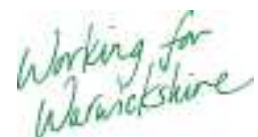**Appendix A**

Internal Audit Plan
2019/20

"Providing assurance on the management of risks"

Internal Audit Plan
2019/2020

"Providing assurance on the management of risks"

This document sets outs the Internal Audit Plan 2019/2020 for Warwickshire County Council. These services are provided by the Internal Audit Service of the Resources Directorate. This document complements the Audit Charter and the Council's Risk Management Framework. In accordance with current best practice the role of the audit committee is to review and approve the internal audit plan.

The Role of Internal Audit

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending, and making the most of their opportunities. The different types of risk are varied and commonly include financial risks, IT risks, supply chain failure, physical risks to people, and damage to the organisation's reputation. The key to the Council's success is to manage these risks effectively.

The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 state that a local authority is responsible for ensuring that its financial and operational management is effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. The Regulations require accounting systems to include measures to ensure that risk is appropriately managed.

The requirement for an internal audit function is also contained in the Regulations which require the Authority to:

> "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 Council has delegated its responsibilities for internal audit to the Strategic Director Resources.

The key word in the definition is assurance, the role of audit is not to identify or investigate alleged irregularities, it is to provide assurance to the organisation (the Chief Executive, strategic directors, assistant directors and the Audit and Standards Committee) and ultimately the taxpayers that the authority maintains an effective control environment that enables it to manage its significant business risks. We do this by **providing risk-based and objective assurance, advice and insight**. The assurance work culminates in an annual opinion on the adequacy of the Authority's governance, control and risk management processes which feeds into the Annual Governance Statement.

Different parts and levels of an organisation play different roles in managing risk, and the interplay between them determines how effective the organisation as a whole is in dealing with risk. The Institute of Internal Auditors uses a "three lines of defence" model to explain internal audit's unique role in providing assurance about the controls in place to manage risk:

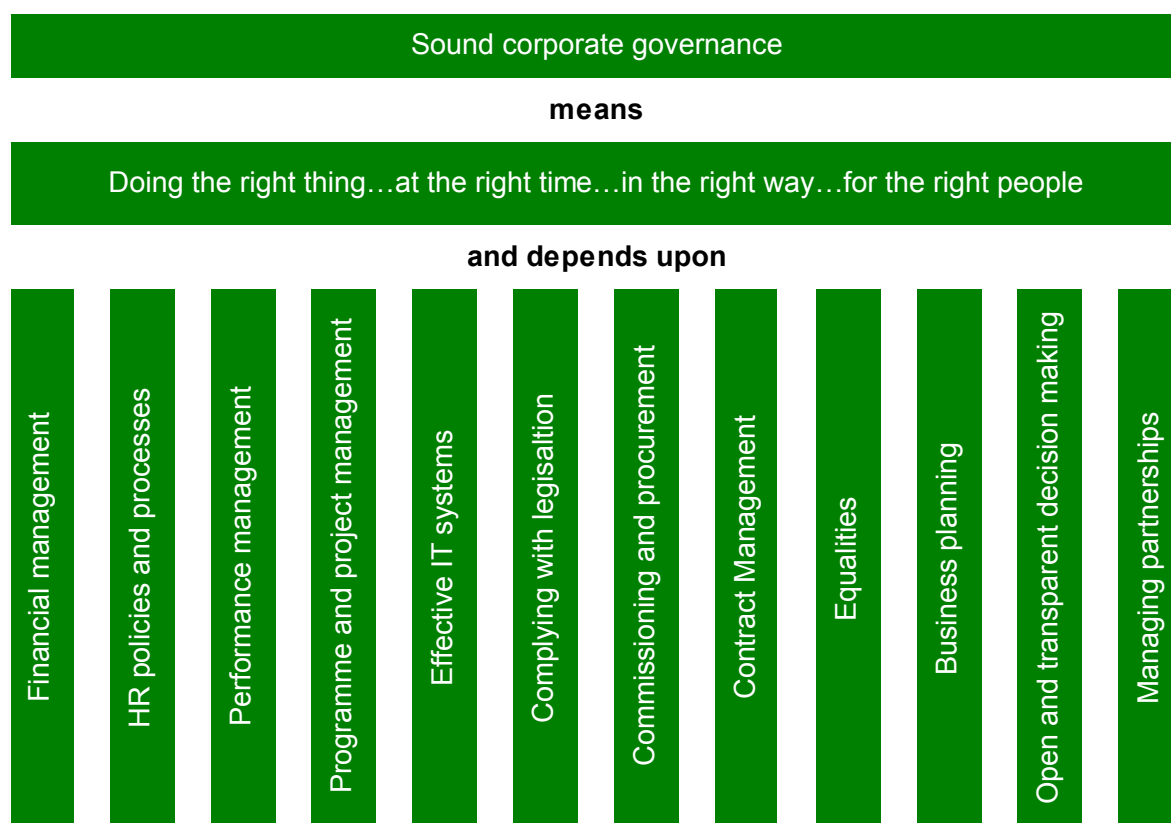**Figure 1: Three lines of defence model**
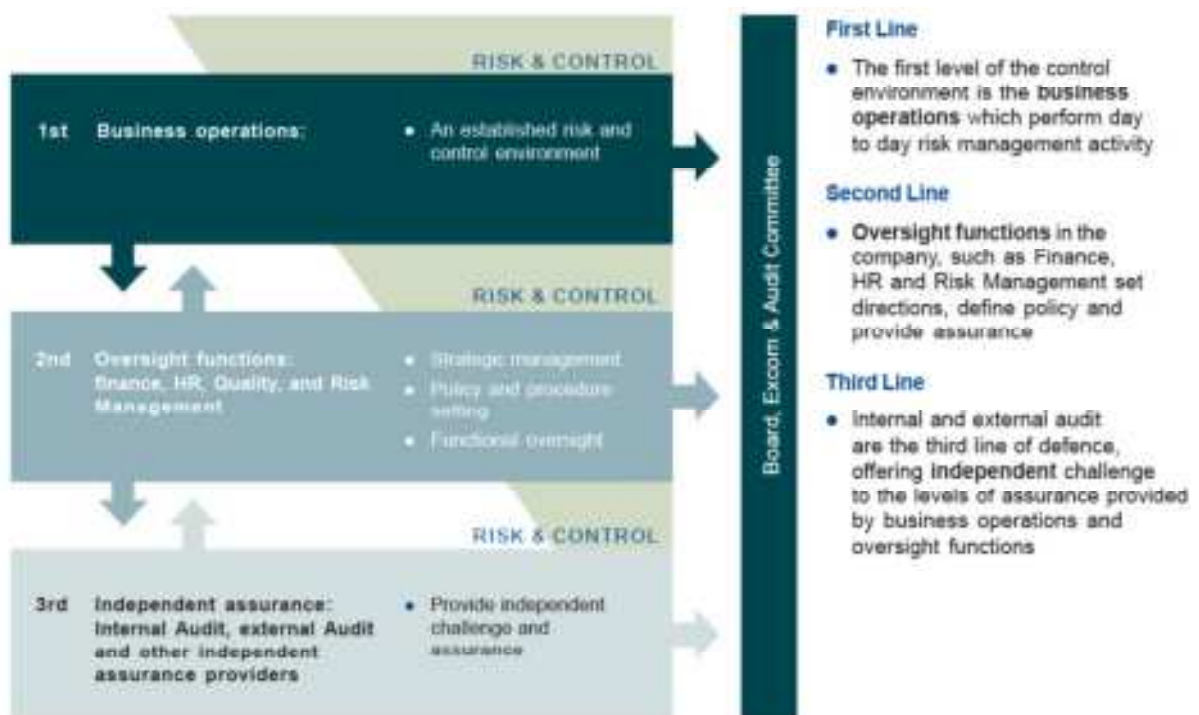
The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of defence, audit's main roles are to ensure that the first two lines of defence are operating effectively and advise how they could be improved.

We develop and then deliver a programme of internal audits to provide independent reasonable assurance to senior management and members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial and management control and governance processes and report this directly and independently to the most senior level of management. In accordance with regulatory requirements most individual assurance assignments are undertaken using the risk based systems audit approach and are not usually designed to identify potential frauds.

The focus of our work continues to be primarily on the very high risk areas and change programmes and key corporate processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the Council that its overall governance, control and risk management arrangements remain effective.

Figure 2: Key corporate processes

Sound corporate governance

means

Doing the right thing…at the right time…in the right way…for the right people

and depends upon

Financial management	HR policies and processes	Performance management	Programme and project management	Effective IT systems	Complying with legisaltion	Commissioning and procurement	Contract Management	Equalities	Business planning	Open and transparent decision making	Managing partnerships

We give an opinion on how much assurance systems give that significant risks are addressed. We use four categories of opinion: Full, Substantial, Moderate and Limited assurance.

A report, incorporating an agreed action plan, will usually be issued for every audit.

The results of audits are also reported to the Council's Audit and Standards Committee. To assist managers in prioritising areas for improvement, recommendations are classified as: Fundamental, Significant and Merits Attention.

Vision, purpose and values

A professional, independent and objective internal audit service is one of the key elements of good governance in local government.

As a modern effective risk and assurance service we:
- Act as a catalyst for improvement and provide insight on governance, control and risk management;
- Influence and promote the ethics, behaviour and standards of the organisation;
- Develop a risk aware culture that enables customers to make informed decisions;
- Are forward looking; and
- Continually improve the quality of our services.

A key driver of this strategy is the need to meet all our customers' needs, which in the context of the County Council are the Audit and Standards Committee, Chief Executive, strategic directors and assistant directors.

The County Council will continue to be affected by a variety of local and national issues:

- Funding pressures faced by local government;
- Increased growth in partnerships and collaborations, for example with health, other parts of the public sector and the private sector;
- Ever increasing use of technology to deliver services;
- Flexible working arrangements to make more effective use of accommodation;
- The introduction of new ways for customers and the public to access services; and
- Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness.

These, and other developments, will mean increased pressure on the service to review existing systems and provide advice on new and complex initiatives within reducing resources. We must add value and help deliver innovations in service delivery. To respond to the demands on us we will:

- Continue to develop our staff to ensure we are fully equipped to respond to our customer's demands;
- Continue to invest in modern technology to improve efficiency and effectiveness;
- Add value and make best use of our resources by focussing on key risks facing our customers;

- Increasingly work in partnership with clients to improve controls and performance generally; and
- Continue to buy in specialist help – particularly in IT.

Services

In addition to undertaking audits the Service is able to support the organisation by also providing the following services:

Consultancy

The Council will face major changes in culture, systems and procedures over the coming years and we are able to provide advice on the governance, control and risk implications of these changes. The service will act as a critical friend. Particular emphasis is put on project governance and process design.

Our knowledge of the management of risk enables us to *challenge* current practice, *champion* best practice and be a *catalyst* for improvement, so that the Council as a whole achieves its strategic objectives.

So, for example, when a major new project is being undertaken we can help to ensure that project risks are clearly identified and that controls are put in place to manage them.

It is more constructive for us to advise on design of processes during the currency of a change project rather than identify problems after the event when often it is too late to make a difference and it is possible to use less resource to identify key points than in a standard audit - timely advice adds more value than untimely.

Challenge

Champion

Catalyst for improvement

Irregularities

As a publicly funded organisation the Council must be able to demonstrate the proper use of public funds. It is the responsibility of every manager to have systems in place to prevent and detect irregularities. However, if an irregularity is identified or suspected managers are required to notify the Service and will need professional support to investigate the matter.

All significant investigations will be undertaken by the Service but more minor matters will be referred back to the relevant manager to progress with support from the audit team. The decision on which cases will be investigated will be made by the Internal Audit and Insurance Manager.

Counter fraud

Although responsibility for operating sound controls and detecting fraud is the responsibility of management, the Service has a key supporting role. In particular, we are responsible for maintaining and publicising the Council's anti-fraud policy, maintaining records of all frauds and, as a deterrent, publicising proven frauds.

The Service also coordinates the Council's participation in the National Fraud Initiative. Relevant managers are best placed and hence are responsible for investigating matches identified by the NFI but we do maintain an overview of progress.

Plan 2019 / 2020

To ensure the best use of limited audit resources audit work needs to be carefully planned. We have sought to align our work with the Council's risk base again this year, by liaising extensively with senior management and taking into account:
- the overall environment in which the Council has to operate
- its aims, strategies, key objectives, associated risks
- risk management processes, and
- national surveys and intelligence on risk areas along with data on actual frauds at Warwickshire.

Our plan also takes into account those topics which have not recently been audited or which feature in the corporate risk register or which when last audited received a low opinion. In addition, auditors regularly attend various professional networking meetings which highlight the wider issues affecting public sector internal audit which need to be reflected in the programme of work.

General context and key themes

The outlook for Local Government remains demanding with a number of central government policies, combined with the national economic situation and Brexit uncertainty, presenting significant challenges to the Council. The Council is preparing for the change to local retention of business rates from 2020 and awaits the outcome of the Treasury's spending review in 2019. Decreasing grant funds and the projected increase in demand for school places are also concerns.

The Council's One Organisational Plan for the period 2017-2020 identifies savings of £67m during this period. This creates financial pressures meaning that the organisation faces significant challenges to meet its aims and objectives. The savings and transformation plans that are being delivered are challenging and the potentially significant impact on services that the Council provides to the public is being actively managed through the Transformation Programme. During 2018/19 a Target Operating Model was developed, strategic reviews of key service areas were started and significant changes to structure were made with significant changes in personnel at senior levels in the organisation. The transformation programme will continue in 2019/20 with further strategic service reviews, changes to the third and fourth tier management structure and implementation of functional operating models for finance, business support & customer services and HR&OD to deliver effective and sustainable solutions.

The Council is therefore part way through a period of transformation change and as a result the Council's risk profile has changed in the period since the last plan was agreed. In a climate of significant change and uncertainty it is important that core

governance, risk management and financial control arrangements are robust and consistently being followed across the organisation. A key focus of the plan for 2019/20 is therefore to provide assurance on these core processes.

Our primary customers remain the Chief Executive, strategic directors, assistant directors and the Audit and Standards Committee but we will take into account the views of other managers when refining the scope of audits and will accommodate them as long as requests do not divert us from addressing the core scope as agreed with the Audit and Standards Committee.

Further significant changes in processes and policies are likely during the coming year and internal audit will need to support this work and provide advice on the governance, risk management and control implications of the changes. Whilst providing advice is good practice and an effective use of resources sufficient audits are required across the Council's risk profile in order to deliver the annual "Head of Audit" opinion. Given resourcing levels advisory work will be targeted on key transformation projects and the Service is unlikely to be able to provide support on more minor matters.

Given the limitations on audit resources there is an increasing need for more reliance to be placed by the Council on second line of defence functions (such as Finance, HR and Procurement) and potentially audit will increasingly need to provide assurance on the effectiveness of those functions especially as budget constraints will inevitably also impact on them and hence on the overall assurance framework. The plan therefore includes more of an emphasis on such functions. We will avoid undertaking roles that are properly the responsibility of the first or second line of defence – these managers need to have sound controls and monitoring systems in place rather than relying on periodic internal audits to provide them with assurance. Assurance that these management functions are being properly discharged will be tested as part of the audit work.

Governance, risk and control issues continue to be an issue at schools with a number of investigations being required or audits resulting in a limited opinion. In general we plan not to do any individual schools audits instead focusing on the arrangements the Council has in place to identify as early as possible, and subsequently support, schools causing concern / in difficulty. Where a potential and significant financial irregularity is suspected at a school we will investigate but we will not investigate minor suspected irregularities and will expect schools to resolve these albeit with some support from audit as well as other support functions from across the council including finance and school advisers. Similarly, there is little value that an audit can add where the Council already knows of issues at a particular school.

The detailed plan

Based upon discussions with senior managers and our professional judgement an indicative priority and an estimated number of days have been allocated to each

potential topic. The Council's strategic risks and the key planned work to provide assurance on these risks are shown in Annex 1. Demonstrating the assurances planned on each strategic risk and being transparent about auditable topics that cannot be audited are key requirements of internal audit professional standards and we therefore adopt a top down approach with the plan being driven by key risks.

The outline plan in Annex 2 shows those topics that we are planning to audit and Annex 3 details an illustrative list of topics that we are not planning to audit. The plan takes into account the resources available within the audit service, risk and other assurance frameworks that exist from which the council can gain assurance.

As in previous years the plan covers one year which is accepted best professional practice. Whilst an indicative timing is included, and a view taken on time required, this is subject to review during the year e.g. when risks change or a specific project becomes a matter of priority or a significant fraud has to be investigated.

In addition to the assurance and advisory work listed provision has been made in our work plan to:
- Undertake investigations,
- Complete outstanding 2018/19 audits, and
- A limited amount of counter fraud work to update counter-fraud policies as a result of the implementation of a new Target Operating Model. This work will supplement the Council's participation in the National Fraud Initiative which the internal audit team coordinates.
- Undertake the non-audit work to which the service is committed (primarily the management of the Insurance Function).

Quality Assurance and Improvement Programme

The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit and Insurance Manager to develop and maintain a Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activity.

The QAIP includes internal assessments, periodic self-assessments and external assessments and is not only designed to assess the efficiency and effectiveness of Internal Audits, but also to enable an evaluation of the internal audit activity's conformance with the definition of internal auditing and the PSIAS and an evaluation of whether internal auditors apply the Code of Ethics. We have an Audit Manual based on accepted professional practice which as well as being compliant with PSIAS builds quality into every stage of the audit process. A summary of the QAIP is shown in Annex 4.

Garry Rollason	**Paul Clarke**	**David Ashley**
Internal Audit and Insurance Manager (Head of Internal Audit)	**Deputy Internal Audit Manager**	**Audit Engagement Manager**
March 2019		

Strategic Risks

Extract from Council's strategic risk register			Audit Coverage	
Risk	**Gross Risk Rating**	**Net Risk Rating**	**Summary of past coverage[1]**	**Examples of proposed internal audit role / planned assignments**
Government policies, new legislation, austerity measures and demographic pressures present challenges on service delivery.	🟥	🟧	• Programme and project management • Advisory input into transformation projects • S106 • Capital Programme	• Schools in difficulty • Adult social care – end to end review • Transformation project – health checks and advice • Budget management • Strategic financial and business planning • Risk management
Continuing pressure on Adult Social Services, Health and Special Educational Needs & Disability provision.	🟥	🟧	• Disability Services • Benefits, Assessments and Income Control • Reablement • Contract management • Commissioning – Quality Review • Domiciliary care • Direct Payments – Adults • Mosaic Advice	• Commissioning • Contract management • SEND • Adult social care – end to end review • People Directorate – commissioning • Prepayment cards for direct payments
Failure to adequately safeguard Children and Vulnerable Adults.	🟥	🟥	• Missing children • Links with Health • Contracting – Public Health	• Safeguarding arrangements in schools • Implementation of

[1] Only audits completed in last 3 years are shown

Extract from Council's strategic risk register			Audit Coverage	
Risk	**Gross Risk Rating**	**Net Risk Rating**	**Summary of past coverage[1]**	**Examples of proposed internal audit role / planned assignments**
	RED	RED	• Multi Agency Safeguarding Hub (MASH) • Looked After Children • Adoption Central England • Asylum Seekers • Case File Recording	recommendations from serious case reviews / governance of safeguarding boards • Quality Assurance processes
Failure to maintain the security of our systems and data.	RED	AMBER	• Information governance	• Your HR – access control • Specialist IT audits • Information governance
Inability to secure economic growth in Warwickshire.	RED	AMBER	• Economic development and growth	• Railway Contracts
Inability to keep our communities safe from harm.	RED	AMBER	• Highways • Emergency Planning	• Fire Service – MOU with West Midlands • Business Continuity
The Transformation Programme does not deliver the pace and extent of change required to meet high priority OOPS targets and deliver strategic priorities.	RED	AMBER	• Programme and project management • Advisory input into transformation projects	• Transformation project – health checks and advice • Manager responsibilities • Commissioning • Budget management • Strategic financial and business planning • Risk management • Various financial systems

Planned Work 2019/20

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Communities	Education	Schools in difficulties / budget management and planning	Weak controls to identify schools in difficulty.	Review the arrangements the Council has in place to identify schools with issues early, provide support to those schools and take action to manage the risks.	1
Communities	Education	Safeguarding arrangements in schools	Safeguarding is a strategic risk for the Council. Limited opinion audit in 2018	Assurance that actions agreed from 2018 limited opinion safeguarding audit have been implemented	3
Communities	Education	SEND	The outcome of the Strategic review of SEND has to be delivered on time, financial savings achieved with an effect on demand. Strategic risk	Assurance on the governance arrangements in place around the implementation and delivery of the SEND review outcomes.	3
Communities	Fire and Rescue	MOU with West Midlands	Following the Memorandum of Understanding with the West Midlands Fire and Rescue Service and number of proposals have been put forward for closer cooperation. Clear, evidence based business cases should be available to support decision making. Overall governance of the arrangements.	Assurance on the: 1 overall governance of the collaboration arrangements and of individual projects 2 arrangements for developing and approving individual business cases 3 appropriate finance, HR and IT input into business cases and project governance	3

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Communities	Communities	Business Continuity	The Council needs to have robust plans in place to ensure services can continue to be provided where a major incident or other event occurs which causes potential disruption to services.	Provide assurance that there is a robust corporate framework for business continuity planning and that this approach is followed across the Council. To include: 1 critical services have been identified and prioritised 2 plans for critical services are in place, regularly reviewed and tested and link with IT plans and capacity 3 arrangements for ensuring suppliers and partners have robust tested plans in plan consistent with the Council's requirements.	1
People	Adult	Adult social care - end to end review	End to end review / Adult customer journey being reviewed with major changes to processes and controls likely. Advice to be provided on risk management and control design. Pressure on SEND is a Strategic risk	Advice on risk management and control design.	1 - 4
People	People	Commissioning	Effective commissioning is essential to delivery of the right services and achievement of value for money.	Review the design and operational effectiveness of controls operated by the People Directorate Commissioning service to Identify/ Plan/ Procure and Deliver services.	3
People	Children	Implementation of recommendations from Serious Case Reviews	Learning from Serious Case reviews is important to minimise the risk of recurrence. In addition the governance of Safeguarding Boards is being reviewed and due for implementation in September 2019.	Assurance on the governance around the implementation of action plans. How is the Board getting assurance that learning from serious case reviews is being applied.	3

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
People	Children	Prepayment cards for direct payments	Prepayment cards are being introduced to streamline administration and management.	Assurance that the monitoring and control of spend is effective under the new arrangements. The risk of fraud, errors or misuse is managed effectively.	2
People	Children	Quality Assurance	New framework for the quality assurance function which provides a 2nd line of defence.	Review of the design and operation of quality assurance processes for Children's services.	3
Resources	Business and Customer Services	Customer Service Centre	The Customer Service Centre has a key role in interfacing with customers and Council services. This is facilitated by links between CSC IT systems and a range of other IT systems across the Council.	Assurance over: 1 the efficiency and effectiveness of IT links between CSC IT systems and business systems across the Council 2 the setting, monitoring and delivery of service standards by the Customer Service Team	2
Resources	Commissioning Support Unit	Transformation	Organisation undergoing significant change in structure, processes and personnel. Key corporate programme which must be delivered on time and to budget Failure of the programme is a strategic risk	Programme / project health checks at key decision points. Provision of advice on governance, risk management and control implications of proposed changes to policies and processes. Note: The budget for this topic will need to be kept under review and amended as appropriate during the year.	1 - 4

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Commissioning Support Unit	Manager responsibilities	Significant reliance is placed on managers to undertake, exercise control and manage risk in relation to a wide range of activities including budget planning and management, HR recruitment, absence management, performance management, contract management etc. Compliance with policy and good practice is important to the successful delivery of Council objectives. Significant level of change both in responsibilities and in personnel across the organisation may result in corporate processes and requirements not being followed.	Review of compliance with Council policy and procedures for a sample of managers across all directorates.Note: The budget will need to be kept under review. The approach will require development as well as testing of a broad sample of managers.	2 - 4
Resources	Commissioning Support Unit	Commissioning	Role and structure of CSU being developed. Commissioning processes being developed	Advisory input on governance, risk and control implications of the development of commissioning and the CSU design	1 - 4

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Commissioning Support Unit	Procurement	Effective procurement to achieve Council objectives and ensure value for money. Procurement team is a key second line of defence function. Updated contract standing orders agreed.	A - Assurance on compliance across the Council with good procurement practice and regulatory / statutory requirements focussing on the rigour of tendering / quotes process. B - Review of the procurement service as a second line of defence (excluding contract management aspects which are covered in a separate audit) including: 1 monitoring of compliance with corporate policies and procedures and legislative / regulatory requirements 2 training / support / advice provided by Procurement (and take up) 3 robust process exists and is being followed for granting exemptions to CSOs Note: Consider doing in parallel with contract management audit	1 or 2
Resources	Commissioning Support Unit	Contract Management	Effective contract management is essential to achieve Council objectives and ensure value for money. Procurement team is a key second line of defence function. New framework introduced during 2018.	A - Assurance on compliance across the Council with the agreed contract management policy focussing on the robust performance management of contractors. B - Review of second line of defence functions (relating to contract management) exercised by the procurement service including: 1 monitoring of compliance with corporate policies and procedures	1 or 2

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
				2 training / support / advice provided by Procurement (and take up) Note: Consider doing in parallel with Procurement audit.	
Resources	Commissioning Support Unit	Programme and project management	Quality assured business cases as part of an overall programme and project management approach are needed to maximise the likelihood of positive project outcomes. Gateway process and new project management IT system (Verto) being introduced	Review of programme and project management arrangements across the Council to provide assurance that: 1 project management guidance is in place and being followed 2 appropriate support, guidance and training is in place 3 project register is comprehensive and up to date 4 project gateway process is sound and being followed 5 business cases are robust 6 appropriate governance and oversight in place Note: Time for this audit dependent upon number and nature of projects reviewed and findings so will need to be kept under review.	2
Resources	Enabling Services	Your HR - Access controls / security model	Inappropriate access to the system could lead to error, data breaches or fraud. Security of systems and data is a strategic risk	Testing of the design and operation of the Your HR security model.	1

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Enabling Services	IT Audit	Need to manage the risks of this key support service. Security of systems and data is a strategic risk	A range of IT audits will be agreed based on a specialist risk assessment.	3
Resources	Enabling Services	Recruitment	Changes in approach following introduction of Your HR recruitment module.The module drives the recruitment process and ultimately will result in a successful candidate being added to the payroll. Robust controls over this process are therefore essential. Failure to undertake robust pre-employment checks (right to work in the UK etc.) is a key risk in the recruitment process which has resulted in a number of limited opinion audits. HR are a key second line of defence function monitoring compliance with corporate policies and processes	Assurance over the design and operation of the recruitment process including: 1 completeness and timeliness of pre-employment checks 2 completeness, accuracy and timeliness of adding new employees to the payroll 3 monitoring by HR of compliance with pre-employment and recruitment processes 4 an appropriate division of duties is enforced by the system	2
Resources	Finance	Accounts Payable	Key financial system. Assurance required that robust processes are followed in a period of significant change for the Council to minimise the risk of error and fraud. Monitoring by central exchequer services team is a key second line of defence function.	Assurance over the design and operation of controls in the central exchequer services team including 1 supplier maintenance 2 automatic approval process adequacy of division of duties 3 IT security model 4 overall monitoring of activity by exchequer (promptness of approvals and payment, detection of duplicate payments, orders raised after invoices received etc.)	1

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Finance	Accounts Receivable	Key financial system. Assurance required that robust processes are followed in a period of significant change for the Council to minimise the risk of error and fraud. Robust arrangements need to be in place to ensure that invoices are raised promptly, for the correct amount, with appropriate supporting information and prompt action taken to recover unpaid invoices. Central exchequer team is a key second line of defence function.	Assurance over the design and operation of controls in the central exchequer services and debt recovery teams including: 1 Overall monitoring by exchequer services (speed of raising debts, etc.) 2 security model 3 division of duties 4 promptness of debt recovery	1
Resources	Finance	BACS / CHAPS	Key financial system. Assurance required that robust processes are followed in a period of significant change for the Council to minimise the risk of error and fraud.	Review of the design and operation of controls to: 1 prevent error, misuse or fraud 2 ensure payments due are made accurately and on time to the correct creditor	1
Resources	Finance	Bank Reconciliation	Key financial system. Inaccurate or late reconciliations may delay identification of error or fraud and also result in criticism from external auditors.	Review of the design and operation of controls including: documentation, promptness, completeness, and accuracy of reconciliations	3

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Finance	Budget management	Assurance on the design and operation of the new budget book module for Agresso which goes live Qtr. 1 2019/20.	Assurance on the operation of the Agresso Budget Book module and how this supports effective budget management.	3 (early)
Resources	Finance	General Ledger	Assurance over the integrity of the General Ledger system including Interfaces and Access controls.	Review of design and operation of controls including: 1 interfaces with feeder systems2 access controls. 3 prompt, complete and accurate clearance of suspense and control accounts4 a clear control framework has been set and this is being rigorously applied.	3
Resources	Finance	Pensions Admin	Significant financial area which requires periodic assurance.	Phase 1 Assurance on the separation of duties between pensions and employers' payroll sections including: 1 respective responsibilities of WCC payroll and pensions are documented and appropriate 2 respective responsibilities of other employers and pensions are documented and appropriate	1

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Finance	Pensions Admin	Significant financial area which requires periodic assurance.	Phase 2 Comprehensive review of pensions administration functions not covered in Phase 1 review including: 1 employers provide information to pensions promptly 2 processing of new starters and leavers is undertaken accurately and promptly 3 transfers in and out are processed accurately and promptly 4 IT system access controls 5 appropriate division of duties exist 6 appropriate business continuity plans exist and are periodically tested 7 pensions / lump sums are paid accurately and promptly	3
People	Finance	Residential and domiciliary care	Key financial system.	Assurance that payments to providers are made accurately and promptly, in accordance with contracts and only in respect of bone fide residents.	2
Resources	Finance	Strategic financial and business planning	New corporate plan / MTFP required Assurance on Financial stability Challenging financial environment for local government generally and for the County Council Effects of transformation	Review of the process for development and quality assurance of the MTFP / OOP2025 to ensure that medium term financial planning is properly integrated with business planning.	3

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Governance and Policy	Risk Management	External risk management health-check completed during 2018 Council faces significant challenges so sound risk management is essential	Health-check of risk management arrangements following implementation of actions from 2018 health-check. Note: May be externally commissioned from Marsh	4
Resources	Governance and Policy	Establishment Control Process	Establishment Control was introduced during 2018/19, and seeks to ensure that employment and agency staffing numbers and costs are properly managed.	Review of the operation of the Establishment Control process to provide assurance that the establishment is adequately controlled in terms of both numbers and costs.	1
Resources	Governance and Policy	Information governance	Risk of failure to properly manage and protect information is a strategic risk. Legislative or regulatory breaches that could result in significant penalties. Reputational damage following a data breach. previous limited opinion audit on GDPR compliance. Central information governance team provides a key second line of defence function	Review of compliance with legislative and regulatory requirements and council policies and procedures. Provide assurance that appropriate practices for GDPR compliance are embedded and hence that the Council is fully compliant. Assurance on the central information governance function including: 1 capacity and skills of the unit 2 training and support provided 3 monitoring by the unit of compliance with agreed policies and procedures 4 organisational status of the unit 5 appropriately skilled and qualified DPO in post	3
Resources	Governance and Policy	Your HR advice	Your HR development	Audit advice on governance, risk management and control implications of any further changes to Your HR.	1 - 4

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Governance and Policy	Strategic Property	Need to ensure that Strategic property management delivers the right property portfolio for the future along with delivery of capital receipts to agreed timescales	Assurance on strategic property management including the delivery of disposals to agreed timetable. Assurance that capital receipt projections are soundly based / adequately risk assessed.	3
Resources	Governance and Policy	Consultants	Higher risk expenditure area. High profile topic as a result of introduction of IR35. Target to reduce costs.	Review of controls and testing of expenditure to provide assurance that issues identified in previous limited opinion audit have been addressed effectively. Including: 1 adequacy of guidance, training and support to managers 2 monitoring by HR of compliance with guidance 3 compliance with IR35	1
Resources	Governance and Policy	Culture/Ethics	Need to demonstrate strong governance of the Council.	Assurance on the operation of the components required to ensure and maintain high ethical standards.	4
Other		AGS		Preparation of the annual governance statements for 2018/9 and 2019/20.	
Other		Risk Management		Preparation of corporate risk register and coordination of process	
Other		Counter-fraud - NFI		Co-ordination of investigations into NFI2018 matches	

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Other		Counter - Fraud - Policy/ Publicity		Ensure that the Counter Fraud, Bribery and Corruption Framework is up to date, that staff are aware of it and that it is applied in practice. It is in need of review to reflect structural changes.	
Other		Grants		Certification of those grant claims required to be certified by the Council's head of internal audit.	
Other		Accounts		Audit of a small number of miscellaneous funds operated by the Council	

Illustration of auditable topics not planned for 2019/2020

In addition to the coverage of key risks areas discussed at Annexes 1 and 2 above, the PSIAS requires the strategy to be open about those audit areas not covered in 2019/20. Based upon the planning discussions with senior management, our professional judgement and the results of previous audits the following topics are not planned for 2019/20. However, should planned audits not take place topics from this list will be substituted.

Directorate	Area	Latest coverage[2]	Other assurances	Priority
Communities	Developer contributions / highways response to planning applications	In Progress		H
	School Procurement			H
	School themed Audit – Budget Management	In Progress	Finance	H
	Health and safety		Health & Safety	H
	Civil Parking Enforcement	Moderate 2015/16	Procurement	H
	Fire Premises Risk Management	Substantial 2014/15	HMICFR	H
	Duty Management System	In Progress	HMICFR	H
	Partnerships			H
	Waste Management	Moderate 2018/19		H
	Pension Investment management	In Progress		H
People	Child Protection			H
	Missing Children	Substantial 2017/18		H
	Looked After Children	In Progress		H
	Adoption Central England	In Progress		H
	Asylum Seekers	Limited 2018/19		H
	Direct Payments – Children		Finance	H
	Direct Payments - Adults	Moderate 2018/19	Finance	H
	Reablement	In Progress		H
	Delayed Transfer of Care			H
	Reviewing Team	In Progress		H
Resources	Performance management		Performance	H
	Payroll	In Progress		H
	Treasury Management	Moderate 2018/19		H
	Capital Programme	Moderate 2018/19		H
Communities	Home to school transport	Moderate 2016/17		M
	Transport Fleet CFM	Moderate 2018/19		M
	SEN & inclusion	Moderate 2015/16		M
	Health and Well Being			M
	Planning Control	Substantial 2016/17		M
	Highways response to planning applications			M

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[2] This may not necessarily be a full scope review and only audits completed in the last 5 years are shown.

Directorate	Area	Latest coverage[2]	Other assurances	Priority
People	Command and control		HMICFRS	M
	Training	Moderate 2015/16	HMICFRS	M
	Transport	Limited 2015/16	HMICFRS	M
	Water	Substantial 2015/16	HMICFRS	M
	Duty management system		HMICFRS	M
	Individual schools		Finance, HR	M
	Economic Development	Moderate 2018/19		M
	Contracting – Public Health	Substantial 2018/19	Procurement	M
	School improvement	Moderate 2014/15	Ofsted	M
	Health and Safety		HMICFRS	M
	Residential Care			M
	Fostering	Substantial 2018/19		M
	Resource Allocation			M
	Multi-Agency Safeguarding Hub	Substantial 2018/19		M
	Domiciliary care			M
	Residential care			M
	Transitions and care leavers	Substantial 2018/19		M
	Deprivation of liberties	Moderate 2015/16		M
	Links with Health	Moderate 2018/19		M
	Quality Reviewing	Substantial 2018/19		M
	Case File Recording (Children and Adult)	Substantial 2018/19		M
	Disability Services	Substantial 2018/19		M
Resources	Occupational Therapy	Substantial 2014/15		M
	Complaints	Moderate 2016/17		M
	Heritage and Culture	Limited 2018/19 (Heritage)		M
	Pensions - governance	Substantial 2016/17		M
	Customer Connect	Moderate 2016/17		M
	Commercialism			M
	Business and Customer Support			M
	Benefits, Assessment and Income Control Team (re Residential & Domiciliary Care)	Substantial 2018/19		M
	Capital Programme	Substantial 2016/17	Finance	M
	Absence Management	Moderate 2016/17	HR	M
	HR management	Moderate 2014/15	HR	M
	Insurance			M
	Libraries, one front door, information service	Moderate 2015/16		M
	Registration	Moderate 2015/16	GRO	M
	Scrutiny			M
	Communications	Substantial 2015/16		M
Communities	Grants to voluntary organisations	Substantial 2014/15		L
	School Organisation &	Full 2014/15		L

Directorate	Area	Latest coverage[2]	Other assurances	Priority
Resources	Planning			
	Emergency Planning	Substantial 2018/19		L
	Highways	Substantial 2018/19	Procurement	L
	Youth Justice Service			L
	Music Service	Moderate 2015/16		L
	Outdoor education	Moderate 2015/16		L
	Catering & cleaning			L
	Income, Cash Collection & Banking			L
	School pupil premium	Moderate 2015/16		L
	Concessionary fares			L
	Public transport			L
	Streetworks			L
	Road safety			L
	Asbestos / water safety etc in schools -Themed			L
	Fire Equipment and uniforms		Procurement, HMICFRS	L
	Facilities management			L
	Business intelligence			L
	Trading standards and community safety			L
	Engineering design services	Substantial 2014/15		L
	Social Fund	Substantial 2014/15		L
	VAT		Finance	L
	Coroner			L
	Members allowances			L
	Consultation	Substantial 2016/17		L

Annex 4: QAIP

Warwickshire County Council – Quality Assurance and Improvement Programme

Head of Internal Audit

- Undertake an annual self-assessment against the requirements of PSIAS
- Develop and maintain a Quality Assurance Improvement Programme (QAIP) & improvement action plan
- Focus on evaluating conformance with Internal Audit Charter, definition of Internal Audit, Code of Ethics & the Standards
- Arrange an External Assessment in accordance with PSIAS requirements

Audit Managers

- Undertake supervision and review audit engagements
- Obtain assurance from supervision and review processes that engagement planning, fieldwork conduct and reporting /communicating results adheres to audit manual / PSIAS
- Provide HIA with regular reports on outcome of reviews, performance against key service measures etc
- Provide feedback to auditors on quality of their work
- Promote high professional standards and compliance with audit manual / PSIAS
- Continually develop their team members

Auditors

- Conduct audit engagements in accordance with audit manual PSIAS
- Deliver all assignments on time and within budget

All

- Comply with the Code of Ethics / Code of Conduct
- Promote the standards and their use throughout the Internal Audit activity
- Committed to delivering high quality services and continuous improvement
- Promote the internal audit service
- Committed to continuing professional development

Periodic external assessments against PSIAS. Annual inspections and internal quality audits to confirm compliance with ISO 9001:2008 and the Audit Manual. Robust performance monitoring.

Quality improvement plan - HIA reports to Audit Committee on the outcome of Quality Assurance including any improvement action plan and any significant non-conformance with PSIAS.

Ongoing monitoring and quality assurance is built into the audit process. Quality checks and oversight are undertaken throughout the audit engagement ensuring that processes and practice are consistently applied. Post assignment de-brief.