	Advice & Consultancy	x	x	x
PLANNING & ENVIRONMENT						
Greenfield Valley Heritage Park		To undertake a follow up review to determine the progress against the agreed actions following the audit on Greenfield Valley Heritage Park	H	x		
Pollution Control		This review will examine how robust the Authority is in assessing and controlling pollution	H	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Pest Control		Review the efficiency of the pest control service, including maximising on income generation for the service	M	x		
Section 106 Agreements		To undertake a follow up review to determine the progress against the agreed actions following the audit on Section 106 Agreements	M	x		
Planning Enforcement		To undertake a follow up review to determine the progress against the agreed actions following the audit on Planning Enforcement	M	x		
Section 106 Agreements		To provide advice and consultancy over the implementation of the agreed actions following the recent audit	Advice & Consultancy	x		
Climate Change & Flood Risk Management	Green Council	Following the restructure, assess the effectiveness of procedures in place to monitor climate change and manage the risk of flooding within the Authority			x	
SOCIAL SERVICES						
Social Services Financial Processes (Including Provider Payments)		Commissioned work to review workflow from point of care plan through to placement, including panel approval, use of PARIS, Health Funding, Financial Management Information	Commissioned Work	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Commissioning and Contracts		To review the processes and procedures within the commission and contracts team to ensure compliance with the Council's CPRs and EU Requirements	H	x		
Safeguarding - Adults at Risk	Connected Council	To examine how effective the safeguarding arrangements are in place for Adults at Risk	H	x		
Substance Misuse		The review will examine how efficient and effective the Council is managing Substance Misuse	M	x		
Deferred Payments on Properties		Examine the processes in place to ensure deferred payments are managed effectively	M	x		
STREETSCENE & TRANSPORTATION						
Bereavement Services		Examine the operational procedures and income generation across the Bereavement Service to ensure its maximising income potential and explore opportunities of alternative working within the Council	H	x		
Integrated Transport Unit (ITU)	Green Council	Examine the operational procedures and contract management arrangements following the implementation of the ITU	H	x		
Community Transport		Following the launch of Flintshire's Community Transport pilot in February 2017 the review will examine how effective the pilot has been prior to further roll out	M	x		

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
Highways - Cost Recovery		To determine how effective the Council is in recovering costs following damage to road furniture and the impact 3rd party claims has had on the authority	M	x		
Regional Transport	Ambitious Council	VFM review of the service considering the impact service delivery has on Flintshire, management of the grant subsidy claim and cost analysis of service delivery against income generation	M	x		
Winter Maintenance		Following on from our earlier work, examine whether robust arrangements are in place to effectively and efficiently manage winter maintenance			x	
Accounting for Highways Assets Infrastructure		To provide advice and consultancy over the implementation of the agreed actions following the recent audit	Advice & Consultancy	x		
ITU Project Working Group		To provide Internal Audit advice to the ITU Project Working group	Advice & Consultancy	x		
EXTERNAL						
Pensions Administration		New administration strategy including service standards with members and employers	Annual	x	x	x
Pensions Investments		To assess the management of the funding strategy and compliance with regulations and procedures	Biennial		x	

Audit	Linked to Improvement Plan Themes	Outline Scope	Internal Audit Priority Rating	2017 /18	2018 /19	2019 /20
North West Residual Waste Partnership	Green Council	Ongoing Advisory work as lead authority.	Advice & Consultancy	x	x	x

INVESTIGATIONS, PROVISIONS AND DEVELOPMENT

Provision for investigations and pro-active fraud

Audit Development:

- Develop Control Risk Self-Assessment (CRSA's) for Key Financial Systems

- Develop the use of Computer Assisted Audit Tools Techniques Software (CAATT's) for Key Financial Systems

- Develop the use of Root Cause Analysis

Footnote:

Where possible audits within the plan have been linked to the themes within the Council's draft Improvement Plan for 2017/22. During the year consideration will be given as to how the auditable areas reviewed are working towards and meeting the requirements of the Future Generations Wellbeing Act 2016.