



Internal Audit Strategic Plan

2022/23

DRAFT

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1. Introduction and Mission

This document sets out the Internal Audit Strategic Plan for the financial year 2022/23. The plan sets out how the service will be delivered in year, and is underpinned by the Internal Audit Charter (approved in December 2021) which defines the purpose, authority, responsibility and position of the Internal Audit function with Brent Council.

Internal Audit has adopted the following mission statement:

‘To enhance and protect organisational value by providing risk based and objective assurance, advice and insight. Internal Audit helps the Council to accomplish its objectives by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.’

In delivering this mission statement, Internal Audit will:

- Produce and deliver an Annual Risk Based Internal Audit Plan, which complies with the Public Sector Internal Audit Standards (PSIAS);
- Provide the statutory Annual Internal Audit Opinion on the Council’s internal control, risk management and corporate governance arrangements;
- Provide progress reports to the Audit and Standards Advisory Committee which highlight any significant risk and control deficiencies and potential areas for improvement in the Council’s governance, risk and control arrangements; and
- Support continuous improvement across the Council through a combination of assurance, consultancy and follow-up work.

2. Core Values and Principles

Internal Audit is committed to providing a **high quality, professional** and **customer-focussed** service that remains a trusted source of assurance and advice to corporate leadership and the Audit and Standards Advisory Committee.

Internal Audit will follow the requirements of the Public Sector Internal Audit Standards, including the Code of Ethics. The following core values and principles will also underpin the delivery of all aspects of internal audit work:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Remains objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the Council;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk based assurance;

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- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

3. Provision of the Service

How the service is provided

Our primary objective is to offer the Council, via the Audit and Standards Advisory Committee, an independent and objective appraisal of whether objectives are being met. We also provide advice and guidance to management on risk and control issues within individual processes. We aim to achieve this through a planned programme of work based on an annual assessment of the major risks facing the Council.

The Internal Audit service has defined standards for the planning, execution and reporting of internal audit work. These include arrangements for the review and approval of reports by the Head of Audit and Investigations before issue.

Reports will be balanced, clear, concise, and constructive and they will be issued in line with our defined reporting timescales.

The Head of Audit and Investigations will provide an Annual Internal Audit Opinion to those charged with governance, timed to support the Council's Annual Governance Statement. The Annual Internal Audit Opinion will include the statutory opinion on the overall adequacy and effectiveness of the Council's system of internal control, risk management and corporate governance.

Measuring performance and success

The Public Sector Internal Audit Standards are clear that Internal Audit should add value to the organisation. This will be achieved through the delivery of this strategy, and also via the provision of consultancy services and risk and control advice.

The following Key Performance Indicators (KPIs) have been established to measure the ongoing performance and value of the Internal Audit Service, which will demonstrate achievement of the objectives that support our mission statement:

- **KPI1** – 90% of the Annual Internal Audit Plan completed by 31st March (conclusion of fieldwork).
- **KPI2** – 100% of the Annual Internal Audit Plan completed by 30th April (conclusion of fieldwork).
- **KPI3** – 100% acceptance of all Critical and High risk recommendations
- **KPI4** – Follow-up of all Critical and High risk recommendations within (at least) 12 months of the final report being issued.
- **KPI5** – 90% of client satisfaction surveys rated the service as good or better.

Other factors of success will also be evident and monitored over time, including the rate of implementation of recommendations, and a reduction in the number of Critical and High risk recommendations raised.

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The following performance management arrangements are also in place:

- Agreement of the Internal Audit Plan by the Council's Management Team (CMT) and the Audit and Standards Advisory Committee;
- Quarterly progress reports are reported to CMT and the Audit and Standards Advisory Committee;
- Individual audit assignments will be undertaken in accordance with risk-based methodology and per the protocols set-out within the Internal Audit Methodology;
- All assignments are subject to a Terms of Reference, agreed with the auditee, which set out the key risks and objectives of the audit;
- On conclusion of an audit, a closing meeting is held and an audit report is shared that sets out the audit findings, rated as either critical, high, medium or low risk. The report will also include recommendations as to how the findings may be addressed, which will be agreed with management and accompanied with target dates and action owners.

4. Plan Production and Risk Assessment

Preparation and consultation

The 2022-23 plan has been drafted from a number of information sources, including an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits/fraud investigations, requests from management, and relevant guidance/publications from professional bodies, including CIPFA and the Institute of Internal Auditors (IIA).

The Council's objectives, as defined in the Borough Plan, have also been considered in drafting the plan. Internal Audit has also consulted with senior management via Departmental Management Teams and Senior Leadership Teams in order to obtain an understanding of the Council's strategies, key objectives and associated risks. Where appropriate, the plan has also been aligned to Departmental Risk Registers and the Council's Strategic Risk Register to ensure that the work of Internal Audit is focussed on the main risks and issues that threaten the achievement of the Council's objectives.

As in previous years, the 2022-23 plan will need to be particularly flexible to provide most value to services that are undergoing significant levels of change. To this end, whilst Internal Audit will deliver a risk based annual plan, we will also remain responsive to the needs of auditees and wider-stakeholders and will continue to provide ad hoc control advice and support where required.

Delivery and resourcing

The plan and strategy has been drawn up to address the statutory requirements and key risks for the Council, taking into account the available resources within the Internal Audit service. Changes to the annual plan may be necessary during the year to ensure that the Internal Audit service responds to changing risks.

All planned audit work undertaken is subject to a formal follow-up to ensure that actions have been implemented. The timing of each follow up review is agreed

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with the auditee for the original audit. Summary findings emanating from planned internal audit work as well as levels of implementation of agreed actions is reported to the Audit and Standards Advisory Committee as part of quarterly progress reports. Follow up outcomes will also have an impact on our risk assessment of a particular area.

The Head of Audit and Investigations is responsible for identifying the resources necessary to deliver the audit plan and to fulfil the Council's requirements and expectations as to the robustness and scope of the annual internal audit opinion. To this end, the Head of Audit and Investigations is satisfied that adequate resources are available for the provision of an effective internal audit function. The service continues to operate a co-sourced model, with a small portion of the plan (c180 days) delivered by our co-sourced partner, PwC.

The 2022-23 plan will deliver c775 audit days across the following areas:

- Providing assurance on high-risk areas (including key financial systems) via a risk-based auditing approach (65%);
- Schools audit coverage via 7 establishment visits and one follow up review (9%);
- Follow up reviews to monitor implementation of audit recommendations (13%), and
- An element for contingency to enable the audit service to provide ad hoc advice and to respond to management requests for support (13%).

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5. 2022-23 Internal Audit Plan

A. Cross Cutting Plan

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
CC22-01	Information Governance – Data Breaches	A risk based review of the arrangements in place to prevent, identify and report data breaches. Scope to consider: policies and procedures, ICO reporting arrangements, training and awareness, and lessons learned.	Q1	15
CC22-02	Recruitment and Retention	A risk based review of the Council's recruitment and retention strategy and policies/procedures. Scope to provide assurance over the mitigating actions in place surrounding this area of strategic risk.	Q2	15
CC22-03	Extended Follow-up Review - Use of Agency Workers	A risk based review of use of Agency Workers. Scope to review the implementation of recommendations arising from the previous review undertaken in this area in 2020-21.	Q3	15
CC22-04	Climate Change and Sustainability	Review carried forward from 2020-21 Programme assurance regarding the delivery of the Council's climate change strategies and action plan.	Q2	15
CC22-05	Capital Programme	A risk based review of the Council's Capital Programme. The scope to consider governance arrangements, strategy, planned savings, budgeting, approvals, risk management, monitoring and reporting.	Q2	20
CC22-06	Follow-ups	Follow up of recommendations made in 21-22	All	100
Cross-cutting Total Days			180	

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B. Customer and Digital Services

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
CDS22-01	Digital Strategy	Programme assurance regarding the design and delivery of the Council's Digital Strategy. Scope to be refined and agreed in year to focus on high risk areas.	Q2	15
CDS22-02	Oracle Programme - Phase 2	On-going assurance and risk/control advice surrounding the implementation of Oracle Cloud.	Q2	15
CDS22-03	IT Audit Reviews (tbc)	Allocation of time for 2x risk-based IT audit reviews. Audits to be agreed in year on completion of a risk-assessment exercise, in conjunction with the Shared Digital Service and partner boroughs. Scope to also include a follow-up of recommendations arising from the 2021-22 review of Cyber Security/Remote working.	Q1-4	40
CDS22-04	Procurement	A risk based review of Procurement to focus on areas of key risk. Scope to include Possible areas for scope include: supplier management, risk mitigation strategy, follow-up of recommendations arising from the Contract Management review currently being undertaken as part of the 2021-22 plan.	Q3	20
Customer and Digital Services Total Days				90

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C. Community Wellbeing

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
CWB22-01	Private Sector Property Licensing	A risk based review of Private Sector Property Licensing. Scope to include applications, processing, approvals, income management and performance monitoring arrangements.	Q1	15
CWB22-02	Housing Compliance	A risk based review of Council's housing compliance and roles and responsibilities as a Landlord. Scope to be refined in year – to possibly deep dive into a specific area of health and safety.	Q2	15
CWB22-03	Tenancy Management Organisation (Establishment Review)	A risk based and deep-dive review into a tenancy management organisation (TMO).	Q1	15
CWB22-04	Mental Health Disabilities	A risk-based review of governance arrangements in place for mental health disabilities care. The scope will include a review of controls related to approval, funding and monitoring of care plans/packages.	Q3	15
CWB22-05	Better Care Fund	A risk based review of the governance arrangements in place for the Better Care Fund. Scope to include financial reporting and performance management.	Q4	15
CWB22-06	Public Health	Review to be undertaken in an area of high risk. Scope to be agreed/refined in-year with management.	Q3	15
Community Wellbeing Total Days				90

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D. Children and Young People

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
CYP22-01	Brent Commissioned Arrangements	A risk based review of the commissioning arrangements and dynamic purchasing vehicles (in accordance with Brent's commission placements and in collaboration with West London Alliance). <i>Review carried forward from 2021/22.</i>	Q2	15
CYP22-02	Family Wellbeing Centres	A risk based review of Family Wellbeing Centres. Scope to include governance arrangements, performance management and reporting.	Q3	15
CYP22-03	No Recourse to Public Funds (NRPF) and Intentionally Homeless	A risk based review of the NRPF process. Scope to include governance arrangements, acceptance process, screening, financial support and property procurement.	Q4	15
CYP22-04	School Reviews	Risk based review of up to 7 schools during 2022/23.	All	70
Children and Young People Total Days				115

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E. Regeneration and Environment

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
RE22-01	Redefining Local Services Project (Integrated Street Cleansing, Waste Collections & Winter Maintenance Contract)	Risk based control advice and consultancy support regarding the Redefining Local Services Project (Integrated Contract). The scope to consider key processes and controls and governance/assurance frameworks.	Q3	15
RE22-02	Large Event Day Management	A risk based review of Large Event Day Management. The scope to consider governance arrangements, planning, communications and licensing/enforcement.	Q2	15
RE22-03	Property Valuations	A risk based review of Property Valuations. The scope to consider governance arrangements, valuing of assets, recording of assets, changes and updates, accounting, monitoring and reporting.	Q2	15
RE22-04	Licensing	A risk based review of Licensing. The scope to consider governance arrangements, licence applications and decisions, fees, inspections, breach of licence conditions, and management/performance information.	Q1	15
Regeneration and Environment Total Days				60

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F. Finance

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
FIN22-01	Financial Management Code	A risk-based review to assess compliance with CIPFA's Financial Management Code. Scope to consider progress against implementation of the code, strategy, communication, benefits realisation, monitoring and reporting.	Q1	20
FIN22-02	System Financial Processes	A risk based reviews of controls in system financial processes. Scope to focus on Northgate housing benefit and rent and how these work together. <i>Review carried forward from 2021-22</i>	Q3	20
FIN22-03	Key Financial Controls – Extended follow-up review	Extended follow-up review to evaluate the implementation of any recommendations arising from the 2021-22 KFC review. Scope to also include testing of additional control areas – to be determined/agreed in year.	Q3	25
FIN22-04	Income and Debt Management	A risk based review of Income and Debt Management. Scope to consider income receipts, refunds, suspense accounts, reconciliations, management information, reporting and adequacy of debt management.	Q4	15
FIN22-05	Financial Strategy/Savings Programme	A risk based review of Financial Strategy/Savings Programme. The scope to consider governance arrangements, planning, targets, monitoring and reporting.	Q3	15
FIN22-06	Barham Park Accounts	Independent certification of accounts.	Q2	5
Finance Total Days			100	

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G. Miscellaneous

Ref	Audit title	Indicative Scope	Planned Quarter	Planned Days
MSC22-01	First Wave Housing Ltd / i4B Holdings	Audit plan to be agreed separately with FWH/i4B. Audits to focus on areas on high risk and to include follow-up of recommendations raised in 2021-22 reviews.	1-4	25
MSC22-02	Grant Certifications	To undertake grant certification where required.	1-4	15
MSC22-03	Contingency	Contingency budget to be used where required to undertaken additional work in-year, including consultancy and advice work.	1-4	100
Miscellaneous Total Days				140

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6. Strategic Risk Assurance Map

Ref	Risk Title	Internal Audit Coverage (from 2018-19 to 2021-22)	2022-23 Planned IA Coverage
1.	Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit	No direct assurance work provided in this area of strategic risk. Risk/control advice is provided where requested/required.	No direct assurance work provided in this area of strategic risk. Risk/control advice will continue to be provided where requested/required.
2.	Lack of supply of affordable accommodation	<p>2019/20 – Housing Allocations - assurance over the Council's housing allocation processes to ensure applications are adequately and appropriately assessed and housing stock is allocated to residents in a fair and timely manner.</p> <p>2020/21 – Capital Letters - assurance on the effectiveness and robustness of the Council's arrangements in respect of the administration and utilisation of Capital Letters.</p> <p>2020/21 – Introductory Tenancies - assurance over the process risks relating to introductory tenancies, which included policies and procedures, new tenancies and monitoring and management of tenancies.</p> <p>2020/21 – Housing Succession - assurance over the Council's current housing succession processes within its Tenant Management Policy for compliance and allocation in a fair and transparent manner, in line with the criteria and conditions set and assess the management and timeliness of processing housing successions within the service.</p> <p>2020/21 – GLA Affordable Housing Programme - assurance over the Council's current processes within the GLA Affordable Housing Programme to ensure both funds and homes are allocated fairly and transparently, in line with the criteria and conditions set.</p>	<p>Following reviews planned for 22/23 as per plan detailed above:</p> <p>CWB22-01 - Private Sector Property Licensing</p> <p>CWB22-02 – Housing Compliance</p>

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Ref	Risk Title	Internal Audit Coverage (from 2018-19 to 2021-22)	2022-23 Planned IA Coverage
		2021/22 – Voids Management - assurance on the effectiveness and robustness of the Council's processes surrounding void property management including the number of voids, turnaround time, repairs and the impact on rental income.	
3.	Failure to Deliver Planned Savings	No direct assurance work provided in this area of strategic risk.	<p>Following reviews planned for 22/23 as per plan detailed above:</p> <p>FIN22-01 – Financial Management Code</p> <p>CC22-05 – Capital Programme</p> <p>FIN22-05 - Financial Strategy/Savings Programme</p>
4.	Delays in the re-procurement of key public realm services	No direct assurance work provided in this area of strategic risk.	<p>Following review planned for 22/23 as per plan detailed above:</p> <p>RE22-01 - Redefining Local Services Project (Integrated Street Cleansing, Waste Collections & Winter Maintenance Contract)</p>
5.	Cyber Attacks	2020/21 – Cyber Security Workshop – evaluation of the Council's current security state and allow management to prioritise activities to protect sensitive customer, colleague and commercial data.	<p>Following review planned for 22/23 as per plan detailed above:</p> <p>CDS22-03 – IT Reviews (tbc)</p>

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Ref	Risk Title	Internal Audit Coverage (from 2018-19 to 2021-22)	2022-23 Planned IA Coverage
		2021/22 – Cyber Remote Working – assurance over the key risk management, people security, protective technology and detective technology controls related to remote working.	
6.	Workforce Resilience	2021/22 – Workforce and Succession Planning – assurance over the Council’s Strategic workforce planning controls.	Following review planned for 22/23 as per plan detailed above: CC22-02 – Recruitment and Retention
7.	Budget Setting	2018/19 – Budget Monitoring – assurance on the design and effectiveness of controls in relation to budget monitoring with a particular focus on the processes in place to effectively monitor and manage budgetary spend and whether these are well established across capital and revenue budgets.	Following reviews planned for 22/23 as per plan detailed above: FIN22-01 – Financial Management Code CC22-05 – Capital Programme FIN22-05 - Financial Strategy/Savings Programme
8.	Brexit - Economic uncertainty/loss of workforce	No direct assurance work provided in this area of strategic risk. Risk/control advice is provided where requested/required.	No direct assurance work provided in this area of strategic risk. Risk/control advice will continue to be provided where requested/required.
9.	Contract Management	2021-22 – Contract Management - assurance that the Council’s contract management arrangements are operating robustly and effectively to ensure that major and operational contracts are delivered in accordance with agreed definitions.	Following reviews planned for 22/23 as per plan detailed above: CDS22-04 - Procurement

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Ref	Risk Title	Internal Audit Coverage (from 2018-19 to 2021-22)	2022-23 Planned IA Coverage
10.	Delivery of Digital Strategy	<p>2019/20 – IT Governance – assurance over the delivery of the envisioned benefits against the strategy, costs are optimised, and the value created for the organisation by its technology investments is maximised.</p> <p>2019/20 – Robotics Process Automation – assurance on the strategy, governance and risk management related to the implementation and monitoring of RPA within the Council to help it achieve its Digital Strategy in which to grow, evolve and operate.</p>	<p>Following reviews planned for 22/23 as per plan detailed above: CDS22-01 – Digital Strategy</p>
11.	Demand for Services	2021/22 – Demand for Services – focussed assurance over the financial management of demand pressures.	No direct assurance work provided in this area of strategic risk for 2022-23.