



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	5 February 2020
Classification:	For General Release
Title:	Internal Audit Plan 2020/21
Wards Affected:	All
Key Decision:	No
Financial Summary:	There are no financial implications arising from this report
Report of:	Director for Audit, Fraud, Risk Management & Insurance
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1. Executive Summary

1.1 The Internal Audit Plan has been reviewed to reflect the changes in the Council's structure and to ensure that our audit work addresses key risks during a period of change and general financial constraints. The Audit Plan will include sufficient audit coverage to enable us to provide an overall opinion on the Council's control framework and is sufficiently flexible to allow for additional reviews to be added in areas where support and/or advice may be required.

1.2 The draft Audit Plan for 2020/21 is contained in Appendix 1 to this report.

2. Recommendation

That the Committee review the draft internal audit plan for 2020/21 as set out in Appendix 1 and consider:

- Does the plan cover the organisation's key risks as they are recognised by the Members of the Audit & Performance Committee?

- Does the plan reflect the areas that the Members of the Audit & Performance Committee believe should be covered as priority?
- Are the Members of the Audit & Performance Committee satisfied that sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues / key risks not included in our annual plan?

3. Background, including Policy Context

3.1 The Council's internal audit service is managed by the Shared Services Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in-house audit team or by the external contractor to the service, in accordance with the Internal Audit Charter. Internal Audit is required to provide the S151 Officer, the Executive Leadership Team and the Audit & Performance Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the audit work undertaken each year. The Audit & Performance Committee are provided with updates at each meeting on all limited and no assurance audits issued in the period.

A description of each level of assurance is shown below:

Assurance Level	Details
Substantial assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no significant errors or weaknesses were found.
Satisfactory assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

3.2 The draft Internal Audit Plan for 2020/21 is attached as Appendix 1 to this report. It should be noted that this Plan is an early draft, intended to identify key areas of risk for audit focus, and will be subject to some amendment before the final Plan is published in March 2020. In addition, it is recognised that changes in priorities

arise during the course of a year and the Audit Plan will be reviewed on a regular basis to reflect these changes. Changes to the Plan will be reported to the Committee during the year as they arise.

- 3.3 The Internal Audit Plan, once finalised, will include sufficient audit coverage to enable an overall annual opinion to be reached on the Council's control framework as well as including a contingency allowance for additional reviews in areas where support and/or advice may be required, as agreed with the Council's Section 151 Officer.
- 3.4 The Audit & Performance Committee Members are reminded that internal audit is only one source of assurance and through the delivery of our plan, we will not, and do not, seek to cover all risks and processes at the Council. We will however, seek to work closely with other assurance providers, such as External Audit, to ensure that duplication is minimised and a suitable breadth of assurance obtained.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

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BACKGROUND PAPERS

Internal Audit Planning Files

Business Plans and Strategic Risk Registers

Westminster City Council

Draft Internal Audit Plan

2020/21

VI - JANUARY 2020



City of Westminster

Draft Audit Plan
(reviewed by Audit & Performance Committee – 5 February 2020)

1. Introduction

- 1.1 The draft Internal Audit Plan identifies the key areas within the Council where we expect to utilise our resources during 2020/21. The content of the draft Plan is informed by the Council's key priorities, significant emerging and current risks as identified in the Council's Risk Registers (see final page of this report) as well as changes made to Council systems, structures and service delivery. Areas of high risk have been identified and included in the Plan as well as cyclical and thematic reviews in areas of lower financial risk (e.g. schools).
- 1.2 The draft Plan will be discussed with Senior Managers at the Council and individual audits identified for completion during the year. The Plan is flexible to allow for change where areas of higher priority are identified whilst ensuring that sufficient internal audit coverage is provided to enable the Director for Internal Audit, Fraud, Risk and Insurance to provide the Council with an opinion at the end of the year on the adequacy of the Council's internal control, risk management and governance arrangements.
- 1.3 In addition, areas of fraud risk have been identified and evaluated by the Corporate Anti-Fraud Service and this information will be used to inform and focus the scope of some of the planned audits as well as identifying areas where pro-active exercises and data analytics can provide additional assurance that fraud risks are effectively managed (see Section 3 of this report).

2. Audit Resources

- 2.1 The table below shows an **estimate** of the audit resources required to fulfil the Council's Audit Plan for the 2020/21 financial year (with 2019/20 figures for comparison purposes). In areas where services are provided on a shared basis with other councils, the number of days assigned to the audit is shared across the Councils.

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Audit Coverage	Westminster Council Estimated Planned Audit Days	
	2020/21	2019/20
Adult Social Care & Public Health*	145	130
Children's Services*(including Schools)	145	130
Finance & Resources (including IT and Procurement)*	380	470
People Services	60	80
Legal Services	30	30
Policy, Performance and Communications	30	30
Growth, Planning Housing	180	180
City Management & Communities	180	180
Contingency/ Management	305	195
Audit Days	1,425	1,425

*These areas include Shared Services audits. The days for shared service audits are apportioned across the councils.

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3. Corporate Anti-Fraud Service

3.1 The work undertaken by the Corporate Anti-Fraud Service (CAFS) complements the work of Internal Audit and provides additional assurance to the Council that fraud risks are being managed effectively. Reactive and proactive work is planned during 2020/21 by CAFS in the following areas:



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3.2 The table below shows the different areas of CAFS activity planned during 2020/21 together with an **estimate** of the resources planned against each activity:

Anticipated reactive referrals (days)	
Tenancy fraud	550
Right to Buy	40
Housing fraud	70
Corporate investigations	120
Parking	80
Proactive activity (days)	
Service reviews (fraudits)	50
Proactive operations	50
Parking inspections	100
Data analytics (days)	
Data matching	50
Total days allocated	1,110

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The draft Audit Plan for each of the Council’s Departments is shown below. Where possible, the auditable area **will be aligned** with risk(s) identified from reviewing the Council’s Risk Registers (see final page of this report).

Adult Social Care (ASC) & Public Health (PH):

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Following consultation with the service on key areas of change, specific focused review(s) will be identified (advisory and/or Assurance).		High	
Information Management, IT & Continuity of Systems	Areas identified for consideration include: <ul style="list-style-type: none"> • Review of compliance with data protection and GDPR requirements on the use of and control over sensitive data • IT application review (Mosaic); • Service continuity arrangements (IT and/or non-IT) 	1 to 3	High	
Social Care	Potential reviews of: <ul style="list-style-type: none"> • Budgetary control including use of financial management system; • Control improvements identified following external reviews; • Monitoring of placements; • Safeguarding. 	1 to 4	High	
Procurement	Review a sample of procurements and provide audit assurance on compliance with expected controls within the procurement process and compliance with the Procurement Code.	3	High	
Contract Management	Review a sample of care provider contracts to ensure that appropriate contract management arrangements are in place.	2	High	
Cyclical Compliance and/or establishment reviews	To consider a programme of reviews covering areas such as: <ul style="list-style-type: none"> • Risk management – identification and management of key risks; • Ethical governance including conflict of interest reporting, receipt of gifts & hospitality; • Management of expenses; • Use of Procurement Cards. 	1 to 4	High	

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Children’s Services:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Following consultation with the service on key areas of change, specific focused review(s) will be identified (advisory and/or Assurance).		High	
Information Management, IT & Continuity of Systems	Areas identified for consideration include: <ul style="list-style-type: none"> • Review of compliance with data protection and GDPR requirements on the use of and control over sensitive data • IT application review (Mosaic); • Service continuity arrangements (IT and/or non-IT) 	1 to 3	High	
Family Services, Safeguarding Social Work	Potential reviews to consider: <ul style="list-style-type: none"> • Budgetary control including use of financial management system; • Monitoring of placements; • Assurance on Supporting People claims; • Safeguarding; • Fostering and Adoption; • ECH Plans 	1 to 4	High	
Procurement	Review a sample of procurements and provide audit assurance on compliance with expected controls within the procurement process and compliance with the Procurement Code.	3	High	
Contract Management	Review a sample of provider contracts to ensure that appropriate contract management arrangements are in place.	2	High	
Cyclical Compliance and/or establishment reviews	To consider a programme of reviews covering areas such as: <ul style="list-style-type: none"> • Risk management – identification and management of key risks; • Ethical governance including conflict of interest reporting, receipt of gifts & hospitality; • Management of expenses; • Use of Procurement Cards. 	1 to 4	High	

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Schools:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk
Targeted Reviews: <ul style="list-style-type: none"> • To be agreed with Schools Finance 	All schools previously receiving limited assurance or those identified with issues from Ofsted reviews or a projected budget deficit. Schools to be included not yet confirmed.	1 to 4	Medium	
Thematic Reviews:	Undertake thematic reviews across the school population to review compliance. Potential areas to include: <ul style="list-style-type: none"> • Health & Safety Compliance; • Recruitment; • IR35 Compliance; • GDPR & IT Security • Recharging SEN (now managed by Schools). 	1 to 4	High	

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Finance & Resources:

Finance Related Audits:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Financial Management	Reviews to consider: <ul style="list-style-type: none"> • Investment Strategy, Pension Investments and Treasury Management; • Commercial ventures (governance). 	2 to 3	High	
Financial management system	To include: <ul style="list-style-type: none"> • Assurances provided by the IBC on the adequacy of security and controls within the HR, Payroll and Finance systems; • Effectiveness of controls and compliance with these controls across all Council services in respect of budgetary control, accounts payable, accounts receivable, income management, debt management etc (a programme of cyclical reviews will be developed for consideration by the S151 Officer). (See also audits identified in People Services Section). 	1 to 4	High	
Revenues & Benefits	Cyclical programme of audits as agreed with the Director of Finance & Resources. To supplement not duplicate work undertaken by external audit covering: <ul style="list-style-type: none"> • Council Tax; • Housing Benefit; • NNDR. 	3	Medium	
Cyclical Compliance and/ or establishment reviews	To consider a programme of reviews covering areas such as: <ul style="list-style-type: none"> • Risk management – identification and management of key risks; • Ethical governance including conflict of interest reporting, receipt of gifts & hospitality. 	2 to 4	High	

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Property Related Audits:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Property Services moved from GPH to Finance and Resources in 2018/19 and the Facilities Management responsibilities transferred back to the Council. Areas for audit consideration include: <ul style="list-style-type: none"> • Corporate Landlord Model (Project); • Provision of property services to voluntary and community sector (project); • Review of property management systems information (project); • Health and Safety compliance. 		High	
Procurement	Review a sample of procurements and provide audit assurance on compliance with expected controls within the procurement process and compliance with the Procurement Code.	3	High	
Contract Management	Review contract management arrangements in place for a sample of contracts which will include the management of the operational property portfolio.	2	High	

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ICT Related Audits:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Information Management & Continuity of Systems	Areas that may be reviewed: <ul style="list-style-type: none"> • IT Governance - Risk management, investment appraisal, culture and training; • IT Resilience and service continuity; • Access Management; • Data Analytics – Data Governance and Data Quality. 	1 to 4	High	

Procurement Related Audits:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Procurement - Governance	Arrangements in place for the appropriate governance and management of procurement. This would be focused on the work undertaken within the Procurement Team (compliance with procedures and governance arrangements for a sample of individual procurements will be reviewed across the Departments).	2	High	
Programme/ Project Management/ New Systems	Placeholder. Any programme or project involvement will be identified as required.	TBC	TBC	

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People Services

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Payroll	To include: <ul style="list-style-type: none"> Assurances provided by the IBC on the adequacy of security and controls within the HR and Payroll systems; Effectiveness of controls and compliance with these controls across all Council services in respect of payroll and HR systems. 	1 to 4	High	
Learning & Development Tools	Review of new system, controls and compliance.	1 to 2	High	
Cyclical Compliance and/ or establishment reviews	To consider a programme of reviews covering areas such as: <ul style="list-style-type: none"> Pension Administration; Apprenticeships; Sickness & absence management; Starters and leavers process compliance; Induction process Ethical governance including conflict of interest reporting, receipt of gifts & hospitality. 	1 to 4		

Legal Services:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Cyclical Compliance	Audits could include: <ul style="list-style-type: none"> Provision of external legal services; Charging for services 	2	High	

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Policy, Performance & Communications:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Governance	Review the processes for ensuring that the Council's governance arrangements are robust and are reviewed and reported on at the appropriate level and frequency. May include areas such as delegated authority and decision making with any review likely to cut across several service areas.	3	High	
Risk Management	Review of the processes in place for the effective identification and reporting of risks and how these risks are being managed – sample review of departmental risk management processes.	4	High	

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Growth, Planning & Housing:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Following consultation with the service on key areas of change and/or major projects, specific focused review(s) will be identified (advisory and/or Assurance).		High	
Information Management, IT & Continuity of Systems	Areas identified for consideration include: <ul style="list-style-type: none"> • Review of compliance with data protection and GDPR requirements on the use of and control over sensitive data • IT application review; • Service continuity arrangements (IT and/or non-IT) 	1 to 3	High	
Housing Management	Audits could include: <ul style="list-style-type: none"> • Major Works, lessee and service charges; • Housing rent management; • Tenant Management Organisations; • Repairs Service; • Health & Safety Compliance; • Information systems (see above). 	1 to 3	High	
Procurement	Review a sample of procurements and provide audit assurance on compliance with expected controls within the procurement process and compliance with the Procurement Code.	3	High	
Contract Management	Review a sample of contracts to ensure that appropriate contract management arrangements are in place.	2	High	
Cyclical Compliance and/ or establishment reviews	To consider a programme of reviews covering areas such as: <ul style="list-style-type: none"> • Capital Programme; • Budgetary Control; • Income management; • Planning & Building Control; • Homelessness; • Housing allocations; • WAES • Risk management – identification and management of key risks; • Ethical governance including conflict of interest reporting, receipt of gifts & hospitality. 	1 to 4	Medium	

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City Management & Communities:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Following consultation with the service on key areas of change, specific focused review(s) will be identified (advisory and/or Assurance).		High	
Information Management, IT & Continuity of Systems	Areas identified for consideration include: <ul style="list-style-type: none"> • Review of compliance with data protection and GDPR requirements on the use of and control over sensitive data • IT application review; • Service continuity arrangements (IT and/or non-IT) 	1 to 3	High	
Procurement	Review a sample of procurements and provide audit assurance on compliance with expected controls within the procurement process and compliance with the Procurement Code.	3	High	
Contract Management	Review a sample of contracts to ensure that appropriate contract management arrangements are in place.	2	High	
Cyclical Compliance and/ or establishment reviews	To consider a programme of reviews covering areas such as: <ul style="list-style-type: none"> • Health & Safety; • Capital Programme/ Major Schemes; • Budgetary Control; • Parking Services; • Income management; • Regulatory Services; • Establishment – Controls & Compliance (eg mortuary, coroners, libraries etc); • Risk management – identification and management of key risks; • Ethical governance including conflict of interest reporting, receipt of gifts & hospitality. 	1 to 4	High	

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Risks identified from the Council’s Risk Registers

NB: Risks to be reviewed against latest operational and strategic risk registers prior to Audit Plan being finalised.

The risks identified from the Council’s Risk Registers are summarised below and linked to the associated City or All (CFA) Priorities. Where possible, identified risks will be shown against audits in the plan.

Risk Ref	Risk Description and Link to City for All Priority
1.	Financial (CFA 2, 3 and 5): <ul style="list-style-type: none"> • pressures resulting from increase in demand for services, reduced funding or predicted income, slowdown in the economy and inflationary pressures.
2.	Information Management and Continuity of Systems (CFA1): <ul style="list-style-type: none"> • Management of information in compliance with the requirements of GDPR and minimising the risk of loss of information or inappropriate disclosure; • Weaknesses in Information Governance structures could result in data breaches or accidental loss of key information; • Loss of systems due to either systems failure or cyber- attack; • Strong security hygiene policies and user awareness; • IT Health Checks and compliance.
3.	Procurement and Management of Suppliers (CFA 2 and 3): <ul style="list-style-type: none"> • Compliance with Standing Orders, the Procurement Code and regulatory framework for procurement to minimise the risk of provider challenge; • Weak supplier resilience which could result in supplier bankruptcy or other service failure; • Effective management of contracts to ensure deliverables are received and value for money achieved.
4.	Impact of change (CFA 1, 2, 3, and 5): <ul style="list-style-type: none"> • Failure in service continuity/ safeguarding arrangements arising from changes in service arrangements; • Embedding new ways of working; • Brexit and how it will affect the Council and local economy.
5.	General (CFA 1, 2, 3, 4 and 5): <ul style="list-style-type: none"> • Maintaining appropriate and effective governance and high ethical standards by all staff and Council Members; • Ensure compliance with statutory requirements and provide a safe environment for staff, residents and visitors; • Effectiveness of partnership arrangements.

City for All (CFA) priorities:

- CFA1 City of Opportunities;
- CFA2 Excellent Local Services;
- CFA3 Caring and Fairer City;
- CFA4 Healthier and Greener City;
- CFA5 City that Celebrates its Communities.