

1. Approach to Audit Planning

- 1.1 The provision of a risk based Internal Audit Plan consistent with each Council's priorities is an essential part of ensuring probity and soundness of each Council's internal controls, risk exposure and governance framework.
- 1.2 The scope of internal audit work is planned to cover all operational and management controls (including governance and risk management arrangements) and is not restricted to the audit of systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems are subject to review but were included in the audit needs assessment and considered for review following the assessment of risk.
- 1.3 There is due consideration in planning this work to ensure that Internal Audit maintains its objectivity and independence. The prioritisation of unplanned work will also take account of the requirements of the approved audit plan.
- 1.4 In line with the Councils' Internal Audit Charter the plan has been constructed to ensure that it delivers against the Public Sector Internal Audit Standards (PSIAS) and the requirement to produce an annual Head of Internal Audit opinion. In doing this it can be confirmed that the plan covers the following activities:
 - Governance processes
 - Monitoring
 - Ethics
 - Information and Information Technology governance
 - Risk management
 - Fraud management

2. Internal Audit Resources 2020/21 & Impact of COVID-19 Emergency

- 2.1 The Audit Plan will be resourced from existing staff and from an external audit partner. This arrangement still allows a direct internal provision plus the commissioning of external skills and capacity and provides a blend of resources from within the Councils and from an external partner of services.
- 2.2 The main driver behind the decision to consider reviewing the options available for improving the delivery of the Internal Audit service arose from the recent loss of two members of the audit team and the challenges in the market to recruiting good qualified and experienced auditors, which is not unique just to Babergh and Mid Suffolk District Councils.
- 2.3 The option of working with an external partner currently makes good sense in that management still retains control over the internal audit function while at the same time leveraging the internal audit resource of the third-party service provider. It provides access to valuable and diverse specialised skills as needed and achieves a level of flexibility which can be critical in effectively dealing with a range of operational issues.
- 2.4 The COVID-19 Emergency has had a significant impact on the Internal Audit resource and its ability to deliver normal internal audit work for the first five months of 2020/21.

From April 2020 Internal Audit has and continues to support the Councils' Tactical Management Team and Business Cell assisting in checking emergency grant applications, which has been reflected in the Audit Plan presented and work undertaken.

Internal Audit Plan 2020/21

- 2.5 The scope of audit work planned for 2020/21 has been reviewed and updated to take into consideration new and emerging risks, including COVID-19 Emergency risks, and to allow for its completion during the remaining year.
- 2.6 The construction of the Audit Plan has been developed to support both the Annual Governance Statement and the Councils' six Strategic Priorities.

Risk Assessment

- 2.7 Factors used in the risk assessment of services and processes to inform the proposed focus of audit for 2020/21 have been based largely, but not exclusively, on the following:
 - Review of each Council's strategic priorities contained in the Joint Corporate Plan and those outcomes that support them.
 - The Significant and Operational Risk Registers – including specific COVID-19 related risks identified;
 - Engagement with senior management to identify management's view of the coming year's risks linked to the Joint Corporate Plan and Delivery Programmes about which assurance is required.
 - Consideration of 2020/21 Budget to evaluate levels of income and expenditure, value of assets, volume of transactions;
 - Interest to Internal Audit – e.g. the level of past audit opinions; recommendations made and implemented; fraud risks; values and complexities of transactions etc.; and
 - Control assurance in respect of the three lines of defence: Sound management of front-line operations; Oversight of management activity within a professional framework; and External review by independent assurance providers;

3. Breakdown of planned time

- 3.1 The plan in Annex A provides the detail of time allocated. The coverage within individual audits continues, where appropriate, to include looking at transformation opportunities for improving efficiency and adding value.

4. Delivering and updating the Plan

- 4.1 The intention is that as far as possible the proposed audits will be undertaken. However, it is recognised that the plan needs to be flexible to respond to changing circumstances or emerging risks. The plan is therefore a statement of intent.

5. Annual Internal Audit Opinion

- 5.1 The Corporate Manager – Internal Audit and Data Protection is satisfied that the level and mix of resources, together with the areas covered in the audit plan will enable the Corporate Manager – Internal Audit to provide their annual internal audit opinion.

Annex A: Detailed Proposed 2020/21 Internal Audit Plan.

<p align="center">Prioritised Internal Audit Plan for 2020/21 All audits to include control environment, good practice and transformational aspects</p>				
Audit	Days	Key areas		Intended benefits to the Council
Health of the Organisation				
Payables/Creditors	8	Management oversight, performance and compliance activity. Aggregation of payments & links to procurement.	F	Covering statutory work in conjunction with External Audit. The beneficial outcomes can include an improved control environment, enhanced management information and streamlined processes thereby improving organisational efficiency. In addition these reviews provide governance assurance to the S151 Officer and Senior Management
Income/Debtors - Waste Service	18	To evaluate the adequacy of key controls in place to ensure that the Waste team identify, bill, collect and account for sundry debt income owed to the Councils on a timely basis. Review existing processes to identify possible efficiencies	F	The beneficial outcomes can include an improved control environment, enhanced management information and streamlined processes thereby improving organisational efficiency. It also provides governance assurance to the S151 Officer and management.
General Ledger	10	Focus on reconciliations and management oversight	F	Gain assurance of the veracity of the processes and procedures implemented across the business to ensure that the right people are doing the right things, in the right way, at the right time, for the right reasons and are able to prove it.
Budgetary control	20	Process of managing centralised budgets; communication and challenge of budgets spread across services; control of one activity dependent upon another.	R	In addition, these reviews provide governance assurance to the S151 Officer and Senior Management
Financial Governance	22	To ensure that the Councils are maintaining robust Financial Governance in relation to the new COVID-19 arrangements. To include evaluating the adequacy of key controls around how the Councils collect, manage, monitor and controls financial information.	R	Sound financial governance arrangements should support the Councils as they strive to meet their challenges now and as they look ahead to the future.
Support Central Government various Grant Funding Schemes	30	To ensure that the prescribed criteria in terms of eligibility is met.	R	Provide assurance in administrating the various grant funding grants.

Payroll/Establishment list	17	Identify and test the design and operating effectiveness of key controls in relation to the Councils' payroll processes (Inc. starters and leavers and changes to payroll standing data). To support the project planned to review the adequacy of controls for maintaining an accurate establishment list.	F	Gain assurance that services are managing and controlling both the costs of employees and effective recording and authorising correctly as part of the Councils' budgetary control and corporate governance processes.
125 Health of the Organisation				
Community - creating the right conditions for communities to work and live together in the most sustainable way				
Asset Community Value (ACV)	15	The objective of the audit will to be review the robustness of the process for nomination to ensure that the actual current (or recent past) use of ACVs must further the social wellbeing or social interests of the local community.	R	To help support the community to bid to buy and take over the running of assets that are of value to the local community.
Community Grant Funding	15	To ensure that a fair and transparent application process (to include pre-grant due diligence procedures are undertaken during the grant fund application process) exists to ensure that grant funding is awarded to eligible organisations that support the Councils' objectives and priorities.	R	To support local groups source funding to enable the realisation and completion of community projects. Increase social connections, helping people form strong and meaningful relationships and creating a sense of community and belonging, and helping people feel more connected
Safeguarding	11	To provide assurance that the Councils are fulfilling its responsibilities in safeguarding the most vulnerable members of the community.	R	Safeguarding is everyone's responsibility. Legislation places duties on a range of organisations and individuals to ensure their functions, and any services that they contract out to others, have the necessary arrangements in place to help and protect children and adults at risk of abuse or neglect.
41 Community capacity building and engagement planned days				
Housing delivery – More of the right type of homes, of the right tenure in the right place				
Disabled Facilities Grant	6	To ensure approved applications are compliant with local/legislative requirements	R	A Disabled Facilities Grant or DFG is available from Local Authorities to pay for essential housing adaptations to help disabled people stay in their own homes.
6 Housing delivery planned days				
Customers - further develop and improve customer access and experience through customer insight and intelligence				
Health and Safety	20	Risk management review of the procedures in place to identify and manage the Councils' estate particularly for Fire safety	R	Provide assurance to Management that the Councils' are fulfilling their legislative duties and that the welfare of its communities and staff is being met. Determine the Council's resilience of and compliance with legislation.
Information Security Review of cyber security arrangements	15	Review of cyber security arrangements, security controls (including remote access) and cloud storage. To also consider network security and infrastructure management	R	To provide management with an evaluation of controls in place to manage cyber threats.
35 Customers planned days				

Assets and Investments - improved achievement of strategic priorities and greater income generation through use of new and existing assets				
Capital Finance Projects	15	In summary, the scope will cover the following areas: Policies and Procedures, Governance arrangements, Allocation of Capital Programme Budget, Project Initiation, Monitoring, End of Project Evaluation and Tracking Realisation of Proposed Benefits.	R	To provide assurance over the adequacy and effectiveness of current controls over the Capital Programme and provide guidance on how to improve the current controls going forward.
Gateway 14	14	To appraise the function of the structure; composition and operation of the organisation in line with its terms of reference; consider the oversight, reporting and escalation mechanisms and decision-making framework; assurance on the independence selection and appointment and awarding of contracts.	R	To provide management with assurance that the Councils' property portfolio is maximised, demonstrating that assets are performing well in terms of support for service delivery, generating income, and are as efficient as possible in terms of outgoings; and land and surplus buildings are used to support strategic priorities.
Babergh Holding Company and Mid Suffolk Holding Company	12	To reappraise the function of the structure; composition and operation of the organisation in line with its terms of reference; consider the oversight, reporting and escalation mechanisms and decision-making framework; assurance on the independence selection and appointment and awarding of contracts.	R	
Babergh Growth and Mid Suffolk Growth Company's (partnership with NORSE Group)	15	To appraise the function of the structure; composition and operation of the organisation in line with its terms of reference; consider the oversight, reporting and escalation mechanisms and decision-making framework; assurance on the independence selection and appointment and awarding of contracts.	R	
Asset Management	15	To provide assurance over the adequacy and effectiveness of controls over Asset Management and provide guidance on how to improve current controls moving forward. This will form part of a consultancy piece of work to establish a set of robust processes and will include a review of the following areas: Policy and procedures; legislation; reconciliations; revaluations and impairments; verification of assets; disposals, write-offs and depreciation.	R	
	71	Asset and Investment planned days		
	278	Total audit days		
Other Audit Activity				
Work in progress from previous year	15	Finalisation of any outstanding work. Liaison with External Auditors over review of internal audit work.	R	Covering statutory work in conjunction with External Audit. The beneficial outcomes can include an improved control environment, enhanced management information and streamlined processes thereby improving organisational efficiency. In addition these reviews provide governance assurance to the S151 Officer and Senior Management
Follow Ups	15	Implementation of audit recommendations deemed as high risk.	R	
Requests for support from management	26	Unplanned investigations assessing the impact on controls and processes through specific events.	R	Provide assurance to Management that the Councils are fulfilling their legislative and fiduciary duties and determine the Council's resilience of and compliance with legislation.
Deputy Monitoring Role	50	Work to be undertaken by the Corporate Manager - Internal Audit.	MO	

Annual Governance Statement	20	Collation, interpretation, challenge and presentation of management opinion of control assurance and governance across the Councils.	Q	
Anti-Fraud & Corruption work including the National Fraud Initiative (NFI)	50	Proactive: Money Laundering, Policy reviews, Advice and guidance - awareness, Staff training. NFI Data monitoring. Reactive: Investigations. Data matching (statutory requirement).	A	Supports the governance and effective operation of the organisation and can aid with the security of assets. It will further provide information and feedback to Members and Officers, as well as ensuring the Councils meet the reporting requirements of statutory and Local Government bodies.
Audit Management and service delivery	40	Service delivery - (Cttee reports, audit planning and control risk assessments).	Q	
Risk Management	40	Committee report cycle – Cabinet half yearly and JASC annually. Review and challenge of Significant Risk Register. Training, advice and guidance to members & officers. Annual review joint Risk Management Strategy and maintain oversight of the Operational Risk Registers.	RM	
	256	Other Audit Activity planned days		
	534		F	Fundamental Audit
			R	Risk audits
			Q	Delivery and Quality Review
			A	Anti-Fraud and Corruption
			RM	Risk Management
			MO	Deputy Monitoring Officer