

APPENDIX 1 – Proposed Internal Audit Areas – 2019/20

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.

Proposed Audit Area	Suggested by/Reason for inclusion	Strategic Priority Link (if applicable)	Strategic Risk Link (if applicable)
Data protection and strategies post GDPR	Hot topic area	Make sure business management practices compare with those of best performing councils.	Failure to comply with GDPR.
Digitalisation and automation	Hot topic area	Through our digital strategy, make it easier to access services.	Failure to transform culture and services.
Sustainability, the environment and social ethics	Hot topic area	Look at new ways of delivering services, working with communities and partners.	Failure to develop effective partnerships. Failure to stabilise transient populations.
Anti-bribery and anti-corruption compliance	Hot topic area	Make sure business management practices compare with those of best performing councils.	Failure to comply with statutory duties.
Workplace culture: discrimination & staff inequality	Hot topic area	Use People Strategy to become recognised as a good employer.	Failure to recruit/retain key staff. Failure to transform culture and services.
Communications: protecting brand and reputation	Hot topic area	Gain a greater understanding of partner and customer needs by improved communications and consultation.	Failure to develop effective partnerships. Failure to transform culture and services.

APPENDIX 1 – Proposed Internal Audit Areas – 2019/20

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Risk governance and controls	Hot topic area	Make sure business management practices compare with those of best performing councils.	Failure to transform culture and services.
Business continuity and crisis response	Review of the Council's business continuity and disaster recovery arrangements including the robustness of any business impact analysis and review of the crisis management arrangements.	Make sure business management practices compare with those of best performing councils.	Terrorist incident. Failure to comply with statutory duties.
Performance management/Data Quality	A key strategic priority and risk link.	Make sure business management practices compare with those of best performing councils.	Failure to transform culture and services.
Medium term financial plan	A key strategic priority and risk link.	In year financial performance relative to Council budget; Improve the financial performance of services charged for.	MTFP inaccurate, resulting in unmitigated gap. Business rate review impacting on MTFP.
Children's Services financial management	A key strategic priority and risk link.	In year financial performance relative to Council budget;	MTFP inaccurate, resulting in unmitigated gap.
Project Management	Confirm that the effective methodology and practice remains in place and review a sample of projects to assess whether the Council's approach was adhered to. May include a wider assessment of projects that have failed to meet objectives to consider the root-cause of this with the aim of improving future project management arrangements.	Relates to most or all Physical Regeneration priorities.	Failure of Centre Square development to provide expected returns; Failure of TEESAMP development to provide expected benefits and returns.
Contract Management	Assess a sample of significant contracts at the Council and how these are managed in terms of: the clarity of the contract	Achieve greater value for money when buying	Failure to transform culture and services.

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	terms, approval of variations to contracts, performance management is clear, understood and reported with remedial action taken.	services and managing contracts.	
Land & property disposals sample check	Linked to previous external and internal audit concerns and therefore will confirm compliance with process by sample testing.	Achieve greater value for money when buying services and managing contracts.	
Attendance Management	To provide assurance that attendance management processes are being complied with across the Council. Audit requested by the Head of HR.	Use People Strategy to become recognised as a good employer.	
Recruitment and retention	To review the Council's processes for recruitment and retention. This will include examining the effectiveness of campaigns to recruit hard to fill posts. To focus on how staff are retained via reporting on retention figures, exit interviews, and how staff with strong potential to excel are managed.	Use People Strategy to become recognised as a good employer.	Failure to recruit/retain key staff.
Education and schools	A key strategic priority and risk link.	Increase educational and vocational attainment for all children and adults.	Failure to secure funding for new local school(s). Poor skills profile of school leavers.
Safeguarding adults processes	A key strategic priority and risk link.	Continue to promote the welfare of children, young people and vulnerable adults and protect them from harm, abuse and neglect.	
Safeguarding children processes	A key strategic priority and risk link.	Continue to promote the welfare of children, young	

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		people and vulnerable adults and protect them from harm, abuse and neglect.	
Social work and early help	A key strategic priority and risk link.	Transform children's social work and early help to allow more families to stay together where it is safe to do so and reduce the need for children to be looked after by the Council.	Children impacted by social care transformation. Failure of early help services.
Social care and emergency payments	Previous area of control weakness. Anti fraud and effective controls review and strategic priority and risk link	In year financial performance relative to Council budget;	
Budgetary planning and control	Material financial system	In year financial performance relative to Council budget; Introduce a unit cost budgeting approach to identify further efficiency savings; Make sure business management practices compare with those of best performing councils.	MTFP inaccurate, resulting in unmitigated gap.
Main accounting/bank reconciliation	Material financial system	In year financial performance relative to Council budget;	MTFP inaccurate, resulting in unmitigated gap.
Accounts payable	Material financial system	In year financial performance relative to Council budget;	

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		Achieve greater value for money when buying services and managing contracts.	
Accounts receivable	Material financial system	In year financial performance relative to Council budget; Improve the financial performance of services charged for.	
Council tax and business rates	Material financial system	In year financial performance relative to Council budget;	
Benefits and CTAX Support Scheme	Material financial system	In year financial performance relative to Council budget;	
Treasury management	Material financial system	In year financial performance relative to Council budget; Make sure business management practices compare with those of best performing councils.	MTEP inaccurate, resulting in unmitigated gap.
Capital accounting	Material financial system	In year financial performance relative to Council budget.	MTEP inaccurate, resulting in unmitigated gap.
Payroll, travel and expenses	Material financial system	In year financial performance relative to Council budget.	
Capital programme	Material financial system	In year financial performance relative to Council budget;	

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Purchasing cards	Previous area of control weakness.	In year financial performance relative to Council budget.	
Car Parking – Income Accounting and Collection	Suggested by Audit & Assurance Officer	Improve the financial performance of services charged for.	
Pensions	Material financial system	In year financial performance relative to Council budget.	Failure to comply with statutory duties.
Individual risk verification contingency	To provide assurance that stated mitigation controls are in place and working effectively to manage the stated risk.	All priorities – depending on which risks are selected for auditing.	All risks – depending on which risks are selected for auditing.
Growth & Place Directorate	Individual audits to be confirmed.	To be confirmed.	To be confirmed.
Public Health Directorate	Individual audits to be confirmed.	To be confirmed.	To be confirmed.
Social Care Directorate	Individual audits to be confirmed.	To be confirmed.	To be confirmed.
Children's Services Directorate	Individual audits to be confirmed.	To be confirmed.	To be confirmed.

Note 1 – Hot topic audits - As in 2018, consideration has been given to the Risk in Focus report produced by the Chartered Institute of Internal Auditors. Hot topics for internal auditors for 2019 have been identified via in depth interviews with chief audit executives across seven institutes of internal auditors in Europe, including the UK. Chief audit executives across these countries and across various sectors were interviewed to identify the priority risk areas that they will be including in their audit plans for 2019. To identify the risk areas, a survey was distributed which received 311 responses and the resultant report produced by the Institute has highlighted the biggest risks that chief audit executives believe their organisations face and where internal audit will be spending its time. Those areas are included in the table above and represent the key areas of focus for most internal audit services.

Other Internal Audit Work

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 and register	Update of all relevant policies to ensure they remain relevant and reflect current legislation/regulation. Update of the fraud risk register as maintained by TVAAS.

APPENDIX 1 – Proposed Internal Audit Areas – 2019/20

Fraud prevention and investigation including National Fraud Initiative	This time will be allocated between short assignments targeted at areas that are traditionally susceptible to fraud and where, nationally, fraud is most likely to occur (based on the fraud and loss risk register) and coordinating the NFI data matching exercise.
Contingency	Time reserved for new emerging risks and unplanned work and investigations.
Audit 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 to various forums including the Corporate Affairs and Audit Committee, LMT and DMTs.
Liaison and Reporting	Meetings and advisory, progress reports, audit and assurance plan compilation, Member queries, liaison with external auditor.
Other activities	Including annual audit planning and assurance mapping, contributions to the preparation of the Annual Governance Statement, attendance at corporate and directorate meetings.