

Internal Audit

2022/23 Plan



Lincolnshire County Council



March 2022
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The Planning Process

Introduction

This report sets out the Internal Audit Plan for 2022/23. It details the activities for the first six months (April – September) and a call off list of audit areas for completion for the remainder of the year. The draft plan gives you an opportunity to comment on the planned audit areas and the priorities that we have established.

Our dynamic approach to planning details audits required to be undertaken at a given point in time in order of priority – based on risk, significance and requirements to enable a robust Head of Internal Audit opinion. There are a number of ‘must do’ audits which are essential to the Head of Internal Audit opinion. We update our plan during the year – to reflect changing risk and assurance needs.

We are then able to use our audit planning tool and our ‘call off’ list of high priority audit areas to target our assurance – working within agreed resources. This approach has the benefit of enabling greater flexibility and responsiveness – ensuring each piece of work is the right one, delivered at the right time. The plan becomes more dynamic and responsive – essential for an effective Internal Audit service.

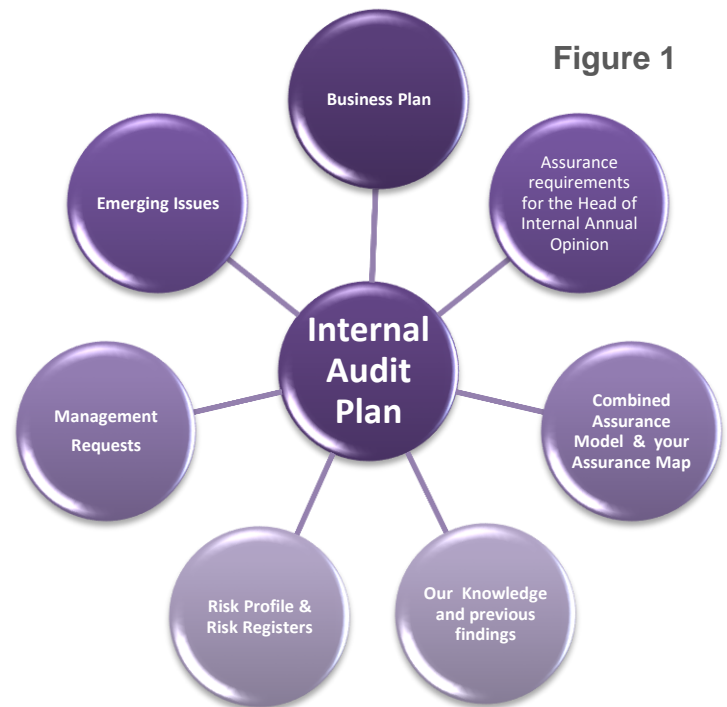
In Appendices A to E we provide for you information details of:

- **Appendix A** - Auditable Activities
- **Appendix B** - How the draft plan achieves the requirements of the Governance & Audit Committee and Head of Internal Audit
- **Appendix C** - Our Working Protocols and Performance
- **Appendix D** - Our Quality Assurance Framework

Developing the plan

The internal audit plan has been developed from the Council's Assurance Map – which was updated in February 2022 with input from the

Management Board. **Figure 1** below also shows other key sources of information that help to inform the plan.



We have prioritised our audit work taking account of the impact an activity will have on the Council if it fails. The criteria for determining priority are:

- **Significance** - how important is the activity to the Council in achieving its objectives, key plans and in managing its key risks. We look at both financial loss and strategic impact.
- **Sensitivity** - how much interest would there be if things went wrong and what would be the reputational and political impact.
- **Level of Assurance** – we assess the current level of assurance evaluating reliability and contribution to the Head of Internal Audit annual opinion on governance, risk and control.
- **Time**– when it will happen (this will determine when the best time to do the Audit is).

Updating the Plan

Through the year we will liaise with the Executive Directors and collect business intelligence that identifies emerging audits which will be included in the plan according to priority. The 2022 Assurance Map plays a key part in the annual review of the plan.

The primary source of business intelligence is obtained from the regular liaison meetings between our team and the nominated liaison contacts in each directorate. Other sources of intelligence will include:

- Committee reports
- Investment and project proposals
- Project update reports
- Performance reports
- Key stakeholders
- Horizon scanning intelligence through professional networks

Resources

Having skilled and effective people remains at the heart of our workforce strategy. The team has provision for 23 full time equivalent posts – established to deliver both the County Council and external contracts internal audit plans.

Building capacity & resilience remains a key issue facing the service. Whilst we are pleased to report that we have recently recruited three additional Auditors we have also had three full time Auditor resignations in March 2022 and at the time of writing this report are expecting the resignation of a part time Principal Auditor. We also continue to have a full time Principal Auditor on maternity leave and one on secondment – both expected to return during 2022.

Resources are low – and whilst we have secured additional temporary resources with external contractors and a further recruitment is planned – the impact on the teams’ availability to deliver cannot be underestimated. Given the mix of the remaining team there will be continuing mentoring, coaching and supervision demands

alongside the delivery of audits to ensure sustainability of the service going forward.

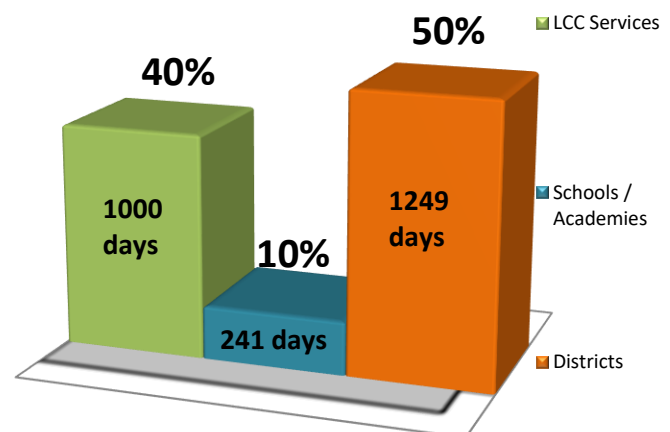
To respond to the unknown availability of resources as recruitment is undertaken, we have taken a prudent approach to planning audits in the first 6 months (**Appendix A**). As audit resources become available, reviews from the call off list will be identified for completion (**Appendix A**).

Whilst we have continued to experience recruitment and retention challenges, we are seen as a market leader locally and have been asked to support other Councils locally.

Through the Assurance Lincolnshire (an internal audit partnership where County Council and City of Lincoln audit teams work together) we have a number of external clients including:

- North Kesteven District Council
- West Lindsey District Council
- East Lindsey District Council
- South Holland District Council
- Boston Borough Council
- South Kesteven District Council
- Newark and Sherwood District Council
- Lincolnshire Schools & Academies

Direct Audit Days delivered across client base



Audit Focus for 2022/23

In the following section of the report, we provide information on key audit areas and the rationale for their inclusion in the audit strategy and plan.

Area	Reason for inclusion
Financial Governance	<p>Providing assurance that key financial controls are in place and operating effectively during the year across all areas of the Council. This work provides the Section 151 Officer with a key element of his assurance that the Council has effective arrangements for the proper administration of its financial affairs.</p> <p>The areas of coverage and key controls to be tested will be agreed the Section 151 officer.</p>
Governance & Risk	<p>Providing assurance that key governance controls are in place and operating effectively. These cross cutting audits focus on the One Council approach and the Council's second line of assurance - corporate rather than service level systems. Areas proposed include:</p> <ul style="list-style-type: none"> ▪ Corporate Plan - Success Framework and Performance Management ▪ Good Governance ▪ Contract Management ▪ Green Masterplan <p>We will leverage assurance from other Internal Assurance Reviews undertaken on key projects (as appropriate).</p>

Area	Reason for inclusion
Critical Activities	<p>The combined assurance work undertaken in 2021/22 identified some critical activities where a potential audit would provide independent assurance over the effectiveness of risk management, control and governance processes.</p> <p>Working with management we will prioritise when audit work will be undertaken.</p>
Project Assurance	<p>There have been a number of critical projects identified by the Council. We will seek to provide assurance around their successful delivery (on-time – within budget – deliverables achieved and benefits realised). These will include:</p> <ul style="list-style-type: none"> ▪ Business World Redesign ▪ Corporate Support Services Implementation ▪ Transformation Programme – benefit realisation
IMT	<p>Technology and associated threats and opportunities continue to evolve at a pace. The effectiveness of IMT has a great impact on how well the Council works. We will seek to provide assurance that key controls comply with industry best practice and are operating effectively.</p>
Follow Up	<p>Where an audit receives a Limited or Low Assurance level we will carry out a follow up audit to provide assurance</p>

Area	Reason for inclusion
	<p>that the identified control improvements have been effectively implemented and the risks mitigated.</p> <p>Areas include</p> <ul style="list-style-type: none"> <li data-bbox="336 421 737 488">▪ Debtors (deferred from 2021/22) <li data-bbox="336 517 737 618">▪ Mosiac (Internal Assurance Review and low assurance internal audit report). <p>Working with management we also track the implementation of agreed management actions for all audit reports issued. Progress is reported to the Corporate Leadership Team and the Audit Committee.</p>

Combined Assurance

Working with management we co-ordinate the levels of assurance across the Council's critical activities, key risks, projects and partnerships – producing a Combined Assurance Status report in February 2023.

Consultancy Assurance

At the request of management, we undertake specific reviews where they may have some concern or are looking for some advice on a specific matter or around governance, risk and controls for a developing system.

Such reviews are not normally given an audit opinion, but we do track recommendations and report outcomes as part of our progress reports.

Annual Internal Audit Opinion

We are satisfied that the level and mix of resources - together with the areas covered in the plan - will enable the Head of Internal Audit to provide their annual internal audit opinion.

Appendix A – Dynamic Internal Audit Plan

These are the audits with the highest priorities corporately and for each Directorate. This is a dynamic plan subject to review and change based on the changing risks and priorities of the Council and any legislative changes – consequently we have designed a six month plan. We have also included fixed plan audits and fundamental must do areas. This year they may also be impacted by the new Corporate Plan. Audits will be undertaken in priority order subject to agreement with the client over scheduling and where applicable availability of specialist staff e.g ICT audits.

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
SIX MONTH PLAN – APRIL TO SEPTEMBER							
CROSS CUTTING CORPORATE REVIEWS							
Contract Management	To provide assurance that contracts are being effectively managed to ensure that projects are delivered to specification, on time and within budget.	72.2%	A	✓		✓	✓
Business World Redesign project – Business Change	Providing on-going advice and independent assurance around project management, process, risk and control.	69.4%	R	✓	✓	✓	✓
Follow Up Reviews	To follow up progress with management actions from Low or Limited audits completed in 2021/22.			✓			
ADULT CARE AND COMMUNITY WELLBEING							
Financial Assessments	Confirm improvements have been made in the Financial Assessments process following the implementation of the new policy and management actions.	69%	A	✓		✓	✓

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
CHILDREN'S SERVICES							
Maintained Schools	Delivery of internal audit to maintained schools that 'buy-back' our services. This covers key areas of governance and financial control (split across year).	36%	G	✓		✓	
COMMERCIAL							
IMT - Cloud Hosted Services	Review recent instances of cloud hosted services to establish the due diligence undertaken and the security deployed through that arrangement.	69%	G	✓		✓	
PLACE							
Economic Development – allocation of Business Grants	Review of business grants issued during the pandemic to ensure legitimate and used for purposes intended.	64%	G	✓		✓	
Economic Development – Capital Project Decision Making	Assurance around project governance and progress & delivery.	64%	G	✓		✓	
RESOURCES							
Debtors	Review the debtors' process, including any changes in the new finance system. To assess debt reporting governance and senior management oversight on debt levels and write offs. Coverage will include the impact of gross social care payments & recovery of contributions.	66.6%	A	✓	✓	✓	

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
Budget Management	To provide assurance on the processes operated to manage budgets across the Council.	66.6%	G	✓	✓	✓	
Risk Management	Assurance around the effectiveness of the Council's risk management arrangements and risk maturity.	58.3%	G	✓	✓	✓	✓
Call Off List 2022/23							
CROSS CUTTING CORPORATE REVIEWS							
Projects – Green Climate/Masterplan	To assess progress against the values and commitments that underpin the Green Masterplan	58.3%	A	✓		✓	
Recruitment and Retention	To review our ability to recruit and retain staff in line with the objectives of the Workforce Strategy (particularly the Attraction and Retention Strategy).	72.2%	A	✓	✓	✓	
Corporate Plan – Success and Performance <i>Must do</i>	To assess performance against the objectives within the Council's Corporate Plan (split across year)	66.6%		✓		✓	
Commercial Activities	To provide assurance around the Council's ability to deliver and undertake commercial activities	63.9%		✓	✓	✓	
Transformation Programme – Benefits	To provide on-going advice and assurance to the programme around the	61.1%	A	✓		✓	✓

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
Realisation & Savings <i>Must do</i>	benefits realised and savings made						
Good Governance <i>Must do</i>	To provide assurance around the operation of governance arrangements at the Council and how they support the Annual Governance Statement	55.6%		✓		✓	
Capital Projects – Financial Planning & Resilience <i>Must do</i>	Assurance that the plans around medium term financial strategy and planning supports financial resilience.	63.9%	G	✓		✓	
Procurement Card usage review	To review usage of procurement cards across the Council to ensure compliance with policy and to provide assurance around the risk of fraud	47.2%		✓		✓	✓
ADULT CARE AND COMMUNITY WELLBEING							
Integrated Care System	Review the effectiveness of the governance and accountability framework for the successful integration of health and social care.	50%		✓		✓	
Mental Health Services – 18 to 64	To provide assurance around services delivered by the external provider against the inherent risks and complexity of cases in this area	47.2%	A	✓		✓	
CHILDRENS							
Supporting Families Grant	Audit sign off as per the requirements of the grant (split across year)	58%	A	✓		✓	✓
COMMERCIAL							
ICT PSN Compliance/Cyber Security <i>Must do</i>	To assess compliance with PSN and to combine with a review of cyber security arrangements at the Council.	63.9%	R	✓		✓	

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
ICT PSI DSS	This review will provide independent assurance that the Council is compliant with the PCI DSS standard.	63.9%	R	✓		✓	
IMT – Starters, Movers and Leavers	To review the arrangements around staff changes (starters, movers and leavers) from an IMT perspective			✓			
ICT Patch Management	The review will focus on the patching of the Council’s software to ensure that such software is kept up to date and safe against known exploits and provide independent assurance that the patch management process is operating effectively.	50%	A	✓		✓	
Asset Management: Software	Following on from the review of Software Asset Management undertaken in 2020/21, this consultancy review will examine the management and funding of business applications within the Council.			✓			
Physical and Environmental Security	Review to confirm that the allocation and use of privileged access rights is restricted and controlled.			✓			
ICT Governance	Review of the effectiveness of the Council’s IMT service and associated governance structures – including: <ul style="list-style-type: none"> Corporate oversight 			✓			

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
	<ul style="list-style-type: none"> Roles and responsibilities Decision making – linking to associated strategies <p>Which ensure the IT infrastructure / strategy supports and enables the achievement of corporate strategies and objectives.</p>						
FIRE AND RESCUE							
HMICFRS – Action Plan implementation	To assess progress made against the HMICFRS Action Plan	52.8%		✓		✓	✓
Fleet Management	To follow up implementation of actions not completed following previous review	50%		✓		✓	✓
PLACE							
Civil Parking enforcement	To review arrangements in place for civil parking enforcement	47.2%	R	✓		✓	
RESOURCES							
HR - Apprenticeship	To consider the Council's approach as an employer provider of apprenticeships - including corporate approach and value for money	58%	A	✓		✓	✓
Insurance <i>Must do</i>	To review the effectiveness of management of the Council's insurance arrangements – including claims handling and the sustainability of the insurance fund / risk appetite.	52.8%	G	✓		✓	✓
Key Financial Systems – key financial control testing <i>Must do</i>	Testing and analytical review of key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements	52.8%	G	✓		✓	

AUDIT TITLE	ASSURANCE BEING SOUGHT	INTERNAL AUDIT RISK ASSESSMENT	ASSURANCE MAP RAG RATING	INDEPENDENT ASSURANCE	LINK TO SRR	LINK TO CORPORATE PLAN	MANAGEMENT REQUEST
Records Management	To assess progress made in records management since previous audit reviews conducted in this area.	44.4%	A	✓		✓	

Other Areas of Work	Details
Combined Assurance	Updating assurances on the Council's assurance map with senior managers and helping to inform planning and co-ordinate the annual status report.
Follow up of Recommendations	Audit Reports issued during 2021/22 where an audit opinion of Limited or Low may be followed to establish progress in implementing agreed management actions.
External Quality Assessment.	Implement any actions from the assessment of the internal audits service against professional standards to ensure compliance with best practice.
Advice & Liaison	Time for liaison with management to schedule audits and update the plan with emerging risks etc.
Annual Report	Collation of data and production of the Head of Audits annual opinion on the Council's Governance, Risk and Control framework
Annual Governance Statement	Support development of the AGS
Audit Committee	Production of reports to and attendance at Audit Committee
Work Force Development	Time to develop audit skills and competencies for our Apprentices and existing staff in a work environment with deliverable audits.

Audit Areas assessed but not included in the 2022/23 planning	
ADULT CARE	CHILDRENS
Hospitals	Safeguarding Regulated
Adult Frailty and Long Term conditions	Safeguarding Locality
Safeguarding Adults Board and Team	Early Years
Deprivation of Liberty Team	Early Help – Locality
Emergency Duty Team	Looked After Children - Education
Sexual Health Services	Home To School Transport
Adult Care Finance (Serco)	Youth Offending
Budget and Financial Management	Futures 4 Me
Mental Health including Suicide Prevention	Public Health
Digital Roadmap including Connect to Support Lincolnshire	Monitoring Performance – Schools and Academies
Healthwatch	Occupational Therapy Team
	Closing the Attainment Gap
COMMERCIAL	RESOURCES
Implementation of Mosaic Finance	Capital Programme
ICT Asset Management - Software	Accounts Closedown
ICT Programme Management	Internal Audit
ICT Governance	Legal – Childcare Internal Resourcing of Delivery
ICT Disaster Recovery and Business Continuity	People Strategy
Service delivery and Procurement	HR Services
ACCW Contract Management	SERCO HR admin, payroll and transactional services
Procurement	Talent, Resourcing & Learning
Network Infrastructure	Commissioned Services and Contract Management
ICT Physical and Environmental Security	Coroners
Transformation Programme	Registration and Celebratory Services
Network Asset Controls	Emergency Response
Incident Management	
Applications	
CORPORATE	TRANSFORMATION PROGRAMME
Media Management	Educational Travel
Internal Communications	Smarter Working
Engagement	Children in Care Transformation
Digital Engagement	Business Analytics and Visualisation
PLACE	LINCOLNSHIRE FIRE AND RESCUE
Economic Development	Prevention
Employment Skills and Adult Learning	Protection
Inward Investment	Response
Tourism	Risk Based Inspection Programme (Fire Protection)
Lincolnshire Infrastructure Strategy	Equality and Inclusion
Waste Management Strategy	Mental Health and Wellbeing
Lincolnshire Public Transport Network	
Network Management	
Events Management	
Highways 2020	
Highways Infrastructure	
Lincs Laboratory	
Design Services	
Archives	

Appendix B – Head of Internal Audit's Opinion

Our work is carried out in conformance with the UK Public Sector Internal Audit Standards. These require that the scope of Internal Audit covers the whole range of the Council activities – seeking to provide an annual internal audit opinion on the governance, risk and internal control environment of the Council which has been established to:

- Achieve strategic objectives
- Ensure effective and efficient operational systems and programmes.
- Safeguard assets and interests of all kinds (including risks that relate to work it undertakes through partnerships)
- Ensure the reliability and integrity of financial and operational information.
- Ensure economic, efficient and effective use of council resources.
- Ensure compliance with established policies, procedures, laws, regulations and contracts.

Our Internal Audit Strategy

It is important that the Internal Audit function focusses its work on what matters most to you – providing insight, assurance and added value to the Council. To help us do this we use a dynamic planning approach. This has the benefit of enabling greater flexibility and responsiveness – ensuring each piece of work is the right one, delivered at the right time. It also delivers greater productivity and efficiencies – reducing abortive planning and engagement time. The plan becomes more dynamic and responsive – essential for an effective Internal Audit service.

Our internal audit activity and plan has been driven by the Council's key objectives within the corporate plan, your key risks and critical service areas identified as part of the Combined Assurance Map.

We aim to align our work with other assurance functions – seeking to look at different ways of leveraging assurance to help us to maximise the best use of the Internal Audit resource and other assurance functions in the Council.

By adopting this approach it is possible to give the Council comfort that there is a comprehensive risk and assurance framework with no potential gaps. We are then able to use our audit planning tool to target resources. This will minimise duplication of effort through sharing and coordinating activities with management and other management oversight functions.

We have identified the level of assurances in place by using the "Three lines of assurance" model – See **Figure 1** below:

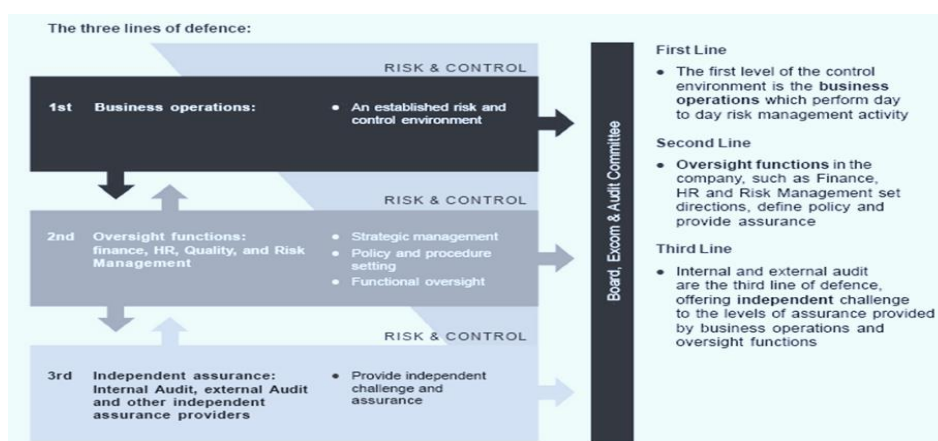
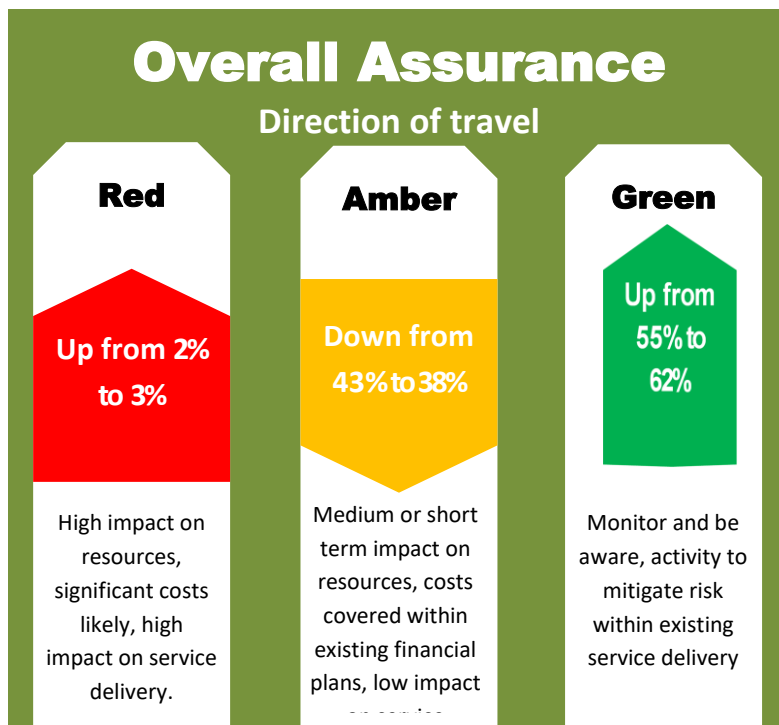


Figure 2 shows the overall percentage assurance levels on the Council's critical activities as at February 2022.

Our Internal Audit Strategy also seeks to co-ordinate our work with other assurance providers where we can. We liaise with External Audit to ensure the Council gets the most out of its combined audit resource – whilst recognising our different roles and remit.

Figure 2 – Combined Assurance Model



Appendix C – Working Protocols

Our approach to delivering of internal audit work is based on a clear protocol detailed in the Audit Charter. How this works in practice is set out at the bottom.

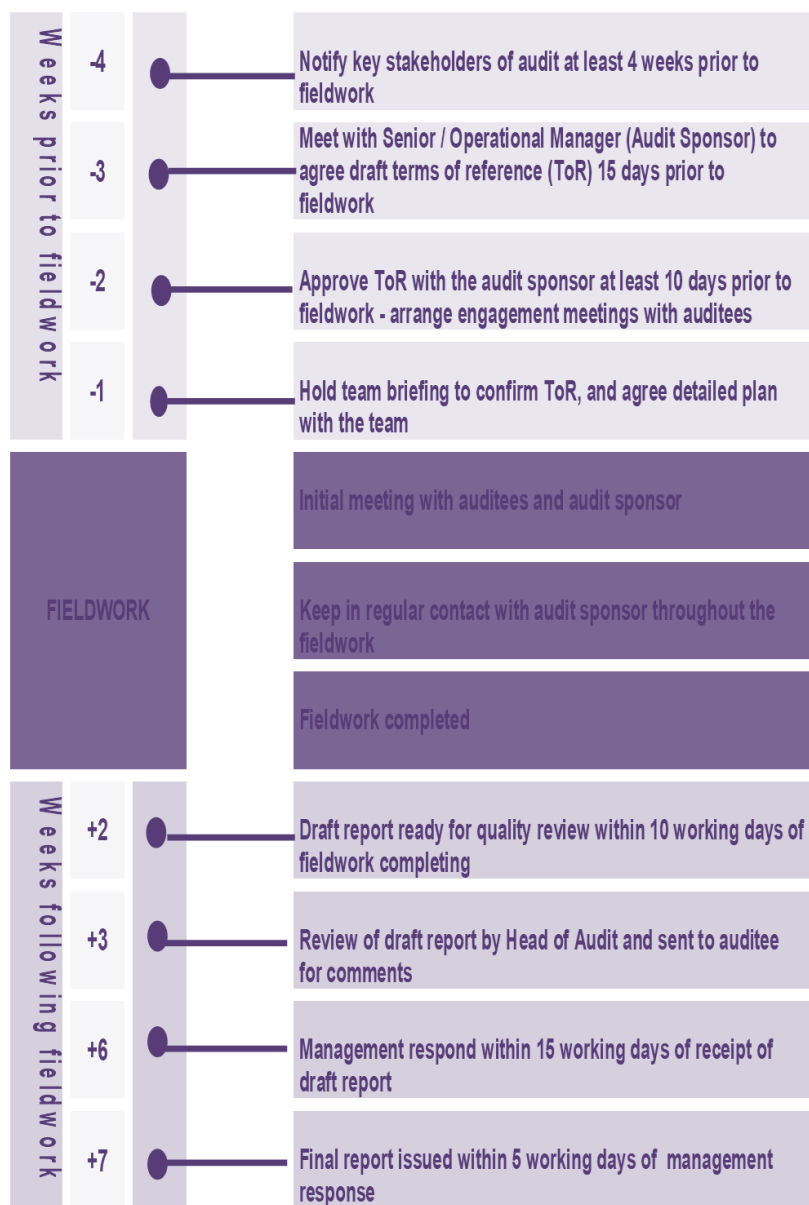
Our performance is monitored by the Section 151 Officer and the Audit Committee and measured against 3 key areas:

- Delivery of planned work.
- Timeliness (contemporary reporting).
- Quality and Impact of work (communicating results / added value).

Strong communication is fundamental to quality delivery and maintaining trusting relationships. We keep management informed in accordance with agreed protocols including:

- Agreeing potential audit work for the forthcoming year
- Providing quarterly updates to evaluate progress and discuss activities and priorities for the next quarter.
- For individual audit engagements we hold planning meetings in person or via teams (our preference) by phone or email to discuss and agree the terms of reference and scope of our work.
- We keep you informed of key findings during the audit and upon conclusion we hold a debrief meeting in person or via teams to discuss our findings and any outstanding issues.
- We communicate the results of our audit work in a clear and concise way – securing management action where control improvements are needed.

We support Senior Management in attending the Governance & Audit Committee where a Limited or Low Assurance level has been given against the activity.



Appendix D – Our Quality Assurance Framework

Quality is built into the way we operate – we have designed our processes and procedures to conform to best practice applicable to Internal Audit – in particular the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Our audit team offers a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit process, application of our Quality Assurance Framework and our training and development programme.

Our Quality Assurance Improvement Programme incorporates both the internal (self) and external assessments – this is a mandatory requirement and the Head of Audit reports annually on the results and areas for improvement. Our internal assessments must cover all aspects of internal audit activity.

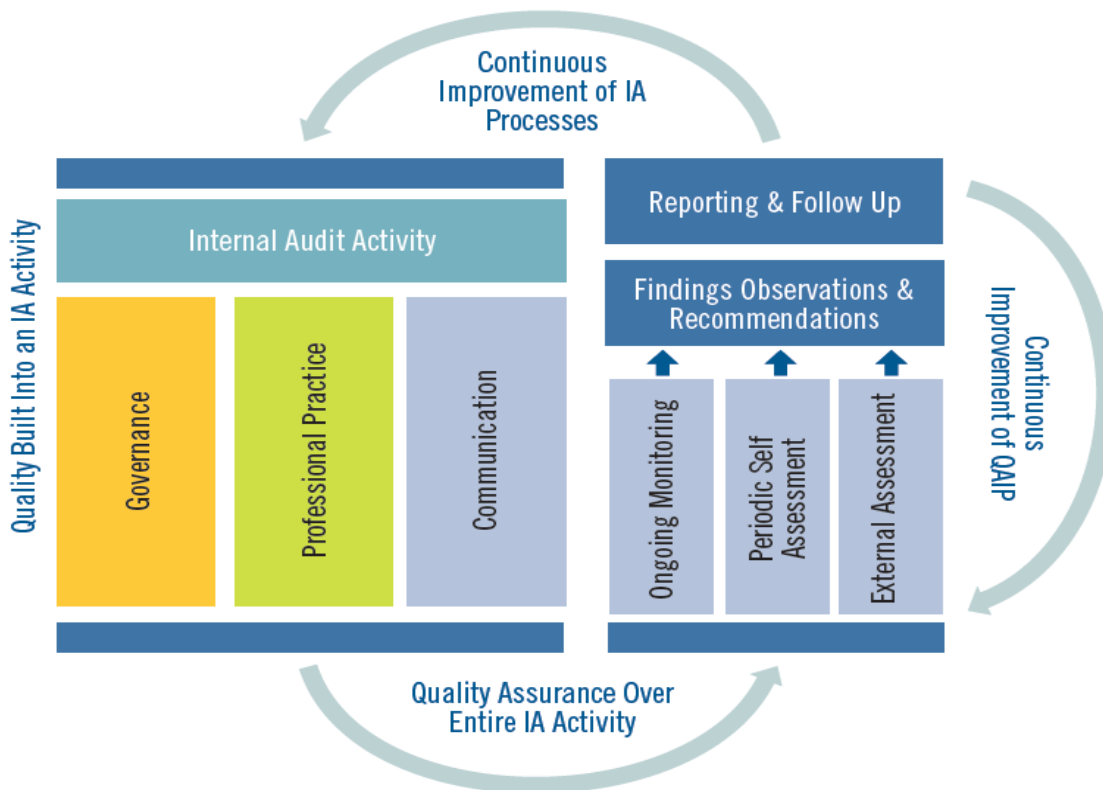
The diagram below shows how we structure

our internal assessments to ensure appropriate coverage.

We use a number of ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.

Our Internal Audit Charter sets out the nature, role, responsibilities and authority of the Internal Audit service within the Council – this was approved by the Governance & Audit Committee and was reviewed in 2019 following the planned revision of the CIPFA Local Government Application Note.

Quality Assurance and Improvement Program (QAIP) Framework



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