

INTERNAL AUDIT

Assurance & Internal Control Environment Audit Committee July 2020

Simi Johl – Principal Auditor

Objectives for today

Pre Coronavirus - context

Risk Management - current context

Three Lines of Defence - relevance

Internal Audit Response – thus far

Emergency Management Assurance (EMA)

Risk Method Statement Challenge Project

Internal Audit Response - future

Questions

Pre Coronavirus - context

19/20 Audit Plan

- Qs1, 2, 3 complete
- Q4 work in progress – partially complete

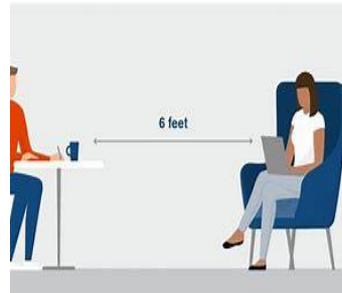
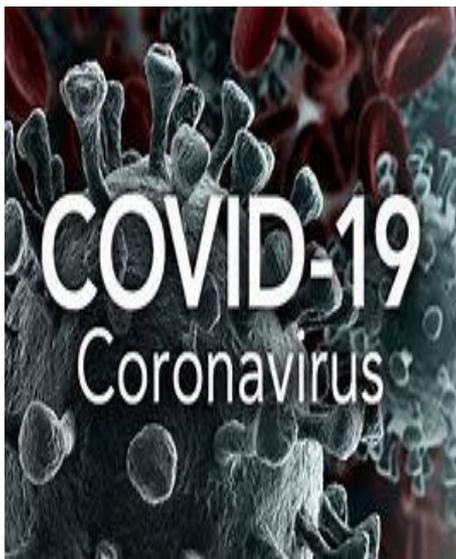
20/21 Audit Plan

- in draft and ready to be presented for approval at March 2020 Audit Committee
- *will need to be revised and due to be presented at September 2020 Audit Committee*

19/20 Annual Governance Statement

- *has been presented today at July 2020 Audit Committee*

Pre Coronavirus - context



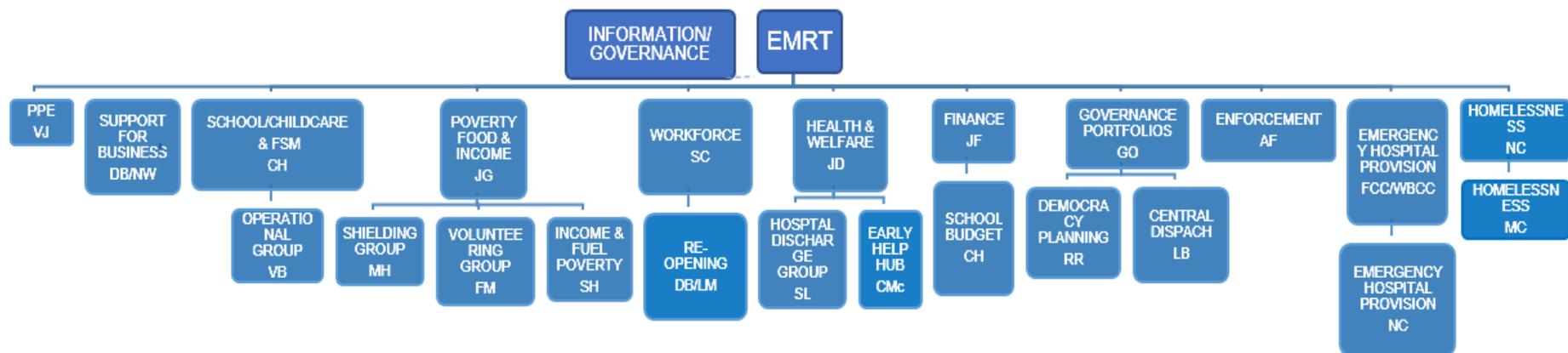
FLINTSHIRE'S RESPONSE



Sir y Fflint a chi yn ymladd Coronafeirws COVID-19 *fel un*
Together we are Fighting Coronavirus COVID-19
Helpu pobl #Arhoswchynddiogel #Arhoswchyniteel #FCC
Helping people #Staysafe #Staylocal #FCC

Risk Management – current context

Chief Executive presentation – Response & Recovery



Risk Management – current context

Response Hierarchy

Decision making structure

Terms of Reference, roles and responsibilities

Risk Registers – Portfolio, Financial, Strategic, Operational,
Recovery

System to monitor, report and challenge

Recovery Plans & Board

Enhanced relationship between Risk, Performance & Internal
Audit

Three Lines of Defence

1st Line of Defense

Management Controls

Internal Control Measures

2nd Line of Defense

Financial Control

Security

Risk Management

Quality

Inspection

Compliance

3rd Line of Defense

Internal Audit

Management had to cease doing things / change systems / develop new ones to respond to the pandemic / government requirements at pace.

DIFFERENT OBJECTIVES

DIFFERENT RISKS

DIFFERENT CONTROLS

DIFFERENT INDICATORS

HOW TO PROVIDE VALUE?

HOW TO PROVIDE ASSURANCE?

Internal Audit Response – thus far

PROVIDE ASSURANCE

Acknowledge pressures on officers and managers across the business as they responded to crisis

Complete and issue 19/20 advisory and assurance work with as limited impact as possible on officers

Produce Annual Governance Statement based on completed 19/20 audit work

Internal Audit Response – thus far

PROVIDE VALUE

Rainbow Hospital project – deliver increased hospital bed capacity

Test Trace & Protect project – deliver the Flintshire capacity

Lead and Deliver Postal Rollout for Hi-Mail

Revenues – due diligence of grant claims May 2020; 58 grants awarded totalling £590k; 15 grants refused saving the fund £195K

Participate on EMRT, Silver Tactical Command Groups and Recovery Groups

Support to BCP – perform logging duties for Tactical Command Groups Silver and Bronze

Internal Audit Response – thus far

PROVIDE ASSURANCE

5 Key Financial Decisions review

Requests for 20/21 work being received – completed C-CAS (emergency childcare payment system)

Emergency Management Assurance Mechanism – completed work to support first line of defence & assurance

Risk Method Statement Challenge project – work in progress to support second line of defence & assurance

Emergency Management Assurance

Mechanism is spreadsheet

Support first line of defence (management) to provide assurance

Point in time, high level information

Developed, agreed at Governance & Legal TCG

Governance, Risk Management, Legal and Internal Audit working together

Approved at EMRT

Mechanism shared with Audit Wales.

Emergency Management Assurance

Across each portfolio

Management has identified which systems have:

- stayed the same
- changed
- ceased
- new / amended objectives management are seeking to achieve

Decisions taken, approval, review

Provide managements' own assurance rating

Emergency Management Assurance

Management use EMA to:

- demonstrate decisions have been made well
- identify where they have confidence
- identify potential high risk–high priority issues to **continue to manage crisis** – link to their risk management plans
- begin to identify high risk–high priority issues to **recover from crisis** – link to their recovery risk management plans

Emergency Management Assurance

Internal Audit used EMA to:

- get a sense of the lay of the land – which has changed at pace
- review decisions / changes to control implemented by management
 - *without* impacting on the critical frontline response
 - important to note limits to audit testing
- Principal Auditor review EMA
 - overall decision making
 - potential risk areas for 20/21 audit plan
 - identify where services may need consultancy / advisory support
- Senior Auditor review EMAs
 - reasonableness of management assurance
 - high level discussion around decisions and some controls

Emergency Management Assurance

Reasonableness of management assurance High level discussion around decisions and some controls

<p><u>Finance</u> Budget monitoring Reserves Treasury Management Accounts Payable</p>	<p><u>Planning Environment Economy</u> Trading Standard Investigations Neighbourhood Wardens Pollution Control Contaminated Land Environmental Control/Housing Enforcement Health and Safety Enforcement</p>
<p><u>Housing</u> Gas & Electrical checks NEW Homes</p>	<p><u>Streetscene</u> Burials TRO Consultation</p>
<p><u>Social Services</u> Decision making processes Foster Care respite Learning Disabilities - Autism Commissioned Care Home – The Oaks Council Run Care Home – Ty Trefynnon PPE Child Protection</p>	<p><u>Education</u> Direct Payment for FSM Vulnerable Children – attendance monitoring</p>
<p><u>Legal</u> New legal / statutory obligations</p>	

Risk Method Statement challenge project

Continued support and advice to risk management team

Links to existing risk management quality reviews of risk register, recovery plans

Vested interest – Internal Audit rely on how business defines and maintains its risk management framework, the controls management puts in place and the indicators it uses to evidence controls are operating and risk is being mitigated.

Mindful to need to maintain internal audit objectivity

Support first and second line of defence

Internal Audit resource is currently available

Approved at EMRT

Internal Audit Response - future

Internal Audit Manager – Recovery Board

Principal Auditor continue to offer challenge to improve:

- structure and format of Portfolio risk registers for improved analysis
- quality of risk method statements – focussing on indicators of control working

Principal Auditor training – Pointers on Internal Control

Senior Auditors due to challenge and improve Risk Method Statements for top ten business wide risks

Identify, agree and approve 20/21 audit plan – *will be presented to Audit Committee in September 2020 for approval*

Assurance & Internal Control Environment

Overall **response and recovery hierarchy** in place

Management decision making and **own assurance** rating is reasonable – 5

Key Financial Decisions & EMA

Risk Management framework and Method Statement due to be challenged – quality of statement, internal controls and indicators which closely demonstrate controls in operation

Internal Audit **skillset** deployed in first and second line defence

Internal Audit **assurance, advice and consultancy resource** available to management where they identify they have capacity

Internal Audit Response - future

There are **challenges ahead** for the internal audit team

Internal Audit Risk Register, Recovery Risks and Mitigations defined

WebEx Platform has been effective:

- recruited second Principal Auditor
- scope meeting
- walk through testing / fieldwork
- due to deliver closing meetings

Post COVID - Internal Audit will need to refresh strategy for how we perform testing of management control to be able to deliver independent and objective assurance



Explore ways to enhance - CAATs, reliance on system data, agile / arm's length auditing, relationship with management

Objectives for today

Pre Coronavirus - context



Risk Management - current context



Three Lines of Defence - relevance



Internal Audit Response – thus far



Emergency Management Assurance (EMA)



Risk Method Statement Challenge Project



Internal Audit Response - future



Questions

Questions