

Draft Internal Audit Plan 2021 - 22

To: Audit & Accounts Committee

Date: 23 March 2021

From: Neil Hunter, Head of Internal Audit and Risk Management

Purpose: To present the draft 2021 - 22 Internal Audit Plan and invite comments from Audit & Accounts Committee.

Recommendation: The Committee is asked to consider and comment on the contents of this report, and approve the proposed 2021 - 22 Audit Plan and approach, subject to any changes agreed at the meeting.

Officer contact:

Name: Neil Hunter

Post: Head of Audit & Risk Management

Email: neil.hunter@cambridgeshire.gov.uk

Tel: 01223 715317

1. BACKGROUND

- 1.1 The role of Internal Audit is to provide the Audit Committee and management with independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 1.2 This report outlines a draft Internal Audit Plan for 2021 – 22 and a proposed approach to targeting audit resource throughout the year.

1. The Internal Audit Plan

1.1 Background

- 1.1.1 CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) in April 2013. The PSIAS set out the standard for internal audit across the public sector.
- 1.1.2 The principles in the PSIAS are consistent with the previous CIPFA code of practice for internal audit which applied across local government. They include the need for risk-based plans to be developed for internal audit and for plans to receive input from management and the 'Board'; for the purposes of the key duties laid out in the PSIAS, the Audit & Accounts Committee is effectively the 'Board' for the Council.
- 1.1.3 Under the Local Government Act, the Council's Section 151 officer is responsible for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. The work of Internal Audit is therefore directly relevant to these responsibilities.

1.2 Audit Planning

- 1.2.1 PSIAS Performance Standard 2010 – *Planning* states that:

“The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.”

- 1.2.2 The standards refer to the need for the risk-based plan to consider the organisation's risk management framework, and to take into account the requirement to produce an annual internal audit opinion and the assurance framework.
- 1.2.3 Within the Council, the Chief Audit Executive is the Chief Internal Auditor for the purposes of the PSIAS. Performance Standard 2450 – *Overall Opinions* states that:

“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.”

- 1.2.4 The risk-based plan therefore needs to include an appropriate and comprehensive range of work which is sufficiently robust to confirm that all assurances provided as part of the system of internal audit can be relied upon by the Audit & Accounts Committee. The Chief Internal Auditor will ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the internal audit plan.

1.3 A new approach to the Annual Plan

Current Approach

- 1.3.1 For a number of years, Internal Audit at Cambridgeshire has aimed to maintain a dynamic Audit Plan, in order to allow the regular re-prioritisation of resources towards the areas of highest risk. This has involved setting a risk-assessed annual Internal Audit Plan at the start of each financial year, which is then reviewed, challenged and updated on a quarterly basis with input from JMT, the Section 151 Officer, and the Audit & Accounts Committee.
- 1.3.2 While this approach has proved largely successful, the impact of the Covid-19 pandemic and the extent of additional reactive work required of Internal Audit in the 2020/21 financial year, has identified the potential to further improve the way that the Audit Plan is created and managed. This aims to increase flexibility while providing greater assurance that minimum audit coverage is always maintained, and that audit resource is prioritised to the areas of greatest risk.

Proposed Approach

- 1.3.3 In continuing this approach, Internal Audit has recognised that the service's Annual Plan essentially comprises two key elements:

The "Core" Audits: This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive's annual opinion.

The "Flexible" Audits: This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards the audit of contracts, although the specific contracts under review varies according to the risk assessment.

- 1.3.4 Up to now, there has been no separation of these two elements of the Audit Plan, which simply outlines a list of all the areas of work that Internal Audit are expected to complete over the course of a financial year. Internal Audit is now proposing to separate out these two elements within the Plan.
- 1.3.5 The 'flexible' element of the Plan will be presented as a series of rolling quarterly Audit Plans, with quarterly risk assessments ensuring that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of

highest risk, and subject to challenge and comment by both JMT and the Audit & Accounts Committee.

1.3.6 In practice, this means that the 'core' element of the Plan will be set annually as before. In the quarterly Internal Audit reporting, JMT and the Audit & Accounts Committee will be asked to approve the next quarter's 'flexible' plan. They will also be provided with a current 'indicative' draft of the audits that are likely to be included in the following four quarters after that i.e. a full-year forecast of upcoming audits based on the current risk assessment, for review and challenge.

1.3.7 This approach is expected to bring a number of benefits:

- Greater flexibility to introduce and reschedule planned audits in line with current emerging risks, or pressures being faced by the service due to be audited. This is expected to be particularly critical in 2021/22, given the ongoing impacts of the Covid-19 pandemic.
- A reduced need to 'cancel' audits when the risk environment changes, as the Audit Plan is no longer constrained by the year-end.
- Improved targeting of resource to areas of greater risk, with the highest risk areas always prioritised for the next quarter's work.
- Ensuring greater efficiency by eliminating the artificial cut-off of 'year end' for audit work and reducing the 'lull' at the start of a new financial year while new audits are initiated.
- Ensuring that when changes are made to the Audit Plan throughout the year, any impact of those changes on the Chief Audit Executive's ability to deliver an annual internal audit opinion is more easily understood.

1.4 How assurance can be given

The Risk Assessment Process

1.4.1 In order to develop the Audit Plan, there must first be a sound understanding of the risks facing the Council. In developing the Plan, Internal Audit undertakes a full risk assessment which includes:

- Review of the corporate risk register
- 'Horizon scanning' to identify key legislative changes etc. which may impact the Authority's risk environment in the future
- Engaging with senior management
- Reviewing the outcomes of previous audit work and follow-ups on the implementation of agreed audit actions

- Identifying areas which have not recently been audited
- Benchmarking against Audit Plans developed by other Local Authorities

1.4.2 Potential audit areas identified through this process are then assessed and weighted according to the level of potential risk they relate to, and the level of urgency to complete an audit of this area. This enables Internal Audit to produce a list of audit areas which are clearly prioritised by risk.

1.4.3 It is therefore proposed that going forwards, this risk assessment will be updated on a quarterly basis, to ensure that upcoming planned audits are always prioritised on the basis of a current risk assessment. This will then be reviewed and challenged by JMT and the Audit & Accounts Committee.

Assurance Blocks

1.4.4 The Audit Plan reflects the environment in which public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, better assurance, safeguarding and achieving best value. The planned audit coverage is intended to ensure stakeholders receive a valuable assurance and that the Internal Audit service tangibly adds value to the organisation.

1.4.5 In order to achieve this cross-cutting assurance, the Internal Audit Plan is based on 'assurance blocks' that each provides an opinion over key elements of the control environment, targeted towards in-year risks, rather than a more traditional cyclical approach examining each system over a number of years. These assurance blocks are summarised below for ease of understanding, as well as to demonstrate how cross-cutting assurance on the organisation's control environment can be given:

Value for Money

1.4.6 In order to address increased financial pressure on the organisation, the Council needs to ensure that it maintains a drive to achieve value for money across the entire organisation. Providing assurance over this area includes consideration of financial planning and forecasting; investments and income collection; demand management; and effective management of services to achieve their key objectives.

Procurement & Commissioning

1.4.7 Procurement and commissioning remains a key area of risk for the Council. When conducting procurement exercises, the Council should ensure that commissioning activity achieves the desired outcomes and that contracts include proportionate controls on quality and delivery. Once contracts are in place, effective contract monitoring is essential - not only to ensure that expected outcomes are achieved, but also that the Council achieves good cost control and does not pay more than it should.

1.4.8 Higher-risk contracts have been selected for review, incorporating open-book assurance where possible, to ensure that these are operating in

accordance with the terms of the contracts and value for money is being achieved by contract management activities. Work to examine the commissioning process as a whole is also included in this assurance block.

Safeguarding

- 1.4.9 Safeguarding is a key risk area, and thus also a key area of assurance for the County Council. Internal Audit work in this area includes review of the frameworks in place to manage safeguarding risk, including policies, procedures and quality assurance processes. This assurance block also incorporates review of processes to safeguard Council staff and tenants, such as health and safety policies and fire safety checks.

Project Management & Transformation

- 1.4.10 In order to address increased financial pressure on the organisation, the Council needs to transform and develop more effective working across all services. This work provides cross-cutting assurance over the management of key risks which accompany major transformation, and that benefits are delivered as planned.

ICT and Information Governance

- 1.4.11 Increasingly, the Council's operations are run through digital platforms which store and process large quantities of confidential data. As the Council is also subject to extensive legislation regarding its responsibilities in handling, storing and sharing data, this is a key risk area for the organisation. This assurance block covers the Council's ICT infrastructure, strategy and compliance, along with closely related risk areas such as information governance, information security, Freedom of Information Act compliance, and records management.

Financial Governance

- 1.4.12 This is the traditional area of internal audit work, and very much focuses on providing the Section 151 officer assurance that "the Council has made arrangements for the proper administration of its financial affairs." A core element of this work is the annual reviews of key financial systems, and in particular those financial systems which have the highest level of financial risk, such as Accounts Payable and Payroll. Other audit work undertaken as part of the Financial Governance assurance block includes review of financial regulations, budgetary control, provision of assurances over the use of grant funding from central government, and wider elements of organisational financial management.

Business Continuity

- 1.4.13 This assurance block covers the arrangements in place to ensure continuity of core Council services in the event of business disruption and/or major incidents. As well as business continuity policy and planning, Internal Audit

work in this area includes consideration of arrangements to ensure supplier resilience, and planning for recruitment and retention of staff particularly in high-risk areas such as social care.

Fraud & Corruption

- 1.4.14 This is a key development area, and a high-risk area across the public sector. The bulk of the time allocated to providing assurance over fraud and corruption is set aside for risk assessment of whistleblowing referrals, and for fraud investigation work on a reactive basis, when concerns are raised either via whistleblowing routes or by senior management. All reactive investigative work by Internal Audit also includes pro-active consideration of the control environment in place to prevent and detect fraud and corruption, and formal reporting on any recommendations to strengthen internal control in this area.
- 1.4.15 In addition to this, time is set aside for an annual review of whistleblowing arrangements and the Council's anti-fraud and corruption culture.

Risk Management

- 1.4.16 This assurance block provides assurance over the operation of the Council's risk management framework, both in terms of the formal strategic risk management process and deep-dive thematic reviews that focus on the way individual risks are managed in practice across the Council.

Governance

- 1.4.17 The Plan incorporates annual assurances over core elements of the organisation's overall control system, including core corporate policies and procedures which drive organisational culture and risk appetite, performance management, and the Council's Code of Corporate Governance. These reviews provide assurance that key policies and procedures are up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; as well as being monitored and regularly improved.

1.5 Plan Summary and Resources

- 1.5.1 In summary, the Audit Plan maintains a focus on risk-based and compliance audits as well as providing assurance on key financial systems. This reflects the need to focus on the management of emerging risks and to ensure the continued operation of key controls within the Council's governance arrangements, systems and processes. Maintaining an Audit Plan which is dynamic, challenging and prioritised based on the organisation's risks is not a new concept; however, in the current environment it is ever more critical if Internal Audit is to help the Council to respond effectively to the scale of change required in 2019/20 and beyond.

Planned Audit Days for 2021/22

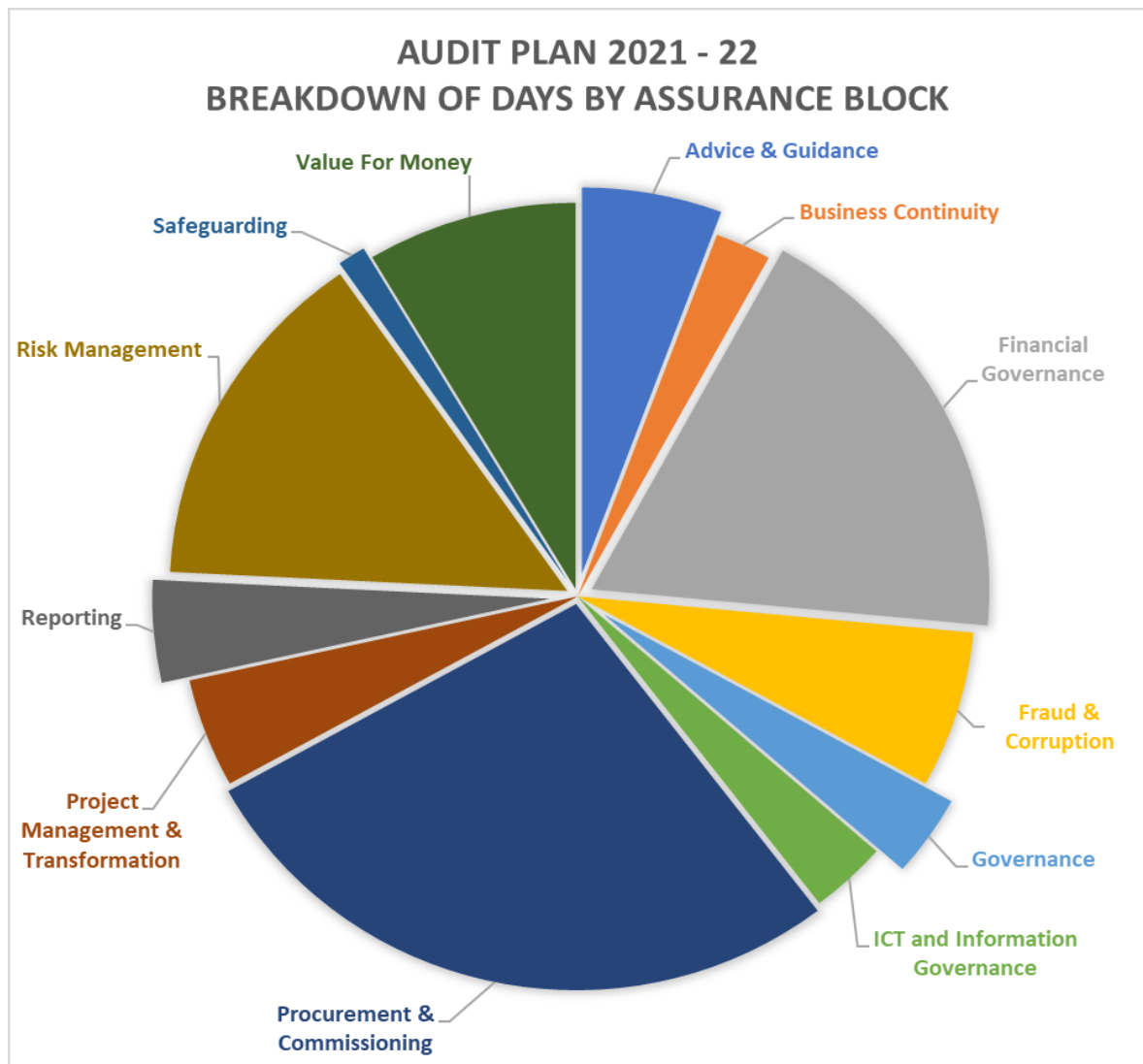
1.5.2 The Internal Audit coverage for 2021/22 is proposed as 1,750 days, in line with previous years. This is split across the 'core' and 'flexible' plans as follows:

- 'Core' Plan: 882 days
- 'Flexible' Plan: 865 days

1.5.3 In practice, this means that the 'flexible' plan will be split into rolling quarterly plans of around 216 days each; the precise number of days included each quarter is likely to vary slightly around this number, to maintain some flexibility based on the audits prioritised for inclusion in that quarter.

Analysis of Audit Plan by Assurance Block

1.5.4 Visualising how the proposed Audit Plan is broken down by assurance block helps to demonstrate how the planned reviews will provide coverage of key organisational risk areas. The proposed approximate split of time across the 2021/22 Audit Plan by assurance block (based on the current indicative assessment of all four quarterly 'flexible' plans) is as follows:



1.5.5 In particular, this analysis clearly demonstrates the overarching focus of the Plan on financial governance and procurement/contract management, while also providing coverage across broader risk areas.

1.5.6 As the 'flexible' Plan continues to be re-assessed and developed throughout the year, the weighting of the revised plan across these different risk areas will change. This chart can be updated and re-presented on an ongoing basis to provide key stakeholders with assurance that, as the plan changes throughout the year, it still maintains core coverage of the organisation's key risks.

1.6 The draft Internal Audit Plan 2021/22

The 'Core' Internal Audit Plan 2021/22:

1.6.1 The draft 'Core' Internal Audit Plan for 2021/22 is presented below:

Audit	Directorate	Assurance Block	Days	Description
Total Days in the Core Internal Audit Plan:			882	
Annual Audit Reviews of Key Financial Systems			150	
Accounts Receivable	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Purchase to Pay	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Payroll	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
General Ledger	CCC	Financial Governance	10	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Bank Reconciliation	CCC	Financial Governance	5	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Treasury Management	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
VAT	CCC	Financial Governance	5	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Financial Systems IT General Controls	CCC	Financial Governance	10	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Debt Recovery	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Pensions	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Grant Certification Work Required In-Year			87	
Troubled Families	P&C	Financial Governance	40	Annual cycle of grant certification requirements.
Active Travel Fund	P&E	Financial Governance	5	Annual grant certification requirement.
Local Transport Capital Block Funding (Highways)	P&E	Financial Governance	5	Annual grant certification requirement.
Pothole and Challenge Fund	P&E	Financial Governance	5	Annual grant certification requirement.
Disabled Facilities Grant	P&C	Financial Governance	2	Annual grant certification requirement.
Basic Needs Funding	P&C	Financial Governance	5	Annual grant certification requirement.
Test Track & Trace Grant	CCC	Financial Governance	5	Grant certification requirement.
Covid Grants Contingency	CCC	Financial Governance	20	Contingency for any certifications required for additional Covid-related grants.
Annual Allowance for Fraud Investigations & National Fraud Initiative			115	
Fraud Investigations	CCC	Fraud & Corruption	75	Receive whistleblowing referrals and allocation of time to investigate alleged fraud

				or theft.
National Fraud Initiative	CCC	Fraud & Corruption	40	Management of statutory National Fraud Initiative.
Strategic Risk Management and Assurance			255	
Annual Assurance on Risk Management	CCC	Risk Management	5	Maintaining the CRR, reporting to stakeholders and providing an annual assurance over the Council's Risk Management framework.
Strategic Risk Management Assurances	CCC	Risk Management	40	Strategic reviews to assess the level of assurance that can be provided over management of the Council's top corporate risks and top directorate-level risks, on a quarterly basis.
Risk Management	CCC	Risk Management	60	Strategic risk management processes, workshops and reporting.
Compliance - Corporate and Key Directorate Risks	CCC	Risk Management	150	A programme of compliance checks on key controls mitigating the Corporate risks and top 3 Directorate-level risks to provide assurance on whether critical controls are routinely complied with in practice. Each risk will be audited once during the audit cycle.
Core Procurement & Commissioning Audit Work			40	(plus min. 200+ days in rolling Audit Plan)
Procurement Compliance	CCC	Procurement & Commissioning	20	Review of sample of invoices, to provide assurance over risk that best value is not being achieved across all Council procurement. Once invoices have been selected, the review will work backwards through the commissioning process to confirm compliance and VFM.
Procurement Governance	CCC	Procurement & Commissioning	20	Review covering policies and procedures governing procurement processes, and arrangements for monitoring compliance with procurement policies. Assurance over risk that best value is not being achieved across all Council procurement.
Contract Reviews	CCC	Procurement & Commissioning	(N/A)	A minimum of 200 days is committed to review of contracts and commissioning. The specific reviews undertaken will be identified through the quarterly risk assessment process and included in the 'flexible' Plan.
Annual Core Governance Reviews			60	
Annual Governance Statement/Code of Corporate Governance	CCC	Governance	15	Annual Governance Statement/Code of Corporate Governance.

Corporate Key Performance Indicator Framework	CCC	Governance	5	Providing an annual assurance over the effectiveness of the Council's corporate Key Performance Indicator framework.
Annual Key Policies & Procedures Review	CCC	Governance	5	Following previous year audit reviews of core policies and procedures, this review will provide assurance that key policies are reviewed, updated and accessible to staff.
Whistleblowing Policy Annual Review	CCC	Governance	15	Work to review the whistleblowing policy, conduct awareness-raising activities across the organisation, and produce the annual report on whistleblowing cases.
Schools Payroll & Safe Recruitment	P&C	Governance	20	Annual assurance over schools payroll systems and safer recruitment processing, considering assurance available from schools payroll providers; sample testing of schools; and assurance available from the Schools Intervention Service and Finance teams. Individual schools testing to be conducted as part of the Flexible Plan.
Advice & Guidance Work			100	
Advice & Guidance	CCC	Advice & Guidance	50	Providing support and guidance to staff on ad-hoc queries.
Freedom of Information Requests	CCC	Advice & Guidance	5	Allowance of time to respond to FOI requests received in-year.
Follow-Ups of Agreed Actions	CCC	Advice & Guidance	45	Confirming agreed actions have been implemented to reduce key organisational risks.
Management & Committee Reporting and Planning			75	
Committee Reporting	CCC	Reporting	25	Reporting to Audit and Accounts Committee.
Management Reporting	CCC	Reporting	25	Reporting to JMT.
Audit Plan	CCC	Reporting	25	Development of the Internal Audit Plan and in-year revisions/updates.

The 'Flexible' Internal Audit Plan 2021/22:

- 1.6.2 The draft 'Flexible' Internal Audit Plan for Q1 2021/22 is presented below for review, challenge and approval. This includes time for reviews that have been commenced late in the 2020/21 financial year, where Internal Audit work will continue into 2021/22. As part of the risk assessment process, audit reviews that have not been commenced as part of the 2020/21 Audit Plan have been given additional weighting for review in the first quarter of 2021/22.
- 1.6.3 The current indicative 'Flexible' Internal Audit Plans for the next four full quarters, based on the current risk assessment, are also presented at Appendix A of this document for consideration and challenge.

Audit	Directorate	Assurance Block	Days	Description
Quarter One Flexible Internal Audit Plan:			240	
Highways Contract	P&E	Procurement & Commissioning	50	Open Book Review work on Highways contract to ensure that CCC does not overpay on this high cost contract. This work is ongoing from 2020/21.
Project Management Framework	BI&D	Project Management	20	Audit review and support to the work to develop a Council-wide project management framework and project assurance arrangements. This work is ongoing from 2020/21.
Projects Assurance	BI&D	Project Management	40	Work to implement the project assurance methodology alongside the Transformation Team and conduct separate individual reviews of project management and governance by Internal Audit. This work is ongoing from 2020/21.
Integrated Drug and Alcohol Treatment System	PH	Procurement & Commissioning	30	Review of the controls and contract management in place for the Cambridgeshire Integrated Drug and Alcohol Treatment System contract which was awarded in May 2018 and has an annual value of £4.875m.
Provision of Community Equipment Services	P&C	Procurement & Commissioning	30	Review of the controls and contract management in place for the Provision of Community Equipment Services contract with an annual value of £4.36m. This work is ongoing from 2020/21.
Capital Project Variations and Overspends	CCC	Project Management	20	Review of a sample of capital projects which have experienced significant overspends or variations, to gain assurance over risk and issue management, and identify any lessons learned for dissemination. This work is ongoing from 2020/21.
Contract Management - CCS and Healthy Child	P&C	Procurement & Commissioning	30	The Healthy Child programme has a £12m annual value and was a direct award via a Section 75 agreement. This work is ongoing from 2020/21.
Investment Properties	Resources	Value For Money	20	The Council is increasingly investing in property at a high cost. Review of investments, process, strategy and risk especially in light of new guidance on use of loans from PWLB. High reputational risk. This audit was previously deferred from the 2020/21 Audit Plan.

1.7 Conclusions

- 1.7.1 The 2021/22 Audit Plan has used a risk-based approach to prioritising internal audit work and includes sufficient coverage to ensure an evidence-based assurance opinion on the control environment can be provided at the end of the year.

- 1.7.2 The new approach to ongoing audit planning throughout the year creates a service that is highly responsive in nature, and all efforts will be made to maximise coverage to provide the most effective and agile internal audit service possible that maintains a constant focus on the key risks facing the organisation throughout the year.
- 1.7.3 Progress against the plan will be monitored throughout the year and key issues reported to JMT and the Audit & Accounts Committee each quarter.

APPENDIX 1 – DRAFT INTERNAL AUDIT ‘FLEXIBLE’ PLANS Q2 – Q5

Audit	Directorate	Assurance Block	Days	Quarter	Description
Current Proposed Flexible Internal Audit Plan for Q2:			220		
Contract Management - Supported Living	P&C	Value For Money	20	Q2	Review of the Supported Living contract. This audit was previously deferred from the 2020/21 Audit Plan.
Business Planning	CCC	Financial Governance	30	Q2	Review of governance, compliance, management and monitoring, and benefits realisation.
Adult's Social Care Commissioning Strategies	P&C	Procurement & Commissioning	30	Q2	Review of strategic planning for commissioning and contracting across Adults Social Care, to provide assurance that commissioning is pro-active, considers demand and how this may be managed, and takes into account the condition of local markets. This audit was previously deferred from the 2020/21 Audit Plan.
Loans to External Organisations	Resources	Financial Governance	20	Q2	Review of the Council's policies on providing loans to external organisations and compliance with policy in practice. This audit was previously deferred from the 2020/21 Audit Plan.
Rental Income	Resources	Value For Money	20	Q2	Ensuring that the Council maximises the value of its property. This audit was previously deferred from the 2020/21 Audit Plan.
Waste PFI	P&E	Procurement & Commissioning	30	Q2	Council's biggest PFI contract, £35m p.a. gross budget. Renegotiation of the contract to resolve legacy issues re: retention of monies. The scale of the contracts means this is a key financial risk for the Council. This audit was previously deferred from the 2020/21 Audit Plan.
Cambridgeshire County Council Client Monitoring Arrangements for This Land Ltd	Resources	Value For Money	30	Q2	A review to provide comprehensive follow-up on findings and implementation of actions following the review of This Land Ltd in 2019/20. This audit was previously deferred from the 2020/21 Audit Plan.

Fees and Charges Policy & Compliance	BI&D	Financial Governance	20	Q2	Review to cover the risk that processes around setting fees and charges are not followed, leading to the Council missing out on income or legislative non-compliance. This audit was previously deferred from the 2020/21 Audit Plan.
ICT Security	C&D	ICT and Information Governance	20	Q2	Review of ICT security strategy and compliance with key measures such as PSN etc.
Current Proposed Flexible Internal Audit Plan for Q3:			245		
Contract Management - Cambridgeshire Energy Performance Contracting Project	P&E	Procurement & Commissioning	30	Q3	Review of contract management within the Cambridgeshire Energy Performance Contracting project, which holds two major contracts with a combined annual value of £11m. This audit was previously deferred from the 2020/21 Audit Plan.
Street Lighting PFI	P&E	Procurement & Commissioning	30	Q3	2nd highest gross budget, previous audits have identified weak contract management. Risk of failure to achieve best value. This audit was previously deferred from the 2020/21 Audit Plan.
Children's Social Care Commissioning Strategies	P&C	Procurement & Commissioning	30	Q3	Review of strategic planning for commissioning and contracting across Children's Social Care, to provide assurance that commissioning is pro-active, considers demand and how this may be managed, and takes into account the condition of local markets.
Use of Block Contracts	P&C	Procurement & Commissioning	30	Q3	Significant use of block contracts in Adults & Older Peoples services.
Insurance Fund	Resources	Value For Money	20	Q3	Previously managed via LGSS. Review of insurance policies, service management and compliance.
Budgetary Control	CCC	Financial Governance	20	Q3	Review of the policies and procedures that underpin the Council's system of budgetary control, as well as compliance with key controls by budget holders.

Recruitment Processes in Children's Social Care	P&C	Business Continuity	20	Q3	Review requested by the Service Director for Children & Safeguarding. This would aim to provide assurance that the process in place is streamlined and sufficiently robust to ensure that only good-quality candidates are appointed, as well as considering safe recruitment issues. This audit was previously deferred from the 2020/21 Audit Plan.
Individual Schools Finance Audits	P&C	Financial Governance	50	Q3	Focus on schools payroll, finance and financial governance arrangements with audit visits to a selection of higher-risk schools identified through the Schools Causing Concern process.
ICT Disaster Recovery	C&D	ICT and Information Governance	15	Q4	Review of policies and procedures relating to disaster recovery surety in ICT, including compliance with testing and policies.
Current Proposed Flexible Internal Audit Plan for Q4:			220		
Safeguarding Assurances	P&C	Safeguarding	30	Q4	Review of assurances over the Council's safeguarding arrangements for children and adults, including internal review processes, contractual assurances, and assurances received from third parties such as Ofsted, peer reviews etc. This audit was previously deferred from the 2020/21 Audit Plan.
Client-side Review of LGSS Law	L&C	Procurement & Commissioning	20	Q4	Client-side review of Cambridgeshire's LGSS Law legal provision.
New Schools Building	P&C	Procurement & Commissioning	20	Q4	Education Property has a Design & Build contract with an annual value of £100m. This audit was previously deferred from the 2020/21 Audit Plan.
Adult Social Care Finance	P&C	Financial Governance	20	Q4	Assurance following the major restructure and centralisation of the Adults Social Care Finance team, particularly reviewing invoicing processes, cost recovery and the link to debt management. This audit was previously deferred from the 2020/21 Audit Plan.
Contract Management	CCC	Procurement & Commissioning	20	Q4	Noted as a risk area given the outcomes from recent audits. Lack of detailed contract management guidance available to managers in the organisation. High impact area.

Supplier Resilience Reviews	CCC	Business Continuity	20	Q4	Review of a sample of key strategic suppliers, with a focus on suppliers of care and transport to vulnerable service users, to identify assurances in place over supplier resilience and continuity planning.
Traded Services	P&C	Value For Money	20	Q4	Risk of a lack of clear policies around charging for services, particularly outside the remit of 'traditional' traded services. Risk that full costs, including overheads, are not being passed on when we charge for items and services.
Cost Recovery	CCC	Value For Money	20	Q4	A risk area as much of the P&E directorate now carries out work for the Combined Authority, GCP etc. and this is expected to be fully recharged for. Question of whether all costs are being recovered and whether proper systems are in place for this. May also be relevant for cross-Council and/or partnership working elsewhere at CCC.
Information Security	C&D	ICT and Information Governance	20	Q4	Review of arrangements for controlling information security risk, with a focus on: policies and procedures; compliance with legislative requirements; communication and staff awareness; compliance monitoring; and incident handling.
Contract Management - Minor Works Framework	Resources	Procurement & Commissioning	30	Q4	Annual value of £8m. This audit was previously deferred from the 2020/21 Audit Plan.
ICT Strategy	C&D	ICT and Information Governance	20	Q4	Following ICT moving in-house from LGSS, a review of current strategy and governance within the ICT service
Climate Change & Environment Strategy	CCC	Governance	20	Q4	Review of the Council's Climate Change and Environment Strategy, how the aims of this strategy are reflected in broader corporate policies and governance processes, and progress with action plans within the strategy.
Current Proposed Flexible Internal Audit Plan for Q5:			210		
Capital Strategy	Resources	Value For Money	20	Q5	Review of the Council's Capital Strategy, in light of the CIPFA Prudential Code requiring Local Authorities to have a Capital Strategy in place from April 2019. This audit was previously deferred from the 2020/21 Audit Plan.

Social Care Transitions	P&C	Value For Money	20	Q5	Review of service user transitions between child and adult services including LD, PD and LAC, with a focus on providing assurance that processes are streamlined and efficient. This audit was previously deferred from the 2020/21 Audit Plan.
Contract Management - Public Transport, Park & Ride, and Guided Busway Contract	P&E	Procurement & Commissioning	30	Q5	Annual value of £3m. This audit was previously deferred from the 2020/21 Audit Plan.
Health, Safety & Wellbeing Policy Compliance	CCC	Safeguarding	15	Q5	Review of compliance with key controls within the Council's Health, Safety and Wellbeing Policy. This audit was previously deferred from the 2020/21 Audit Plan.
Financial Regulations Monitoring & Compliance, including Delegated Authorities	CCC	Financial Governance	20	Q5	Review to ensure that budget variations are approved in line with the requirements of the Financial Procedure Rules and the Constitution.
Demand Management Strategies	CCC	Value For Money	20	Q5	Community resilience; review how the Council is working to reduce demand for high-cost services and whether plans to manage demand in one area end up increasing demand in another area.
ICT Change Management	C&D	ICT and Information Governance	20	Q5	Review of policies, procedures and compliance with managing change in ICT systems and processes.
ICT Incident and Problem Management	C&D	ICT and Information Governance	20	Q5	Review of policies, procedures and compliance with managing identified incidents, issues and problems with ICT systems and services.
ICT Procurement	C&D	Procurement & Commissioning	20	Q5	Review of ICT procurement function including commissioning, contract management, efficiencies etc.

ICT Asset Inventory	C&D	ICT and Information Governance	15	Q5	Review of how physical ICT assets are inventoried and managed throughout the Council, especially with the move to increased remote working.
Procurement Team Oversight of Major Procurements Compliance	Resources	Procurement & Commissioning	10	Q5	Recommendation from a previous audit that a monthly report of all purchase orders above £100k raised in the last month is extracted from ERP and that this is compared to the known contracts that have been created in the last month to check for contracts above £100k that were not overseen by the Procurement Team. Procurement have indicated that this would be too expensive for them to implement so Internal Audit will conduct compliance testing on this key control.