

APPENDIX 1 – Proposed Internal Audit Areas – 2018/19

Please note that consultation with directorate management teams is still ongoing at the time of this report and therefore the proposed individual audits are likely to change. It is important that Members of the Corporate Affairs and Audit Committee contribute to the consultation process (in accordance with Public Sector Internal Audit Standards) and to suggest areas for audit coverage. Once consultation has taken place with all stakeholders, the content of the Plan will be reconsidered and the priorities identified with the final version (including planned days) presented to the Corporate Affairs and Audit Committee at the next meeting. Please note that it will probably not be possible to complete all of the suggestions below with the resources available.

Proposed Audit Area	Suggested by/Reason for inclusion	Strategic Plan Link (if applicable)	Strategic Risk Link (if applicable)
Cyber security	Hot topic area (please see note 1 below)	BI06	
Compliance with General Data Protection Regulations	Hot topic area	BI06	Failure to respond effectively and efficiently to legislative changes places the Council in breach of statutory duties.
Investment in new IT technologies	Hot topic area	BI06	Failure to deliver required transformation of services, culture change or savings
Impact of political risks and events e.g. Brexit;	Hot topic area		Targeted investment within Middlesbrough disproportionately affected by low economic growth (e.g. following Brexit).
Vendor risk and third party assurance (outsourcing)	Hot topic area	BI02-03	Failure to deliver required transformation of services, culture change or savings.
Corporate culture (maintaining employee trust, public confidence and reputation, embedding of values)	Hot topic area	BI08	Failure to deliver required transformation of services, culture change or savings.
Workforce planning (maintaining key skill sets)	Hot topic area	BI08	
Data quality	Suggested by Head of Performance & Partnerships and strategic priority and risk link	BI06	Failure to deliver required transformation of services, culture change or savings
Performance management	Strategic priority and risk link	BI06	Failure to deliver required transformation of services, culture change or savings
Medium term financial plan	Strategic priority and risk link	BI01	Failure to adapt to the new funding model for local government results in a new funding gap.

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			Failure to align Strategic Plan with TVCA plans adversely affects MTFP and Investment Prospectus progress
Children's Services financial management	Suggested by Finance, Governance & Support DMT and strategic priority and risk link	BI01, BI03, BI05	
Investment Strategy	Strategic priority and risk link	PR01-09	Failure to align Strategic Plan with TVCA plans adversely affects MTFP and Investment Prospectus progress. Targeted investment within Middlesbrough disproportionately affected by low economic growth (e.g. following Brexit).
ICT Strategy Measurement	Suggested by Head of ICT and strategic priority and risk link	BI06	Failure to deliver required transformation of services, culture change or savings
Project Management	Suggested by Strategic Director Finance Governance & Support and strategic priority link	PR04-09	
Integrated Transport Unit	Suggested by Growth & Place DMT (Quarter 4) and strategic priority link	PR04	
Events management (marketing, health and safety, planning and budgetary control)	Suggested by Growth & Place DMT and strategic priority link	SR12, BI06, PR01	
Selected landlord licensing	Suggested by Growth & Place DMT and strategic priority link	PR09	
Housing and homes development (two assignments 1) housing delivery vehicle effectiveness and 2) delivery of affordable homes targets	Suggested by Growth & Place DMT and strategic priority and risk link	PR07- 09	Targeted investment within Middlesbrough disproportionately affected by low economic growth (e.g. following Brexit).
Homes & Communities Agency (HCA) files quality of record keeping	Suggested by Growth & Place DMT and strategic priority link	PR09, BI06	
Highways planning and maintenance – effectiveness of road maintenance plans and	Suggested by Growth & Place DMT and strategic priority link	PR04, SR10	

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strategies			
Delivery of short breaks provision	Children's DMT	SR08	Failure to respond effectively and efficiently to legislative changes places the Council in breach of statutory duties.
Place planning for schools	Children's DMT	SR06	
Quality assurance framework testing	Children's DMT	SR05	Failure to respond effectively to new Ofsted ILACs inspection system and increased inspection of children's services.
Education and schools	Strategic priority link	SR06	
Safeguarding adults processes	Strategic priority link	SR09	
Domestic Abuse Prevention – Pre Inspection	Suggested by LMT and strategic priority and risk link	SR09	Individuals and families in need not provided with effective help at appropriately early stage, resulting in social issues and greater downstream costs to public services.
Health and social care integration	Suggested by Director of Social Care and strategic priority and risk link	SR08	Funding reductions for statutory partners results in impact on services delivered jointly with the Council. Reduced outcomes and incurred costs through failure to implement effective strategic and delivery partnerships.
Public health joint service – assurance on systems/objectives delivery	Suggested by Growth & Place DMT and strategic priority and risk link	SR07 - 08	Reduced outcomes and incurred costs through failure to implement effective strategic and delivery partnerships.
Prevention and early help strategies	Strategic priority and risk link	SR05	Individuals and families in need not provided with effective help at appropriately early stage, resulting in social issues and greater

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			downstream costs to public services.
Data Protection reforms (follow up)	Suggested by Corporate Strategy Manager/Head of Performance & Partnerships and strategic priority and risk link	BI06	Failure to respond effectively and efficiently to legislative changes places the Council in breach of statutory duties.
Compliance with grievance policy and process	Suggested by Corporate Strategy Manager/Head of Performance & Partnerships and strategic priority link	BI08	
Attendance Management	Suggested by the Head of Human Resources and strategic priority link	BI08	
Contract management	Deferred from 2017/18	B102	
Land & property disposals sample check	Linked to external audit qualified VfM opinion and strategic priority link	BI06	
Members' allowances	Periodic assurance check required		
Agresso	Deferred from 2017/18 and strategic priority and risk link	BI06	Failure to deliver required transformation of services, culture change or savings.
Asset and register inventories	Anti fraud and effective controls review and strategic priority link	BI06	
Social care and emergency payments	Anti fraud and effective controls review and strategic priority and risk link	BI06	Individuals and families in need not provided with effective help at appropriately early stage, resulting in social issues and greater downstream costs to public services.
Section 117/health care costs	Suggested by Director of Social Care and strategic priority link	BI03	
ICT disaster avoidance	Suggested by Head of ICT and Corporate Strategy Manager and strategic priority and risk link	BI06	Failure to deliver required transformation of services, culture change or savings.
Youth employment initiative	Independent certification required for claim.	SR02	Qualifications and skills profile of local labour does not match requirements of current employers and / or potential future investors.
Health and safety compliance/training	Suggested by Chair of Corporate Affairs	BI08	Failure to respond effectively and

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	and Audit Committee and strategic priority and risk link		efficiently to legislative changes places the Council in breach of statutory duties.
Street lighting contract (follow up)	Previous cause for concern report	BI02	
Budgetary planning and control	Material financial system	BI05	Failure to adapt to the new funding model for local government results in a new funding gap.
Main accounting/bank reconciliation	Material financial system		
Accounts payable	Material financial system		
Accounts receivable	Material financial system		
Council tax and business rates	Material financial system		
Housing benefits	Material financial system		
Treasury management	Material financial system		
Capital accounting	Material financial system		
Payroll, travel and expenses	Material financial system		
Capital programme	Material financial system		
Purchasing cards	Suggested by Head of Financial Governance and Revenues and strategic priority link	BI06	
Pensions	Suggested by Head of Pensions and Investments and strategic priority and risk link	BI08	Failure to respond effectively and efficiently to legislative changes places the Council in breach of statutory duties.

Note 1 – Hot topic audits - hot topics for internal auditors for 2018 have been identified via in depth interviews with chief audit executives across six European countries (including UK) and across a range of sectors. This has resulted in a series of hot topics that reflect risk areas that are being prioritised by chief audit executives in their audit plans for 2018/19. For each of these hot topic areas, a series of key questions have been provided for auditors to consider. It is proposed that those key questions be considered for each of the short hot topic audits.

Other Internal Audit Work

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Area	Reason
Grants/certifications	Contingency time for annual requirements to certify returns.
Whistleblowing hotline and reactive work	A contingency of time to enable investigations to be carried out in response to allegations of fraud, corruption or malpractice.
Anti fraud framework	Update of all relevant policies to ensure they remain relevant and reflect current legislation/regulation.
Anti Fraud Controls	A series of short assignments targeted at areas that are traditionally susceptible to fraud and where, nationally, fraud is most likely to occur. The areas examined will be identified by the fraud and loss risk register.
Contingency	Time reserved for new emerging risks and unplanned work.
Follow Up	An allocation of time to monitor and report on the rate of implementation of all agreed actions.
Committee/Management Team Meeting Attendance	Preparation and presentation of reports
Liaison and Reporting	Meetings and advisory, progress reports, audit and assurance plan compilation, Member queries, liaison with external auditor.