

<u>Audit Area (Identified as part of Audit Needs Assessment)</u>	<u>Time Budget (Days)</u>	<u>Service Lead Area</u>	<u>Comments</u>	<u>Key Risk Considerations</u>	<u>Key Objectives (An evaluation of risks and controls will form part of the audit process)</u>	<u>Allocation</u>	<u>Planned Timing</u>
1. COVID-19 Pandemic Recovery workstream : <b>(PRIORITY A)</b> <b>(i) Business Support Grants - Additional Restrictions Grant</b> <i>Corporate Priority Area - 'Recovery'</i>	13	Economic Development & Customer Services	New processes have emerged as part of the authority's ongoing COVID-19 recovery effort. Independent assurance is recommended for higher risk areas to confirm activities have given due regard to adequate control processes and risk mitigation measures in safeguarding public funds. The Additional Restrictions Grant fund represents a significant amount (approx £1.9m) and the timeframes require the scheme to be administered in full by 31.3.22.	Governance arrangements are not maintained; unspent funds; grants administered do not adhere to government guidance and/or local discretionary grant policy; inadequate due diligence checks; criteria for applying discretionary funds are vague which may result in processing grants that fail to add value to business recovery or growth; Fraud and Error leading to financial losses/reputational damage;	Given that two prior audits have been carried out on Business Support Grants, this audit will focus specifically on testing of key controls operating (large sample testing of Additional Restrictions Grants - ARG only) to ensure eligibility, validity, reasonableness of decisions to award and approve grant applications, transparency of decisions and accuracy of Additional Restriction Grant payments processed.	In-House. Fieldwork completed and draft report issued.	Quarter 1
2. Whistleblowing (Confidential Reporting Code) <b>PRIORITY A</b> <i>Corporate Priority area - All. Good governance underpins effective delivery of all corporate priorities and objectives</i>	9	Corporate Governance (Monitoring Officer)	An audit review is overdue. Given that some time has elapsed since the self assessment toolkit was undertaken, this is deemed to be a timely review.	If Members and Staff are not periodically reminded of the Whistleblowing policy, this could lead to inappropriate or illegal activity not being identified, reported or addressed. It could also lead to the use of incorrect channels to report concerns leading to adverse media interest and reputational damage. If the scale and nature of Whistleblowing concerns are not captured or monitored, opportunities for focussed actions may be missed (where there are patterns in the type of confidential concerns raised).	Confirm awareness raising of policy by Monitoring Officer to promote understanding, encourage individuals to come forward and convey key messages (links to organisational culture). Consider whether core processes are operating effectively and in line with the Whistleblowing policy. Ascertain how concerns raised are followed through and addressed with reference to a sample check. Consider scope to maintain a strictly confidential register of concerns reported under the policy. As well as improving coordination, this would provide a mechanism for quantifying the level, scale and nature of concerns raised - assisting future focussed actions.	In-House	Quarter 2

<p>3. Significant externalities (macroeconomic and geopolitical environment) and their impact for the Council - <b>PRIORITY A</b> Corporate Priority Area - All priorities</p>	10	Internal Audit	Articulating and analysing the risks (and opportunities) emerging and evolving to assist prioritised action.	The volatility of the global economy and rising rate of inflation is putting increased pressure on businesses, households, and the Council's budget. Cost-of-living crisis is a major risk factor impacting consumers, economic prosperity, and pandemic recovery. Additional challenges arising from Geopolitical landscape such as refugees/pressures on food supply chain and inflating costs of fuel.	To analyse and report on the impact of macroeconomic and geopolitical externalities on the Council's position/services/communities. Ascertain mitigation/control measures to manage identified risks and highlight residual risks. The most significant risks (and opportunities) arising based on the risk scoring model require prioritisation for action.	In-House	Coincides with Audit Committee work programme, reporting 3 times a year .
<p>4.Succession Planning <b>PRIORITY B</b> Corporate Priority area - 'Service Delivery' <b>REMOVED FROM PLAN AS CANNOT BE UNDERTAKEN WITHIN CURRENT RESOURCE LEVELS</b></p>		Commissioning & Transformation	An audit is overdue.	Loss of knowledge and experience from long serving skilled employees who have departed or retired. Lack of succession planning reduces organisational and service resilience, impacting service quality and delivery.	Undertake a light touch review of management arrangements in place for succession planning, considering corporate and strategic direction across the authority. Establish measures for 'Key person identification'.	In-House	Removed from workplan
<p>5. Recruitment and Retention <b>PRIORITY A</b> Corporate Priority area - All. Underpins effective delivery of all corporate priorities and objectives</p>	10	Commissioning & Transformation	Corporate Risk Register - risk category 7.	Rising resignations, high vacancy rates and unsuccessful recruitment lead to a reduced level of technical skills and expertise operating across Services. Staff shortages further exacerbate workload pressures, employee stress and fatigue. As the pandemic experience has widened acceptance of more flexible working approaches across most sectors, this may weaken the unique selling point (USP) long associated with Local Councils. Failing to attract and retain talent has consequences for delivering business need leading to reduced service quality.	To review the strategic approaches underway or planned in managing the significant risks and current issues around recruitment and retention . Consider the extent of new and innovative approaches being explored in an increasingly competitive market, to attract and retain talent. Review arrangements in place to test the effectiveness of any new measures applied. Periodical monitoring to gain insight on developments of this area over the year is considered to be more relevant than a standard audit review.	In-House. A Position Statement has been issued.	Quarter 1.

<p>6. IT Audit (Application Systems) <b>(INFORMATION TECHNOLOGY)</b> <b>(PRIORITY A)</b> Corporate Priority - 'Service Delivery' and 'Supporting Communities'</p>	12	Commissioning and Transformation	A high level review of the Council's Application Systems is overdue.	<p>Core application systems are not adequately supported/maintained impacting service delivery. Unauthorised access to application systems, sensitive and personal data. Where access permissions do not reflect user need, this increases risks of data security breaches, fraud, data theft, and even deletion of data files.</p>	<p>A high level audit review of the Council's application systems. To ensure the Council has robust control processes operating across key application systems (to include Centros upgrade). Ascertain how systems are supported and maintained including software and security updates. Consider logical access controls in setting up new users and applying appropriate permissions. Confirm processes for prompt removal of leavers and where access requirements change. Ascertain oversight arrangements in place for System Administrator functions who hold superuser privileges.</p>	Audit Contractor	Quarter 4
<p>7. Collaborative working with the Continuous Improvement Team <b>(PRIORITY B)</b> Corporate Priority area - All. Underpins effective delivery of all corporate priorities and objectives</p>	4	Commissioning and Transformation	Collaborative work area to add organisational value.	<p>The Continuous Improvement process drives positive change and greater organisational efficiencies in service delivery. If internal control implications are overlooked this may result in new processes that operate less robust or weaker controls. Subsequent impact on assurance provision.</p>	<p>To work with the Continuous Improvement team in reviewing 'TO BE' Process Maps produced for significant activity areas, with a view to advising on any risk and control implications including compromised controls, and assessing the significance,</p>	In-House	Throughout the year as required.
<p>8. Commercial Assets &amp; Investments <b>(Income Generation)</b> - <b>(PRIORITY A)</b> Corporate Priority Areas - 'Recovery', 'Service Delivery'</p>	14	Regeneration & Growth	Annual Cycle. Significant financial value re commercial property portfolio and associated risks. Corporate Risk Register - risk category 3.	<p>Weak governance arrangements may contribute to poor investment outcomes and increase exposure to financial risk including loss of anticipated rental income. Inadequate processes to identify/raise/recover/monitor commercial rental income due resulting in delays or losses. Rental waivers and shortfall in achieving overall income target. Late repayment of loans for committed investments results in financial penalties.</p>	<p>To ensure robust control processes and effective governance arrangements are operating regarding the Councils commercial property assets and investments. Review adequacy of systems in place to identify, collect, record and monitor rental income due. Confirm continued performance monitoring arrangements/reporting and ongoing assessment of sinking fund. Review policy arrangements for applying rental waivers and managing rental voids to minimise financial losses.</p>	In-House	Quarter 4

<p>9. Cross cutting audit review of Planning processes linked to Property Development (Housing Delivery Programme) <b>(PRIORITY A)</b> <i>Corporate Priority Area - Affordable Housing</i></p>	12	Regeneration & Growth - Assets & Planning	Annual Cycle. Significant financial value and adverse financial impact from non-development costs. Corporate Risk Register - risk category 1A	Insufficient segregation of duties between the Council's planning and Assets function could weaken governance and lead to poor decisions. Where approaches are not coordinated this may impact broader outcomes. Delays in completing property development schemes, with significant repercussions for delivery of housing and targets. Non-development costs (approx.1.2m over last year) have resulted in significant adverse financial impact for the Council. Supply chain and distribution challenges led to higher costs of materials inflating scheme expenditure.	Carry out a cross cutting review to identify and assess core planning processes linked to property development, considering mechanisms for planning decisions, through to onward commencement and delivery of schemes by Assets. In reviewing governance arrangements, consider adequacy of segregation of duties operating between the Planning and Assets functions in adhering to professional requirements, as well as within the overall decision making process. To review progress with the housing delivery programme, taking account adverse financial impact of the significant delays encountered to date .	Contractor	Quarter 3 or 4
<p>10. Blue Box Software - Housing Rental Income <b>(PRIORITY A)</b> <i>Corporate Priority Area - 'Recovery'</i> <b>REMOVED FROM AUDIT PLAN</b> In view of the findings from the recent commercial assets income review which incorporated Blue Box, it is more appropriate to await progression of those recommendations prior to undertaking any further work on Blue Box. Extending use of the Council's main financial system to centralise the administration and recording of commercial rental income, if implemented, is likely to affect the way Housing rental income is managed going forward.</p>		Regeneration & Growth - Assets	The Council have acquired a new software system – "Blue Box" – to manage rental income across its property portfolio. This property management software supports the accounting system for Knowle Green Estates Ltd (KGE).	The delays in completing property development schemes are already impacting housing rental income, adding to significant financial pressures already facing the Council. Inadequate processes to identify/raise/recover/monitor housing rental income due resulting in delayed or loss of anticipated rental income. Weak integration of new software with the Council's main financial system, leading to inaccurate and unreliable accounting records. Fraud and error risks.	The review will focus on the systems and processes for administering Housing rental income. To assess how the Blue Box. software is being used to raise/record/receive/monitor and recover housing rents due in a timely manner. To consider how effectively this rental strand/module of Blue Box interfaces and integrates with the Council's main financial system to promote system integrity and accurate financial reporting/management information.	Contractor	Removed from workplan

<p>11. Responsive and Planned Maintenance (<b>PRIORITY A</b>) Corporate Priority - Communities, Housing and Service Delivery</p>	12	Regeneration & Growth	<p>Audit review is due and sufficient time elapsed since the operation was brought back in house.</p>	<p>Absence of strategic direction for the Council's assets/maintenance increases costs and deterioration of assets . Contracted maintenance works fail to deliver value for money. Where obligations for undertaking maintenance are not adhered to by Service providers , this may result in additional unexpected costs . Maintenance undertaken may not adhere to quality standards and/or health and safety requirements breached, impacting communities. Financial losses due to fraud and error.</p>	<p>To identify and review key control processes operating relating to the planned and responsive maintenance in-house operation. To consider how effectively contractual obligations for maintenance (where responsibility transferred to 3rd party) are enforced. To review how professional standards and relevant skills are being applied across the function. Undertake sample testing of expenditure and variation orders to confirm validity, reasonableness, accuracy, approval.</p>		Quarter 3
<p>12. Core Financial System - Creditors <i>Note this will be a light touch review based on current resource</i> (<b>FINANCIAL</b>) (<b>PRIORITY A</b>) Corporate Priority - Service Delivery</p>	7	Accountancy	<p>Annual Cycle (Significant value/volume of transactions)</p>	<p>Core Financial Systems - Financial losses and reputational damage due to fraud, collusion, money laundering, theft, error, data manipulation or inefficient processes. Discrepancies between feeder systems and the main accounting system/general ledger (major software upgrade to Centros) are not identified/resolved promptly - . System integrity issues may result in unsatisfactory customer experience and loss of confidence.</p>	<p>Key expected controls will be reviewed and tested for Business Rates . Light touch review of Creditors . Across these audits consider risk and control implications including increased levels of spend, reduced revenue and impact of business failures and insolvency on collection rates.</p>		<p>Quarter 2 for Business Rates. Quarter 3 for Creditors .</p>
<p>13. Core Financial System Treasury Management <b>REMOVED FROM PLAN AS CANNOT BE UNDERTAKEN WITHIN CURRENT RESOURCE LEVELS</b> (<b>PRIORITY B</b>)</p>			<p>Annual Cycle (Significant value/volume of transactions). Light touch review to facilitate identification of any emerging risks and control measures (assurance template).</p>				
<p>14. Core Financial System - Business Rates <i>Note light touch review of Business Improvement District income excluded from this version of the plan based on current resources.</i> (<b>FINANCIAL</b>) (<b>PRIORITY A</b>) Corporate Priority - Service Delivery</p>	10	Customer Services	<p>Audit scheduled every 2 to 3 years. (Significant value of transactions)</p>				
<p>15. Air Quality (<b>PRIORITY B</b>) Corporate Priority - Communities , Environment <i>Note reduced audit testing coverage to reflect reduced time budget allocated.</i></p>	7	Environmental health	<p>Audit due to be carried out.</p>	<p>Harmful effect of poor air quality on health of residents and communities; excessive workloads in dealing with other statutory duties impacts Air Quality monitoring work; if fail to meet government targets this could impact community health</p>	<p>To review current mechanisms and processes in place for monitoring pollution levels and assessing whether recommended targets are being met. Confirm reporting arrangements to the relevant government body. Ascertain action plans and strategies in improving air quality . Audit testing coverage will be limited to reflect revised time budgets.</p>	In-House	Quarter 3

16. Safeguarding <b>(PRIORITY A)</b> <i>Corporate Priority - Communities</i>	8	Community Wellbeing	Audit due to be carried out. Note that Section 11 Audit by County carried out every two years.	If there was failure to comply with statutory duty / adhere to Safeguarding Policy, (including failure by County to address Spelthorne referrals), this could lead to death or injury to a child or vulnerable adult, resulting in legal action and reputational damage.	Review core processes to ensure adequate mechanisms are in place for recording and making prompt referrals and relevant follow up. Consider arrangements for collaborative partnerships /muliti-agency working, training and awareness raising .	In-House	Quarter 1
17. Communications <b>(PRIORITY B)</b> <i>All corporate priorities</i> <b>REMOVED FROM PLAN AS CANNOT BE UNDERTAKEN WITHIN CURRENT RESOURCE LEVELS</b>		Communications	Audit due to be carried out.	Reputational damage arising from adverse media attention and negative press/publicity. Accessibility and inclusivity including individuals and communities that are not digitally connected. Mis-information to the public or delayed communications.	A light touch audit review to consider further the risks identified and mitigation measures in place.	In-House	Removed from workplan
18. Procurement <b>(PRIORITY A)</b> All corporate priorities. Replacing Blue Box - residential property income Audit - see earlier	11	Corporate Governance	A review of procurement is considered timely in view of the revised strategies, policies and processes approved during 2021.22. Significant level of procurement activity prevails in view of large projects and schemes.	Fraud, bribery and corruption risks leading to financial losses and reputational damage. Failure to adhere to procurement regulations and Contract Standing Orders may have a number of implications including poor value for money, and insufficient safeguarding/protection of the authority's interests. Lack of transparency on spend incurred may lead to increased challenge.	The review will focus on identifying any emerging risks, as well as consider the robustness of systems of internal control established and operating. It will also consider the level of compliance with procurement regulations and internal policies and associated controls to monitor this. Mechanisms in place to analyse procurement spend with a view to generating efficiencies will be considered.	Contractor	Quarter 4
19. Health and Safety <b>(PRIORITY A)</b> <span style="color: red;">Time budget reduced due to other priorities</span>	3	Various Service Areas	Audit due	Failure to comply with statutory obligations resulting in fines and liability; injury or fatality resulting in reputational damage and adverse media attention.	A corporate cross cutting light touch review of health and safety to consider monitoring and reporting arrangements, training and awareness.	In-House	Quarter 2
20. Completion, finalisation and oversight of prioritised audit assignments from 2021/22 <b>(PRIORITY A)</b>	20	Various Service Areas				In-House	Quarter 1

<p>21. Audit Support - Advisory <b>(PRIORITY A &amp; B - )</b> Corporate initiatives, major projects, government initiatives- <b>Note fewer planned advisory areas can be undertaken based on current resource levels.</b> <b>Advisory work on Leisure Centre/Centros/Government Waste Strategy excluded from plan.</b></p>	17	Various Service Areas	<p>(A) Note developments with key Corporate Initiatives including LGA peer review planned for November 2022. (B) Proposed advisory work on Digital Transformation project (Major Project)</p>	<p>As the risks considerations are vast (some examples are financial/regulatory/service provision and project delivery/meeting need of communities and residents) , specific risks will be identified further as part of advisory and monitoring work undertaken.</p>	<p>(a)Consideration of significant corporate initiatives, advising as appropriate on risk and control implications.  (b)Provide insight with a view to highlighting any matters deemed relevant.</p>	In-House	Quarter 1 to 4
<p>22. Statutory Reporting - Audit Committee <b>(PRIORITY A)</b></p>	43	Internal Audit	<p>Mandatory Public Sector Internal Audit Standards (PSIAS).</p>	<p>If Internal Audit do not report periodically to the Audit Committee, this will reduce the effectiveness of the Authority's governance arrangements, reduce visibility of the Council's risks and outcomes from Internal Audit's independent assurance work</p>	<p>In accordance with the Audit Committee work programme including Plan preparation, Charter review, progress reports, annual effectiveness review, annual audit report and opinion, governance reporting etc and associated meetings .</p>	In-House	<p>To coincide with Audit Committee work programme and cycle of meetings . Currently July, November and March</p>
<p>23. Audit Follow Up <b>(PRIORITY A)</b> <b>Note - frequency of follow up audit work reduced based on current resource levels.</b></p>	6	Internal Audit with Service leads	<p>Periodical follow up of audit recommendations forms part of audit standards and key monitoring processes (PSIAS). It contributes to demonstrating value added in mitigating / managing Council risks.</p>	<p>If medium to high-risk audit recommendations are not implemented this will impact the robustness of internal control systems, risk management and governance arrangements.</p>	<p>To ensure that where audit recommendations have been agreed by Management, they are being implemented. Reporting to the Corporate Management Team and Audit Committee on the status of audit recommendations.</p>	In-House	Once a year
<p>24. Continuous Improvement Initiatives for Internal Audit <b>(PRIORITY A)</b> <b>Note - Data Analytics work to provide extended assurance as well as other improvement initiatives cannot be undertaken under this audit plan based on current resource levels.</b></p>	15	Internal Audit	<p>Adherence to Professional Internal Auditing Standards (PSIAS), best practice and emerging methodologies.</p>	<p>If opportunities to enhance the service are not considered this could lessen continuous improvement . Adherence to Professional Internal Auditing Standards (PSIAS).</p>	<p>(i)External Quality Assessment (EQA) is a requirement under PSIAS once every five years. Reciprocal reviews planned to be undertaken.</p>	In-House	Quarter 3 & 4
<p><b>Total Audit Days - Assignments, Audit Support &amp; planned advisory areas , Statutory Reporting, PSIAS &amp; Continuous Improvement work</b></p>	243						
<p><b>Corporate Roles:</b> <b>(i)Corporate Counter Fraud</b> <b>(ii)Corporate Risk Management</b></p>	45						
<p><b>All other work across the team to support the authority and delivery of the Internal Audit Service (See below)</b></p>	121						

Contingency/ unforeseen work (Confidential Investigations; ad hoc advice to Management on emerging risks and issues/ new and developing processes); staff briefings/ Working groups / External Audit liaison/ /Plan monitoring and reprioritisation/ Team & Service Management/ Commissioning contractor resource and monitoring/Legal matters/ corporate tasks / CPD training/ miscellaneous tasks			
<b>Total Audit plan Days</b>	409		
<b>Resource available in Days 2022/23 (ESTIMATED)</b>	409		
<b>Shortfall in days</b>			
Days Available After Deduction for Annual Leave & Bank Holidays & small provision for Sickness Absence (Estimate)			
PT - Part Time 0.75 FTE	161		
PP - Full Time 1 FTE	218		
Contractor - budget days	30		
<b>Total</b>	<b>409</b>		

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