



For all your assurance needs

West Lindsey District Council Internal Audit Plan 2019/20



What we do best

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

..... And what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector

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Our Internal Audit Plan

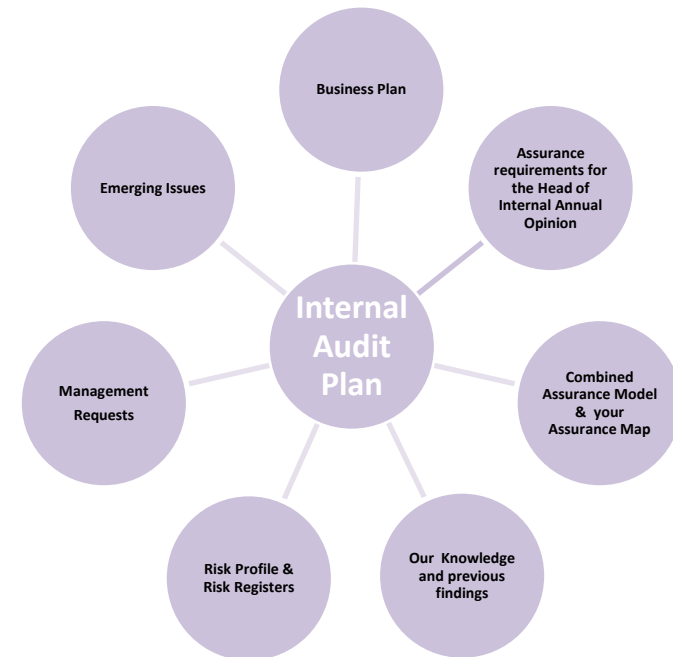
Introduction

1. This report sets out the Internal Audit Plan as at 1st April 2019. The plan details the activities to be audited and the indicative scope for each audit. The audits are listed in priority order. The draft plan gives you an opportunity to comment on the plan and the priorities that we have established.
2. Internal Audit are then able to use our audit planning tool to target our resources– working within agreed resources. This approach has the benefit of enabling greater flexibility and responsiveness – ensuring each piece of work is the right one, delivered at the right time. It also delivers greater productivity and efficiencies – reducing abortive planning and engagement time. The plan becomes more dynamic and responsive – essential for an effective Internal Audit service.
3. In Appendices A to E we provide for you information details of:
 - Auditable Activities
 - How the draft plan achieves the requirements of the Governance & Audit Committee and Head of Internal Audit
 - Our Working Protocols and Performance
 - Our Quality Assurance Framework
 - Your Internal Audit Team

Developing the plan

4. The internal audit plan has been developed from the Council's Assurance Map – which was updated in November 2018 and input from the Management Board. **Figure 1** below also shows other key sources of information that has help inform the plan.

Figure 1 – Sources of information considered when developing Internal Audit activity



Our Internal Audit Plan

5. We have prioritised our audit work taking account of the impact an activity will have on the Council if it fails. The criteria for determining priority are:

- **Significance** - how important is the activity to the Council in achieving its objectives, key plans and in managing its key risks. We look at both financial loss and strategic impact.
- **Sensitivity** - how much interest would there be if things went wrong and what would be the reputational and political impact.
- **Level of Assurance** – we assess the current level of assurance evaluating reliability and contribution to the Head of Internal Audit annual opinion on governance, risk and control.
- **Time**– when it will happen (this will determine when is the best time to do the Audit).

Updating the Plan

6. Through the year we will liaise with the Council and collect business intelligence that identifies emerging audits which will be included in the plan according to priority. The 2019 Assurance Map, to be undertaken in November 2019, will allow for a major annual review of the plan.
7. The primary source of business intelligence will be the regular liaison meetings between Assurance Lincolnshire and Executive Director of Resources, other sources of intelligence will include:

- Committee reports
- Investment and project proposals
- Project update reports
- Performance reports
- Key stakeholders

Delivering the Plan

8. The aim is to deliver the audits included in the plan in the order that they are listed, i.e. in accordance with their assessed priority. This will be modified in accordance with requests from management and practical considerations around the timing of audits. It may also be modified by the availability of specialised staff, in particular ICT audits, however we do not consider this will have a significant, if any, impact.
9. The Council's Internal Audit Plan is **170 Days** – with an additional **20 days** for testing of the Housing Subsidy claim on behalf of External Audit.

Fees

- 10.

Area	Fees – 2019/20
Internal Audit	
Housing Subsidy Claim Testing	

Our Audit Focus for 2019/20

11. In the following table we provide information on key audit areas and the rationale for their inclusion in the audit strategy and plan.

Area	Reason for inclusion in the Internal Audit Strategy and Plan
Financial Governance	<p>Providing assurance that key financial controls are in place and operating effectively during the year across all areas of the Council. This work provides the Section 151 Officer with a key element of his assurance that the Council has effective arrangements for the proper administration of its financial affairs.</p> <p>The areas of coverage and key controls to be tested will be agreed with the Section 151 officer. We propose the following systems are reviewed this year:</p> <ul style="list-style-type: none"> Key control testing – Including payroll and financial resilience.
Governance & Risk	<p>Providing assurance that key governance controls are in place and are operating effectively. These cross cutting audits focus on the Council's second line of assurance - corporate rather than service level systems. The area prioritised included:</p> <ul style="list-style-type: none"> Delivering the Corporate Plan & the golden thread.

12. All auditable areas are shown in Appendix A.

Area	Reason for inclusion in the Internal Audit Strategy and Plan Area
Critical Activities	<p>The combined assurance work undertaken in 2018/19 identified some critical activities where a potential audit would provide independent assurance over the effectiveness of risk management, control and governance processes. The areas prioritised included:</p> <ul style="list-style-type: none"> Vulnerable Communities Health and wellbeing
Project Assurance	<p>There have been a number of critical projects identified by the Council. We will seek to provide assurance around their successful delivery (on-time – within budget – deliverables achieved and benefits realised).</p> <ul style="list-style-type: none"> Review the Councils compliance with Programme & Project Management methodology.

Area	Reason for inclusion in the Internal Audit Strategy and Plan
IMT	<p>Technology and associated threats and opportunities continue to evolve at a pace. The effectiveness of IMT has a great impact on how well the Council works. We will seek to provide assurance that key controls comply with industry best practice and are operating effectively. Audits planned come from previous year assessments and our awareness of current IMT risks. We have prioritised :</p> <ul style="list-style-type: none"> ▪ Cyber Security ▪ Procurement for ICT Applications ▪ Other to be agreed.
Follow Up	<p>Where an audit receives a Limited or Low Assurance level we will carry out a follow up audit to provide assurance that the identified control improvements have been effectively implemented and the risks mitigated.</p> <p>Working with management we also track the implementation of agreed management actions for all audit reports issued.</p>
Combined Assurance	<p>Working with management we co-ordinate the levels of assurance across the Council's critical activities, key risks, projects and partnerships – producing a Combined Assurance Status report in January 2020.</p>

Area	Reason for inclusion in the Internal Audit Strategy and Plan
Consultancy /No-Opinion Reviews	<p>At the request of management we undertake specific reviews where they may have some concern or are looking for some advice on a specific matter or around governance, risk and controls for a developing system. Such reviews are not normally given an audit opinion.</p>

Annual Internal Audit Opinion

13. We are satisfied that the level and mix of resources - together with the areas covered in the plan - will enable the Head of Internal Audit to provide their annual internal audit opinion.

Plan at 1 st April 2019	Assurance Sought	Internal Audit Risk Assessment	Assurance Map RAG Rating	Strategic Risk Register	Corporate Priority	Management Request
<p>Delivery of the Corporate Plan and the Golden Thread</p>	<p>Test the outcomes and deliverables included in the corporate plan to ensure these are SMART targets and delivery is monitored and managed.</p> <p>Map corporate plan outcomes to performance measures to identify a link between the two and identify any gaps in reporting.</p> <p>Confirm the understanding with all levels of management of how their services, annual service plans and performance measures link to and support the corporate plan.</p>	Amber	Amber	✓	✓	✓
<p>Programme and Project Management</p>	<p>Evaluate how well services understand the Council's process and systems for programme and project management.</p> <p>Confirm officers understand the definitions of programmes, projects, business cases and the agreed way to progress, develop, monitor and manage these for effective delivery for the Council.</p>	Amber	Amber	✓	✓	✓

Plan at 1 st April 2019	Assurance Sought	Internal Audit Risk Assessment	Assurance Map RAG Rating	Strategic Risk Register	Corporate Priority	Management Request
Vulnerable Communities	<p>Review the Council's strategic approach to supporting vulnerable communities including deprived wards, health and wellbeing and social regeneration.</p> <p>To confirm the Council's approach and understanding in delivering social outcomes across multiple service areas. Ensuring there is a corporate overview and system for maintaining effective oversight of project delivery and day to day operations which all support vulnerable communities.</p>	Amber	Amber	✓	✓	✓
ICT	<p>Complete a Cyber Security review to provide assurance to management on this key risk area for the Council.</p> <p>Review the procurement process for the purchase of new ICT systems.</p> <p>Other areas of ICT coverage to be agreed, there are several emerging risks raised around ICT in the Assurance Map.</p>	Amber	Green	✓	✓	✓
Plan Resource	Allocation at 01st April 2019 – 90 days					

Holding Plan – Other areas identified from Assurance Mapping where management should seek further assurance or consider for inclusion in the plan.

Holding Plan Audits to be integrated into Plan if triggered	Areas identified through Assurance Mapping by management	Internal Audit Risk Assessment	Assurance Map RAG Rating	Strategic Risk Register	Corporate Priority	Management Request
Regulatory Services Env Protection	Audited in 2018/19, provide further assurance on the development and management of this service.	Amber	Amber	✓	✓	✓
Regulatory Services External H&S	Audited in 2018/19, provide further assurance on the development and management of this service.	Amber	Amber	✓	✓	✓
Street Cleaning	Review the service and recent drop in demand and verify the Council's approach to the future of this service.	Amber	Amber	✓	✓	✓
Gainsborough Markets	Provide assurance on the Council's long term vision and plans for markets and how to halt the long term decline.	Amber	Red	✓	✓	✓
Homeless Prevention	Review the implementation of the new ICT system and provide assurance on the management and monitoring of the system and management information outputs.	Amber	Amber	✓	✓	✓
Health & Wellbeing	This is a 10 year contract with resource, contract management, commercial and reputational risks all involved. This is a new and	Amber	Amber	✓	✓	✓

	developing area with possible commercial benefits and is assessed as Amber					
Planning Enforcement	Verify the Council's approach to manage continued big demand for this service. Review that new policies and processes effectively handle the demand.	Amber	Amber	✓	✓	✓
Food Safety	Provide assurance on resource issues and that the internal review the service is effective in managing resource and delivery issues.	Amber	Amber	✓	✓	✓
Community Safety and ASB	Confirm how the Council is managing the loss of experienced staff and verify how effective the service is.	Amber	Amber	✓	✓	✓
Property and Estate Management Strategic	Provide assurance on the teams effective work on key projects and joined working with the Growth Team.	Amber	Amber	✓	✓	✓
Community Rights	Review the amount of appeals and investigations and how these are conducted for this statutory duty service.	Amber	Amber	✓	✓	✓
Strategic Risk Management	The Council is realigning and reviewing risks to the new corporate plan. Ensure risks and controls are challenged and monitored.	Amber	Amber	✓	✓	✓
NNDR	Review the contract with partners to provide the service and ensure WLDC is receiving an effective reliable service.	Amber	Amber	✓	✓	✓
CCTV	Provide assurance on how this service operates and review Council plans for resources and expanding the CCTV service offer.	Amber	Amber	✓	✓	✓

Fixed Plan – Audit management work to be undertaken that supports the audit process and audits from our cyclical plan (Appendix F), these are required to fulfill the Head of Audits annual assurance requirements or contracted by the Council.

Fixed Plan	Assurance Sought	Internal Audit Risk Assessment	Assurance Map RAG Rating	Head of Internal Audit Opinion	Management Request
Auditing - Key Control Testing	<p>To provide high level assurance that the Council's key controls are in place and operating effectively throughout the year – this will cover financial and corporate areas. The areas of coverage and the key controls tested will be agreed with management but can cover:</p> <ul style="list-style-type: none"> – Financial – Resilience – HR – new starters, leavers, changes to payroll data – Key reconciliations eg bank – payroll – creditors - income – Complaint handling – Revs & Bens – key control indicators around collection and accuracy rates. 	Amber	Green	✓	✓
Culture & Good Governance	Follow up work to the 2018/19 Governance review.	Amber	Green	✓	

Internal Audit Plan

Fixed Plan	Assurance Sought	Internal Audit Risk Assessment	Assurance Map RAG Rating	Strategic Risk Register	Corporate Priority	Management Request
Combined Assurance	Completing the integrated assurance mapping process for the Council by helping to map assurance against critical activities and key risks. Helping coordinate the development of the annual status report.	N/A				
Audit follow up work	To provide management with assurance that actions from previous key audits have been implemented and this has led to improved outcomes.	N/A				
Contingency days for emerging risks.						
Sub Total Days Allocated	65 days					
Advice and liaison						
Annual Report						
Audit Committee						
Review IA Strategy and Planning						
Sub Total Days Allocated	15 days					
Fixed Plan Resources 2019/20						80 days
Housing Benefit Subsidy						20 days

How the draft plan achieves the requirements of the Council and the Head of Internal Opinion

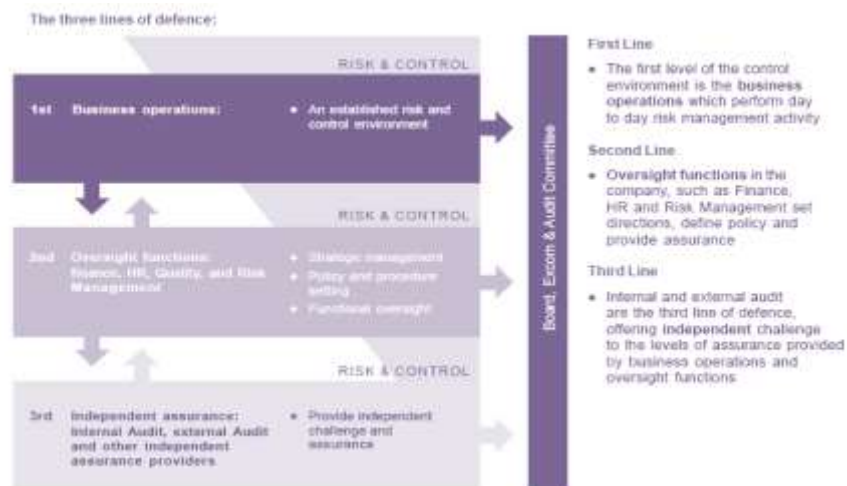
1. Our work is carried out in conformance with the UK Public Sector Internal Audit Standards. These require that the scope of Internal Audit covers the whole range of the Council activities – seeking to provide an annual internal audit opinion on the governance, risk and internal control environment of the Council which has been established to:
 - Achieve strategic objectives
 - Ensure effective and efficient operational systems and programmes.
 - Safeguard assets and interests of all kinds (including risks that relate to work it undertakes through partnerships)
 - Ensure the reliability and integrity of financial and operational information.
 - Ensure economic, efficient and effective use of council resources.
 - Ensure compliance with established policies, procedures, laws, regulations and contracts.
2. It is important that the Internal Audit function focusses its work on what matters most to you – providing insight, assurance and added value to the Council.
3. To help us do this we prioritise and schedule our work –Working with you we intend to have a continuous rolling audit work plan - responding to changing circumstances or emerging risks during the year.
4. This approach has the benefit of enabling greater flexibility and responsiveness – ensuring each piece of work is the right one, delivered at the right time. It also delivers greater productivity and efficiencies – reducing abortive planning and engagement time. The plan becomes more responsive – essential for an effective Internal Audit service.
5. Our internal audit activity and plan has been driven by the Council's key objectives within the corporate plan, your key risks and critical service areas identified as part of the Combined Assurance Map.
6. Our aim is to align our work with other assurance functions – seeking to look at different ways of leveraging assurance to help us to maximise the best use of the Internal Audit resource and other assurance functions in the Council.
7. By adopting this approach it is possible to give the Council comfort that there is a comprehensive risk and assurance framework with no potential gaps. Internal Audit are then able to use our audit planning tool to target resources. This will to minimise duplication of effort through sharing and coordinating activities with management and other management oversight functions.

Our Internal Audit Strategy

How the draft plan achieves the requirements of the Council and the Head of Internal Opinion

8. We have identified the level of assurances in place by using the "Three lines of assurance" model – See **Figure 1**.

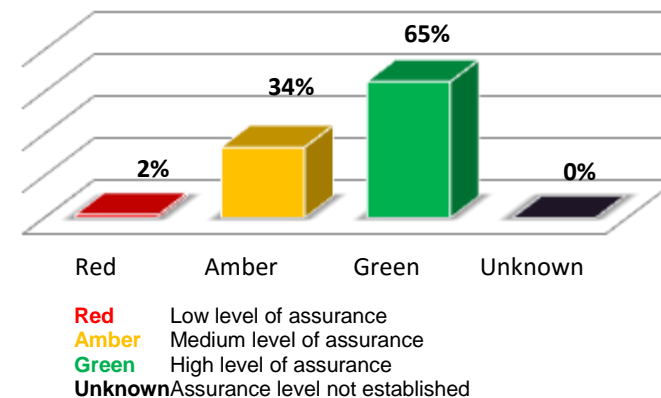
Figure 1 – Three Lines of Assurance Model



9. **Figure 2** shows the overall assurance levels on the Council's critical activities as at November 2018.

Figure 2 –Your Assurance Status

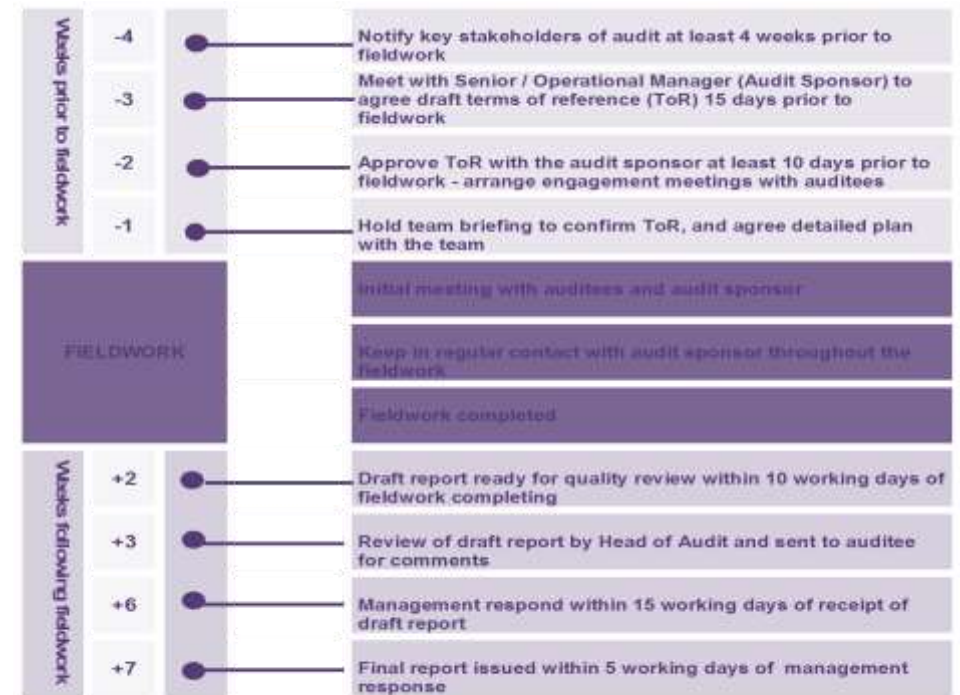
Overall Assurance Status 2018/19



10. Our Internal Audit Strategy also seeks to co-ordinate our work with other assurance providers where we can. In particular we liaise with External Audit to ensure the Council gets the most out of its combined audit resource – keeping audit fees low.

Working Protocols and Performance

1. Our approach to delivering of internal audit work is based on a clear protocol detailed in the Audit Charter. How this works in practice is set out opposite.
2. Our performance is monitored by the Section 151 Officer and the Governance & Audit Committee - measured against 3 key areas:
 - Delivery of planned work.
 - Timeliness (contemporary reporting).
 - Quality and Impact of work (communicating results / added value).
3. Strong communication is fundamental to quality delivery and maintaining trusting relationships. We keep management informed in accordance with agreed protocols including:
 - agreeing potential audit work for the forthcoming year
 - providing quarterly updates to evaluate progress and discuss activities and priorities for the next quarter.
 - for individual audit engagements we hold planning meetings in person (our preference) by phone or email to discuss and agree the terms of reference and scope of our work..
 - We keep you informed of key findings during the audit and upon conclusion we hold a debrief meeting in person to discuss our findings and any outstanding issues.

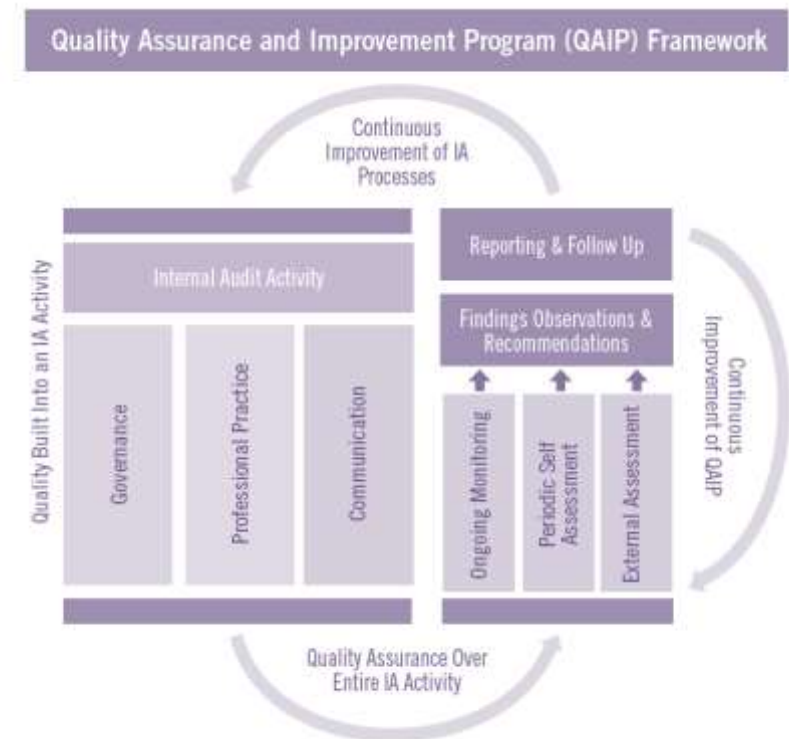


- We communicate the results of our audit work in a clear and concise way – securing management action where control improvements are needed.
- We support Senior Management in attending the Governance & Audit Committee where a Limited or Low Assurance level has been given against the activity.

Our Quality Assurance Framework

1. Quality is built into the way we operate – we have designed our processes and procedures to conform to best practice applicable to Internal Audit – in particular the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.
2. Our audit team offers a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit process, application of our Quality Assurance Framework and our training and development programme.
3. Our Quality Assurance Improvement Programme incorporates both the internal (self) and external assessments – this is a mandatory requirement and the Head of Audit reports annually on the results and areas for improvement. Our internal assessments must cover all aspects of internal audit activity – **Figure 4** shows how we structure our internal assessments to ensure appropriate coverage.
4. We use a number of ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.
5. Our Internal Audit Charter sets out the nature, role, responsibilities and authority of the Internal Audit service within the Council – this was approved by the Governance & Audit Committee and is due to be reviewed in 2018 following the planned revision of the CIPFA Local Government Application Note.

Figure 4 - Scope of Quality Assurance Improvement Programme



Your Internal Audit Team

Your Internal Audit Team

1. Your Internal Audit Team will be led by Lucy Pledge (Head of Assurance Lincolnshire), supported by John Sketchley (Team Leader) and Matthew Waller – who is your Client Engagement lead.
2. The team will be supported by specialists from Assurance Lincolnshire and our wider audit framework as and when appropriate.
3. An indicative staff mix delivering our Internal Audit service to you is shown below:

Grade	2019/20 (days)	Grade Mix (%)
Head of Internal Audit	15	9%
Team Leader / Audit Manager	25	15%
Principle Auditor	60	31%
Senior Auditor	90	45%

Conflicts of Interest

4. Internal Audit remains sufficiently independent of the activities that it audits to enable auditors to perform their duties in such a way that
5. allows them to make impartial and effective professional judgements and recommendations.
6. We are not aware of any relationships that may affect the independence and objectivity of the team and which are required to disclose under the internal auditing standards.

Our Cyclical Audits

System	Opinion	Last audited	Assurance Map Rating	Risk Score	System Changes
Financial Due Diligence					
Income Collection & Cash Receipting*	Substantial	2015/16	Green	Amber	No
Bank*	Substantial	2017/18	Amber	Amber	Yes - 2015
Budgetary Control/Management	High	2018/19	Green	Amber	No
General Ledger	Substantial	2015/16	Green	Amber	No
Budget prep and financial strategy	High	2018/19	Green	Amber	No
Creditors*	Substantial	2015/16	Green	Amber	No
Debtors*	Substantial	2017/18	Green	Amber	No
Pensions	Substantial	2017/18	Green	Amber	No
Payroll*	WIP	2018/19	Green	Amber	Yes - 2014
Treasury Management	High	2015/16	Green	Amber	No
Property, Plant and Equipment*	Substantial	2017/18	Green	Amber	No
Council Tax*	High	2014/15	Green	Amber	No

Our Cyclical Audits

System	Opinion	Last audited	Assurance Map Rating	Risk Score	System Changes
Benefits*	Substantial	2017/18	Green	Amber	No
Other Due Diligence					
Investment Decisions / commissioning	Limited	2016/17	Green	Amber	No
Risk Management	Substantial	2016/17	Green	Amber	No
VAT/Tax	WIP	2018/19	Green	Amber	No
Insurance	WIP	2018/19	Green	Amber	No
Grants	Substantial	2015/16	Green	Amber	No
Counter Fraud	Health Check	2017/18	Green	Amber	No
Contract Management	Substantial	2015/16	Green	Amber	No
Equality & Diversity	High	2008/09	Amber	Amber	No
Health & Safety	WIP	2018/19	Green	Green	No
Information Governance	Substantial	2014/15	Green	Green	No
Code of Corp Governance	Substantial	2017/18	Green	Amber	No
Partnerships	Substantial	2016/17	Amber	Amber	No
Corporate planning	Substantial	2018/19	Green	Amber	No
Business Continuity	Substantial	2010/11	Green	Amber	No
Emergency Planning	Substantial	2010/11	Green	Amber	No
NNDR	High	2017/18	Green	Amber	No
Human Resources / Managing People	Substantial	2010/11	Green	Amber	No