Audit and Standards Committee

25 March 2021

Internal Audit Plan 2021-22

1.   Recommendations

That the Committee:

1. endorses the proposed Internal Audit plan for 2021-22
2. confirms its continued endorsement of the Audit Charter

2.   Executive Summary

2.1   The Council has a duty to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account relevant auditing standards.

2.2   The role of internal audit is primarily to provide reasonable assurance to the organisation and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant business risks. Internal Audit does this ***by providing risk-based and objective assurance, advice and insight.*** In addition to providing assurance the audit service also undertakes consultancy and advisory work designed to add value and offer insights that will improve the effectiveness of risk management, control and governance processes e.g. acting as a critical friend when process changes are being developed.

2.3   To ensure the best use of limited audit resources audit work needs to be carefully planned. In accordance with best practice the Committee's role is to review and approve the annual internal audit work plan. The plan is developed in consultation with senior managers and takes account of the organisation's aims, strategies, key objectives, associated risks, and risk management processes (as required by internal audit standards). It 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. Care has been taken to explicitly link the internal audit plan with critical risks.

2.4   Based upon the discussions to date and our professional judgement an indicative priority and an estimated number of days has been allocated to each potential topic. This takes into account a range of factors including: when the topic was last audited, complexity of the topic, and the level of change. The list of potential topics arising from the planning process is included in the attached audit plan document (Appendix A) together with those topics we are unable to cover during the year based on existing level of resources. The aim is to give a high-level overview of audit areas. The Committee will note that as in past years whilst we are able to cover key aspects of very high risk areas we are not able to cover lower rated risks.

The Committee is able to accept a plan on this basis, provided this matches its "risk appetite" for independent assurance, also recognising that management have the prime accountability for managing processes and risks (and therefore assurances can be obtained directly from them where necessary).

2.5   Good practice requires us to recognise that the plan should be responsive to changes in risks during the year and it will therefore be reviewed at intervals throughout the year to ensure it remains relevant.

2.6   The Internal Audit function is governed by its Audit Charter, which is a requirement of the Public Sector Internal Audit Standards (PSIAS) and sets out the purpose, authority and responsibility of internal audit. As the Committee will appreciate, it has to be formally agreed and approved by the organisation and periodically reviewed. The Charter establishes the position of internal audit within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities.

2.7   In accordance with best practice the existing Audit Charter, which was approved in July 2020, has been reviewed ensure it reflects the current structure, practice and legislation. No changes are being recommended following the recent review and it is included for completeness. **(Appendix B)**

2.8   This report will also be considered by Corporate Board and consultation with assistant directors is underway to firm up timing of individual assignments.

3.   Financial Implications

3.1   None

4. Environmental Implications

4.1   The proposed plan includes two audits relating to the environmental agenda, covering flooding and the work emerging from the Member panel on climate change.

5.   Supporting Information

5.1   Not applicable

6.   Timescales associated with the decision and next steps

6.1   Not applicable

Appendices

1.   Appendix A: Internal Audit Strategy and Plan 2021/22
2.   Appendix B: Audit Charter

Background papers

None

	Name	Contact Information
Report Author	Paul Clarke	01926 412897 paulclarkere@warwickshire.gov.uk
Assistant Director	Andrew Felton	01926 412441 andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell	01926 412045 robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Peter Butlin	01926 632679 peterbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Internal Audit Strategy and Plan 2021/22

"Providing assurance on the management of risks"

Warwickshire County Council

Working for Warwickshire

Internal Audit Strategy and Plan 2021/22

"Providing assurance on the management of risks"

This document sets outs the Internal Audit Strategy and proposed Plan of work for 2021/2022 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. Recognising that effective management involves choosing to take risks as well as defending against negative impacts, perhaps "*Three lines of Assurance*" is a helpful description:

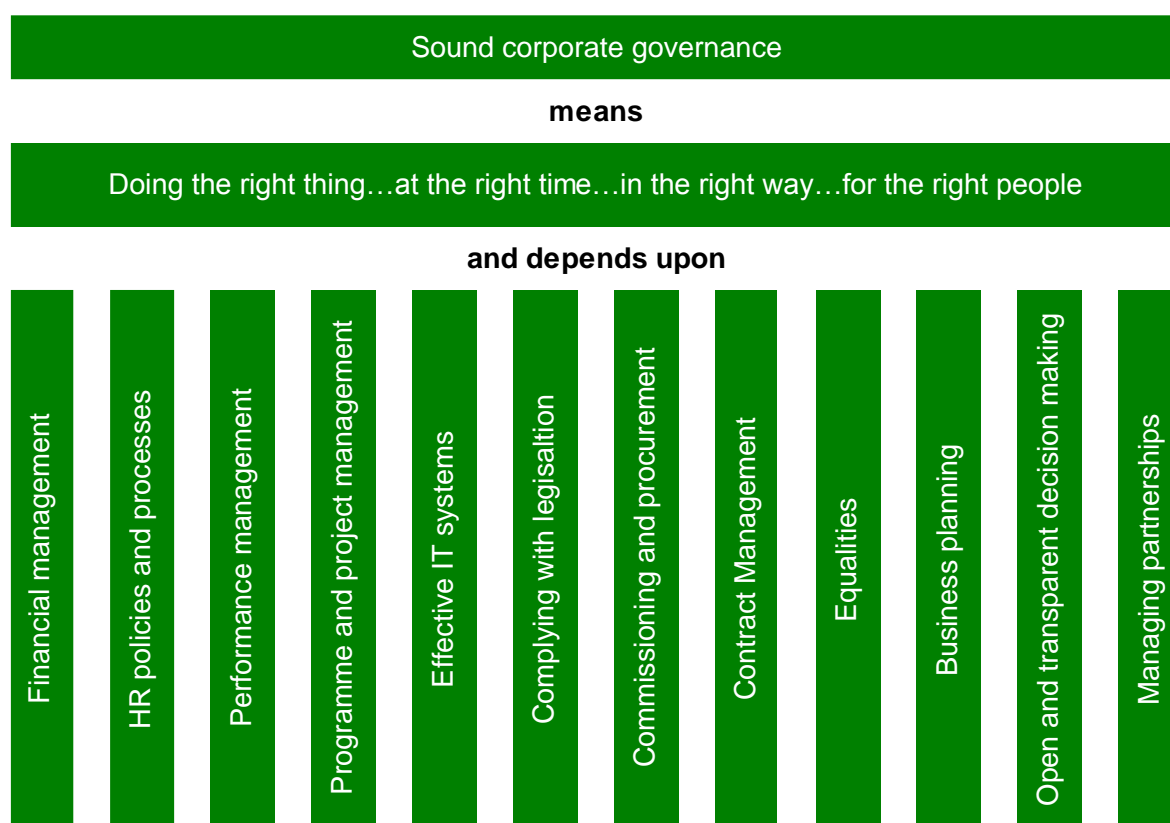**Figure 1: Three lines of defence (assurance) model**
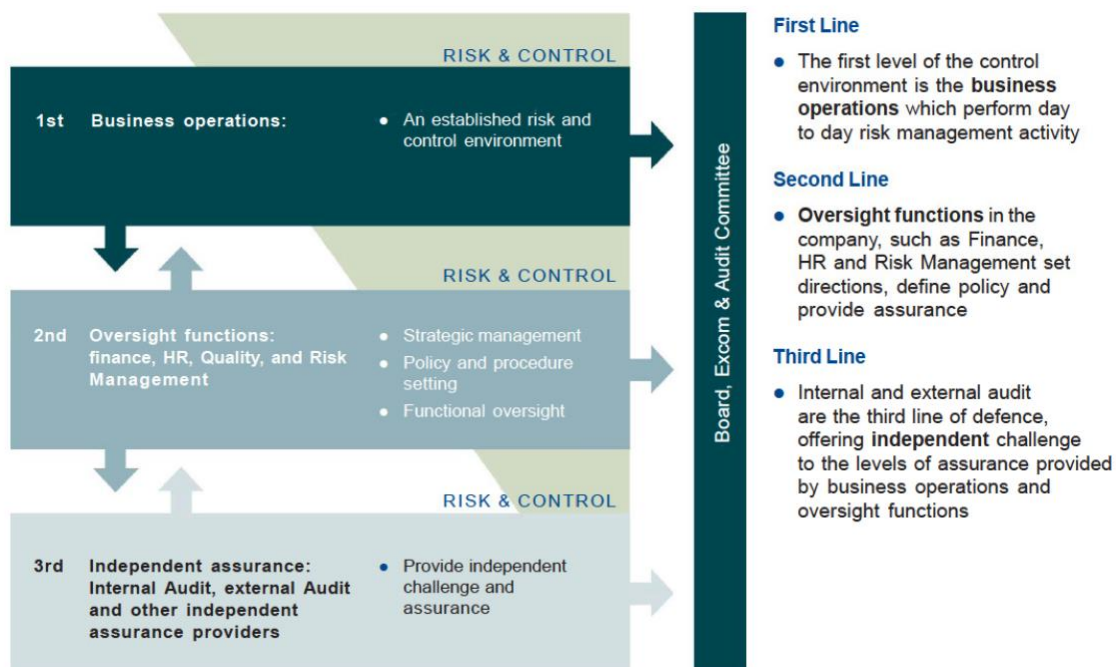
The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of assurance, audit's main roles are to ensure that the first two lines are operating effectively and advise how they could be improved.

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.

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:

- The response to COVID-19 and the longer term economic and social impact
- 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 customers' 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.

Challenge

Champion

Catalyst for improvement

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.

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 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 2021 / 2022

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.

COVID-19 Impact

Since early 2020 the UK has suffered the unprecedented impact of the COVID-19 pandemic. As a result the working practices and focus in Internal Audit and other services were rapidly adjusted to respond to the virus as it affected Warwickshire County Council. The impact of Covid has been considered in shaping the plan of assurance work for 2021-22 and a number of smaller areas have been combined into a section of corporate reviews to provide assurance and identify lessons for the future.

General context and key themes

International

In addition to the COVID pandemic impacts, the Institute of Internal Auditors has identified a number of key themes through its annual survey of Heads of Audit across the world, which looks at the continuing and emerging areas of risk on which they are having to focus. The latest report, Risk in Focus 2021, identified six Top risks from the survey, as follows:

- Cybersecurity and data security
- Regulatory change and compliance
- Digitalisation, new technology and artificial intelligence
- Financial, capital and liquidity risks
- Human capital and talent management
- Disasters and crisis response

National

Like the rest of the world, since last year Local Government has been greatly impacted by Covid 19. The latest Mazars Horizon Scanning review 2020 sets out a large number of on-going challenges and this included a number of new areas for focus. Those relevant for the county were:

- COVID-19
- The changing high street
- Domestic violence
- Council staff – homeworking, capacity and wellbeing
- Discretionary services

County Council

The national and international perspectives highlighted above are reflected in the challenges faced by the county council. Regarding the aspects of financial risk, these have been identified by the Council in setting the budget and MTFS.

Financial Risks - Annual Budget and MTFS

From a financial perspective, as the Strategic Director for Resources has stated in the budget report, "*The uncertainties of the economic environment, the fact we are awaiting a multi-year Spending Review settlement, the scale of the expenditure reductions required and the growing demands on services, mean that there are significant risks facing the Authority in delivering a balanced budget.*"

The report identifies the following financial risks, along with mitigation measures:

- Delivery of the Planned Budget Reductions
- On-going Impact of the Covid-19 pandemic
- Repayment of Overspends
- Dedicated Schools Grant Deficits
- Treasury Management
- Uncertainty of the National Funding Position
- Local Government Funding Reform
- Pensions
- Impact on the Medium Term Financial Strategy

Council Plan 2025

These planned investments, along with other investment plans are directed towards delivery of the newly adopted Council Plan 2025.
The Council Plan contains two priority outcomes for achieving the vision "To make

Warwickshire the best it can be, sustainable now and for future generations". These are:

- Warwickshire's communities and individuals are supported to be safe, healthy and independent; and

- Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure

The priorities are supported by "Making the best use of resources" and underpinned by the aim to address the long-term challenge of climate change.

Recovery Plan

The Recovery Plan is an important document for us an organisation as we look to a future where we must balance our ongoing response to the pandemic with implementing our recovery approach.

It sets out 10 clear priorities that are aligned with our Council Plan and sets out some immediate actions.

Our risk-based audit planning has a clear focus on supporting delivery of the Council Plan. The detailed audit plan at Annex 2 sets out the work we plan to undertake in 2021-22 to give assurance opinions on the extent to which the risks to delivery of the Council Plan are being managed and mitigated. The Plan is structured around the Priorities, Use of Resources and Climate change.

Other planning considerations

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. 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 schools experiencing financial difficulties. 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 sometimes 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 2020/21 audits, and

- Counter fraud work to maintain counter-fraud policies and to promote and raise the profile of counter fraud messages. Further work is planned to undertake an assessment of fraud risk and integrate this into the corporate risk management framework. This work will supplement the Council's on-going participation in the National Fraud Initiative which the internal audit team coordinates.

Quality Assurance and Improvement Programme

The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit 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.

Paul Clarke
Internal Audit Manager
(Head of Internal Audit)

March 2021

Strategic Risks

	Extract from Council's strategic risk register		Independent Assurance Sources	
	Strategic Risk description and impact		**Other sources of assurance**	**Examples of proposed internal audit role / planned assignments**
1	Risk of a prolonged Covid pandemic persisting into 2021, with continued risk of transmission and infections, resulting in adverse impacts on the heath & well-being including mental health, of Warwickshire communities and increasing demand for Council & public services of Warwickshire communities.			COVID response/ spending
2	Risk of post-pandemic widening of social, health and economic inequalities, and inability to catch up, resulting in worsening outcomes for our communities.			WRIF, COVID response/ spending, schools
3	Risk of failings in the protection of vulnerable children in our communities and the potential for legal and reputational damage to the Council.		Ofsted	Children with disabilities, SEND programme, Contract management – Quality Assurance (care sector)
4	Risk of failings in the protection of vulnerable adults in our communities and the potential for legal and reputational damage to the Council.		CQC	Contract management – Quality Assurance (care sector)
4	Delays to social care reform and continued disruption to care markets (supply and cost pressures) impacting on sustainability of council services, service standards, service accessibility/continuity and affordability, resulting in negative outcomes for service users.			Re-commissioning (People)
5	Risk of a deep and prolonged downturn in the local economy, resulting in: (i) longer lasting negative impacts on businesses sustainability in effected sectors/localities, including town centres and the visitor economy (ii) reduced employment levels impacting on household incomes and well being (iii) Reduced/ changing tax base to fund Council services.			WRIF, Grants to businesses
6	Risk of education and skills gaps widening and inability to catch up resulting in worsening outcomes for current student cohorts, particularly for disadvantaged students.		Ofsted	COVID response/ spending

	Extract from Council's strategic risk register		Independent Assurance Sources	
	Strategic Risk description and impact	Other sources of assurance	Examples of proposed internal audit role / planned assignments	
7	Risk of being unable to deliver our ambitions on the Climate Emergency declaration resulting in negative outcomes for our communities, businesses and environment and reputational damage.		Climate change	
8	Risk of continued uncertainty about external factors such as Government policies economic outlook, impacting on our ability to carry out longer-term planning, secure sufficient funding, meet demand and sustain key services.		External funding governance	
9	Risk of Staff health and wellbeing continuing to be affected negatively, impacting our resilience and capacity to deliver services and address new challenges.		Wellbeing	
10	Risk of failing to sustain and progress change, to modernise, innovate and take advantage of technology-driven solutions, resulting in inefficient, unsustainable services, unrealised benefits and outcomes		IT integration/ strategy, Cloud computing, Estates rationalisation, Change programme	
11	Risk of legal, regulatory, Information security non-compliance, impacting on the Council's reputation and loss of trust in public service delivery and the potential for financial penalties.		Cyber security	
12	Risk of negative results from our commercial and investment activities, impacting on reputation and loss of trust in public service delivery.		Property Co, WRIF, Commercial energy	
13	The risk of detriment to our reputation (including that of financial loss from commercial activities), locally, nationally and with partners and our community.		Property Co, WRIF, Commercial energy	

Planned Work 2021/22

COVID-19 risks and recovery

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Council-wide	Council-wide	COVID Grants	Requirement to meet grant conditions.	Independent assurance around grant expenditure and governance during the pandemic and lessons for the future. Also, governance, risk management and control advisory support.	1-4
		COVID secure office accommodation	Keeping staff safe and complying with changing requirements	Assurance over the arrangements to ensure that Covid requirements are met for council premises.	2-3
		Workforce implications	Impact on wellbeing of staff and future shape of ways of working	Review of effective application of risk mitigations for temporary Covid working arrangements and learning for the future to be an attractive employer.	1-2

<table>
<tr><td colspan="2">Council Plan Priority Outcome:</td><td></td><td colspan="2">Warwickshire's communities and individuals are supported to be safe, healthy and independent</td><td></td></tr>
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Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
People	Children	Fostering and SGO payments	Inaccurate payments, inconsistent policy implementation	Review of the controls including application of new policy including discretionary payments	1-2
People	Children	Performance data quality	Quality of data used for decision making and reporting	Issues being tackled over accuracy of reports. Assurance to follow this work	3-4
People	Children	Children with disabilities	Assessments not meeting timeliness performance targets.	Review of the arrangements and service performance	1-2
People	Adult	Direct payments	Complex control area with potential fraud risk	Assurance around controls and governance	2-3
People	Commissioning	Re-commissioning	Re-commissioning was paused in places due to Covid.	Management of risks and future programming	2
Communities	Education	SEND programme	On-going programme of important projects.	Scope to be determined based on 2020-21 work and progress of programme	2-3
Resources	CSU	Contract management	Assurance required around quality of care delivered though contracts	Quality assurance focus, including particularly the care sector	3-4

Council Plan Priority Outcome: **Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure**

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Communities	Communities	Highways contract	Contract management and adjustments	Significant area of spend. Detailed scope to be agreed	1-2
Communities	Communities	Grants to businesses	New scheme	Advisory - balance of ease of application for businesses Vs control	1
Communities	Communities	WRIF (Warwickshire Recovery and Investment Fund)	Significant and complex new area	Advisory support	1-2
Communities	Communities	External funding governance	Significant financial area with need for good communications and oversight	Assurance over governance arrangements	2-3
Communities	Education	Schools in difficulties	Previous Limited assurance audit	Assurance following Limited assurance audit in 2019-20	3-4
Communities	Education	Schools thematic review	Financial planning and control	Thematic review, looking at root causes/ risk factors for deficits	3-4
Communities	Fire and Rescue	Vision and Farynor IT systems	Systems at end of life.	Review of approach to managing the risks and finding sustainable solutions	1-2
Communities	Fire and Rescue	Fire service training	External high cost training and options to deliver in-house	Review of the mitigation of financial and service risks around training.	2-3
Resources	Commissioning Support Unit	Treasury management	Changes in approach and staffing.	Assurance on controls design and application	1-2
Resources	Finance	Traded Services	Need for appropriate governance and impact of COVID on trading	Scope to be determined but to include governance and sustainability	2-3

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Finance	Commercial energy	New area with financial, control and governance requirements	Advisory role	1-4
Resources	Finance	Property Company	Establishment of new Property Co	Client side of expected new company. Also broader assurance that the new Co. is assuring itself - governance	3-4
Resources	Governance & Policy	Property – Estates rationalisation	WCC estate under review for rationalisation	Advisory role	1-4

Council Plan Priority
Outcome Support:

SUPPORTED BY

Making the best use
of resources

Making the best use of resources

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Enabling Services	Cyber security	Heavy reliance on IT for services	Cyber risk governance maturity assessment	3
Resources	Enabling Services	Cloud computing	Identification and management of risks in cloud environment	Assurance on clarity of risks and management of these	3-4
Resources	Enabling Services	IT integration/ strategy	Need for planned and joined up approach to IT	Planning and resourcing of ongoing systems and future development	2-3
Resources	Enabling Services	Payroll	External review has identified weaknesses which are now being addressed. Assurance required that the control improvements are embedded and effective.	Full review of Payroll system.	3-4
Resources	Finance	Budget management	Effective budget management is key to sustainable service delivery	2019-20 Moderate opinion. Focus on quality of forecasting and understanding of cost drivers	3-4
Resources	Finance	Finance system	Agresso system developments	Advisory work on Agresso developments	1-4
Resources	Finance	Pension Administration	Further audit following limited opinion	Assurance review	2-3
Resources	Finance	Pension counter-fraud arrangements	Important area for periodic review	Assurance review	3-4

Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
Resources	Finance	Risk management	Updated Risk Management Strategy	Revised strategy effectiveness	4
Resources	Governance & Policy	Strategy consistency and harmonisation	Consistent strategies required to optimise outcomes	Advisory work on review of Council strategies	1-2
Resources	CSU	Data strategy	New strategy being developed	Advisory	1-3
Resources	CSU	Performance management	Revised performance framework	Advisory	1-3
Resources	CSU	Change programme	Control of key change projects	Review of sample of key projects	3-4

| | | **Council Plan: Responding to climate change:** | As part of our response to climate change, we make sure our work is in-line with the UN Sustainable Development Goals
 SUSTAINABLE DEVELOPMENT GOALS | | **UN Sustainable development Goals** | |

| Directorate	Service	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Timing (Qtr)
All (Lead – Communities)	All (Lead – Communities)	Council response to climate change	A sound methodology and baseline measurement are essential to ensure that there is a robust evidence base and targets are SMART.	Assurance over the methodology and baseline measurement to ensure that there is a robust evidence base and targets are SMART. Specific scope to be subject to further consultation.	3

Illustration of auditable topics not planned for 2021-22

In addition to the coverage of key risk areas discussed at Annexes 1 and 2 above, the PSIAS requires the strategy to be open about those audit areas not covered in 2021/22. Based upon the planning discussions with senior management, our professional judgement and the results of previous audits the following topics are not planned for 2021/22. However, should planned audits not take place topics from this list can be substituted.

Directorate	Area
Resources	BAIC
Resources	Capital schemes
Resources	Property - Education S106 etc.
Resources	Information Governance
Resources	Recruitment
Resources	Budget delivery – savings
Resources	Facilities Management and Caretaking
Resources	Release Management
Communities	Yotta IT system
People	Implementation of cashless payment processes
People	In-house care home
People	Payment process - Domiciliary care
Resources	MTFS
Resources	Insurance
Communities	Home to school/ SEND transport

Annex 4: QAIP

Warwickshire County Council – Quality Assurance and Improvement Programme
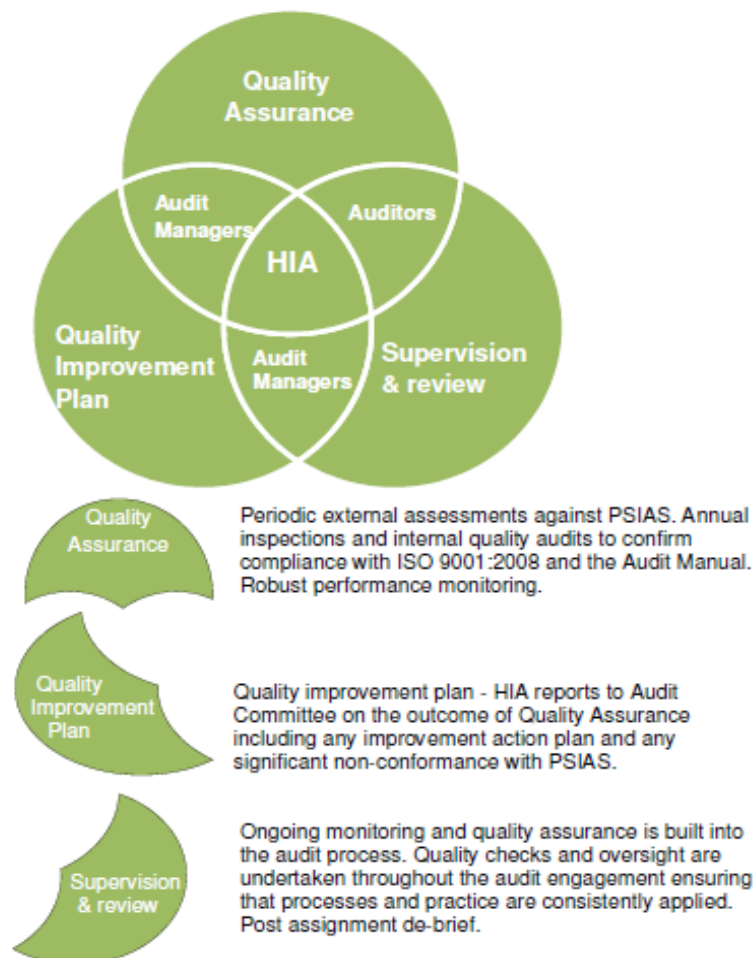
Head of Internal Audit

- 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

Quality Assurance — 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 — 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.

Supervision & review — 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.

Warwickshire County Council