INTERNAL AUDIT WORK PROGRAMME 2022/23

Date: 28 April 2022

Annex 1

Middlesbrough
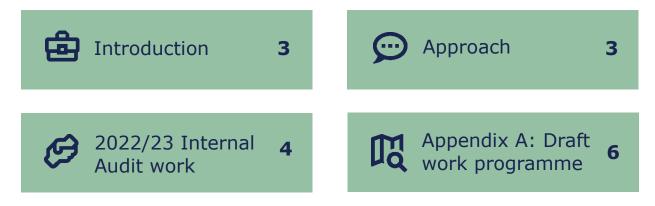moving forward

Veritau

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💼 INTRODUCTION

1. This document sets out the proposed 2022/23 programme of work for internal audit, provided by Veritau for Middlesbrough Council.

2. The work of internal audit is governed by the Public Sector Internal Audit Standards and the Council's audit charter. In accordance with those standards, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.

3. The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council.

4. Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

💬 APPROACH

5. To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This flexibility remains particularly important in 2022/23 as there is a significant amount of uncertainty for the Council arising from the environment in which it operates and as it recovers from the Covid-19 pandemic. The flexibility will also help to ensure audit work undertaken during the year is adapted on an ongoing basis to reflect changing risks within the Council.

6. The work programme for 2022/23 represents a summary of the overall areas we currently think will be the highest priority for work during the next year, based on our current assessment of risk. This assessment involves giving careful consideration to:

    *   systems where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential

    *   areas of known concern, where a review of risks and controls will add value to operations

    *   areas of significant change which may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment, for example where reductions in resources may result in fewer controls.

7   The identification of risks has been informed in a number of ways; including review of the organisational risk management processes, understanding the Council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), discussions with senior officers and directorate management teams, the results of recent audit work and other changes in the Council's services and systems.

8   Internal audit work covers a range of risk areas to ensure that overall, the work undertaken will enable us to meet the requirement to provide an overall opinion on the Council's framework of risk management, governance and internal control.

9   We have defined 11 areas where we require assurance during the course of the year to help provide that opinion, as follows.

- Strategic planning
- Organisational governance
- Financial governance
- Risk management
- Information governance
- Performance management and data quality
- Procurement and contract management
- People management
- Asset management
- Programme and project management
- ICT governance

10   The requirement for providing assurance across these areas is taken into account when identifying and prioritising work.

11   The proposed areas of coverage have been subject to consultation with the Corporate Affairs and Audit Committee and is subject to ongoing consultation and discussion with directors and senior officers.

12   The overall programme and relative priorities for work within the programme will be updated throughout the year. Actual work to be started will be based on the most immediate priorities at any point. We will regularly consult with officers on the priority, scope and timing of work to help ensure that we provide assurance in the right areas at the right time. We will also provide regular updates on the scope and findings of work to the Corporate Affairs and Audit Committee throughout 2022/23.

2022/23 INTERNAL AUDIT WORK

13   The plan is based on a total commitment of 555 days. Further detail on the potential areas of coverage is included in appendix A.

14   The programme is designed to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the Council's strategic priorities and objectives.

15   Functionally, the indicative programme will be structured into a number of sections, as set out below. In assessing what work is included in each section, consideration is given to the priorities listed at paragraph 6 and the areas set out in paragraph 9.

- **Strategic / corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the Council.

- **Technical / projects** – to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.

- **Financial systems** – to provide assurance on the key areas of financial risk. This helps provide assurance to the Council that risks of loss or error are minimised.

- **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the Council if they were to materialise.

- **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.

- **Client support, advice & liaison** – work we carry out to support the Council in its functions. This includes the time spent providing support and advice, and liaising with staff.

16   It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this draft programme and indicative days assigned to each of the areas in appendix A are not fixed. Work will be kept under review to ensure that audit resources continue to be deployed in the areas of greatest risk and importance to the Council. This is to ensure the audit process continues to add value.

17   Secondly, it will not be possible to deliver all of the audits listed in the programme. The programme has been over planned, to build in flexibility from the outset while providing an indication of the priorities for work at the time of assessment. This will enable us to respond quickly by commencing work in other areas of importance to the Council when risks and priorities change during the year.

APPENDIX A: Draft Internal Audit Work Programme 2022/23

Area	Indicative Days	Potential activity
Strategic risks / Corporate & cross cutting	150	Budgeting and savings plans
		Financial planning and resilience
		Strategic planning
		Local Plan strategy and development
		Risk management
		Performance management and data quality
		Partnerships
		Procurement and contract management
		Workforce planning
		HR – absence management, staff wellbeing, recruitment and retention, hybrid working arrangements, training and development
		Corporate complaints
		Information governance and data protection – information security checks, information security breaches / incident management
		Insurance arrangements
		Governance and decision making including the corporate governance framework
		Democratic services and elections
		Ethics and culture
		Environment and climate change – strategy, energy reduction

Area	Indicative Days	Potential activity
		Health and safety
		Business continuity / incident response
		Covid-19 response
Technical / projects	**50**	ICT strategy and governance
		ICT risk management
		ICT change management
		ICT firewalls security
		ICT patch management
		Cyber security
		Overall project management arrangements and/or specific support and review of key projects
Financial systems	**70**	Main accounting system
		Ordering and Creditors
		Debtors
		Payroll
		Council tax and NNDR
		Benefits
		Treasury management
		VAT accounting

Area	Indicative Days	Potential activity
Service areas	**140**	Social care referrals and assessments (adults and children)
		Preparedness for regulatory and legislative changes
		Recruitment and retention
		Liberty Protection Safeguards
		Domestic abuse
		Direct payments
		Public health
		Environmental health
		Homelessness
		Special Educational Needs
		Maintained schools themed audits
		Exclusion (schools) policies and strategies
		Contracts and commissioning with external providers
		Recruitment of foster carers
		Home to school transport
		Highways and fleet management
		Transporter Bridge (follow-up)
		Planning
		Economic development
		Town Hall strategic management

Area	Indicative Days	Potential activity
		Waste management
		Air quality
Other assurance work	**95**	Follow-up of previously agreed management actions
		Assurance mapping
		Grant certification including Covid-related grants
		Contingency
Client support, advice and liaison	**50**	Committee preparation and attendance
		Client liaison, support and advice on control, governance and risk related issues
		Attendance at Directorate Management Teams and other officer groups including Risk Management Group and Corporate Governance Group
		External audit liaison
TOTAL	**555**	