

INTERNAL AUDIT PLAN

2018-19



Council Priority:

Driving Economic Growth

Review Name	Outline Objective
Schools	We will continue our audit coverage in schools, which will involve a range of assurance work, including key controls testing in individual schools, follow-ups of previous audit work and themed reviews. In addition, we will continue to work with Children's Services colleagues to help improve the level of scrutiny and challenge provided by school governors, including the provision of more robust and focussed training. We will also work with our Orbis partners to provide bulletins and guidance for schools.
Parking	A review to assess the various aspects of the parking arrangements in East Sussex, where there are risks of invalid payments, poor performance (in relation to contract management) and also inadequate income collection procedures, resulting in financial loss to the Authority. The audit will include contract management, budget and financial management, Penalty Charge Notices, signage, income and cash collection.
Community Infrastructure Levy	A review to ensure that the Community Infrastructure Levy application and bidding process is operating effectively to maximise the Council's ability to secure funding, including assurance that funds received are used appropriately and that there are appropriate linkages with the Capital Programme.

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Council Priority:

Keeping Vulnerable People Safe

Review Name	Outline Objective
Impact of Savings Plans	With the continued savings having to be made by local authorities, this review will seek to provide assurance that the affects of savings plans within services have been properly assessed, particularly in terms of risk and impact on the control environment and that, where this has happened, appropriate mitigation has been implemented.
Home to School Transport (HTST)	Following on from the 17/18 review, which focussed on the application of eligibility criteria to determine whether children receive the right level of assistance, this audit will review the processes in place in relation to the provision of home to school transport. Risks associated with non-transparent procurement processes (and non-compliance with Procurement Standing Orders), inadequate service provider checks putting the safety of children at risk, budget overspends and inappropriate/invalid payments. The scope of this review will therefore include commissioning/procurement, service delivery, financial management, payments and child safety.
Building Condition (Asset Management)	A review to assess the adequacy of arrangements in place to ensure ESCC building assets are safe and comply with Building / Health and Safety regulations, where inadequate arrangements could result in fires, accidents, illness and possibly death. This will include a review of the proactive maintenance programme and hence, the maintenance prioritisation process.

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Council Priority:

Helping People Help Themselves

Review Name	Outline Objective
East Sussex Better Together / Accountable Care	Continued audit advice, support and assurance in relation to ESBT and the move towards an Accountable Care Model. We will work with ASC and Finance colleagues to identify key areas of support to help provide assurance that a sufficiently robust framework of control exists in this complex area of health and social care integration, where there is a risk that the Council and its partners fail to deliver planned outcomes, value for money or savings targets by joining up health and social care. This follows our 17/18 work on Commissioning and Pooled Budget arrangements within ESBT.
Connecting 4 You	Connecting 4 You is a programme that builds on work to improve local health and social care for the population of High Weald, Lewes and the Havens, led by the local CCG and ESCC. This review will examine governance arrangements, funding & budget management, information governance and risk management.
Transition of Young People Into Adult Social Care	Young people moving from children's to adults' services are eligible for help and advice from the transition service. Where the Council does not meet its statutory responsibilities in this area, the health and wellbeing of service users may suffer, particularly when preventative measures have been withdrawn as a result of spending cuts. This audit will review joint working protocols between Adult Social Care and Children's Services, and documented transition processes including the undertaking of relevant assessments, joint transition planning, financial planning & monitoring of outcomes.

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Council Priority:

Making Best Use of Resources

Review Name	Outline Objective
Accounts Payable	A key financial system. To review controls relating to the procure-to-pay process, including those in place for ensuring the accuracy of vendor details, the processing of invoices, goods receipting and promptness of payments. The audit will also include a review of the Council's electronic invoicing system, Taulia, which has not previously been audited.
Accounts Receivable	A key financial system. This audit will provide assurance over the key controls operating within the Accounts Receivable system, including those in place for ensuring the accuracy of customer details, the accuracy of invoicing, the recording and matching of payments to invoices, and recovery. Following the restructure within Business Ops, the scope of the audit will also include a review of the allocation of roles and responsibilities.
Debt Management within Deferred Payment Arrangements Follow-Up	A follow-up review of the 2017/18 Debt Management audit which received an audit opinion of partial assurance.
HR/Payroll	A key financial system audit. To review controls in relation to the staff payment system, including those relating to starters, leavers, temporary and permanent payments, contractual changes and pre-employment checks.
Pensions Processes and Systems	A key financial system. To review controls in relation to the calculation and payment of pension benefits, transfers to and from the Pension Fund and the collection and recording of pension contributions (incl. contributions from other admitted bodies).
Pension Fund Governance and Investments	A review to assess the adequacy of East Sussex Pension Fund management and governance arrangements.
Pension Fund External Control Assurance	A review to examine arrangements for ensuring the adequacy of the control environment of the Pension Fund investment managers and custodian.
Pension Fund Access Pool	The audit will aim to provide assurance that governance arrangements for the new ACCESS Pension Pool are transparent and that the Council retains input to strategic decisions with regards to the East Sussex Pension Fund, particularly in terms of the investment strategy, where different risk appetites across the pool may result in higher risk investments being made, and potential financial loss.

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Review Name	Outline Objective
Treasury Management (TM)	A key financial system. To review controls relating to the borrowing and lending arrangements as part of the TM process. In addition, the review will assess governance arrangements, including responsibilities and decision-making following the recent expansion of the TM strategy and investment approach.
General Ledger	A key financial system audit. To review controls in relation to the Council's general ledger, including year-end procedures, journal transfers and bank reconciliation.
Adult Social Care Liquidlogic (LAS) and Controcc	A review to assess the adequacy of controls within the LAS (client information and management system for Adults) and Controcc (the social care payments and billing system).
Children's Social Care Liquidlogic (LCS) and Controcc	A review to assess the adequacy of controls within the LCS (client information and case management system for Children) and Controcc (the social care payments and billing system).
Staff Travel and Expenses	A continuation of the work we have already undertaken in 2017/18 in this area, to review the controls associated with all methods of staff travel and expenses, including (but not limited to) mileage claims, travel warrants, season tickets, workplace travel allowances and purchasing cards, where there are clear risks of financial loss to the Council through fraud or error.
Contract Management	Inadequate contract management can result in poor performance and service delivery, and inappropriate payments. We shall undertake a review of a sample of high risk contracts and, if applicable, joint contracts across the Orbis footprint. We will also review the process for undertaking due diligence of contractors, including their resilience (following the collapse of Carillion), both pre and post contract award. Where appropriate, this review will follow-up on weaknesses identified as part of previous audit work in this area, to ensure these have been adequately addressed.
Apprenticeship Levy	<p>The Apprenticeship Levy, introduced in April 2017, changes the way the government funds apprenticeships in England. As a result, the way the Council accesses funding and training for apprenticeships has also changed.</p> <p>This audit will seek to provide assurance over the arrangements for calculating and accounting for the Apprenticeship Levy and for ensuring the funds for</p>

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Review Name	Outline Objective
	apprenticeship training are spent in a timely manner and in accordance with the Department for Education's Apprenticeship Funding Policy.
Supply Chain Management	A review to provide assurance that the Council has appropriate arrangements in place to ensure there is sufficient awareness of the markets in which it operates and the effect of the Council's activities on them. It will review key areas of risk, including levels of supply and demand, sustainability and pricing across supply chains, where we are reliant on other organisations for the provision of our services. We shall also look at ethical procurement.
Ongoing Support for Procurement Transformation	Continuing our work to support the Procurement Service as its new structures and processes bed in.
SAP Application Controls	An audit to evaluate the adequacy and effectiveness of the key configuration settings and access restriction mechanisms to a variety of sensitive transactions in SAP, where there are risks associated with inappropriate and unauthorised access and the unauthorised processing of transactions, potentially resulting in financial loss, data protection issues and malicious damage.
Third Party Services	The Council is exposed to clear risks associated with parts of the organisation trading with third party IT providers without our own IT and Digital Department being aware (particularly where cloud based services are procured and used), and therefore unable to implement adequate information governance and security controls. This review will therefore assess the adequacy of, and compliance with, Council policy in this area and, where non-compliance is identified, whether the associated risks have been properly considered and managed.
General Data Protection Regulations (GDPR) Compliance	A review to assess compliance with the General Data Protection Regulations, where there is a risk of non-conformance and ensuing regulatory sanctions, including financial penalties, under the new regime. This follows our work on the Council's preparedness for GDPR in 2017/18.
IT and Digital Project Management	To review the project management arrangements for a sample of high priority/risk projects.
BACS	A review of the Council's BACS arrangements, where inadequate controls could result in the unauthorised amendment of BACS files and subsequent inappropriate payments.

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Review Name	Outline Objective
Budget Setting and Monitoring	<p>The continued savings agenda means that the setting of realistic and properly informed budgets is ever more important. Where budgets are developed without using all relevant information, they are more likely to overspend, resulting in increased pressure on Council services.</p> <p>This review will appraise the process for the development of a select set of high risk budgets, particularly in terms of how they are calculated and the evidence-base available to support this, and the programme in place to monitor progress and, where appropriate, take corrective action, throughout the year.</p>
Orbis Integrated Budget Management	<p>This review will assess budget management arrangements since the introduction of Brighton and Hove City Council to the Orbis Partnership and the associated risks, including (but not limited to) a lack of clear accountability and roles and responsibilities, poor quality information resulting in poor decision making, the use of disparate financial systems increasing the risk of error in budget management reports, and different accounting policies resulting in inconsistency or error in identifying and apportioning all relevant costs.</p>
Risk Based Budget Monitoring	<p>Following the introduction of a consistent, Orbis-wide risk-based approach to budget monitoring (for staff and non-staff budgets) based on factors such as size (£), volatility, complexity, budget holder experience etc., a review will be undertaken to assess these arrangements, where there is a risk that this selective approach could result in other budget areas being poorly managed as a result.</p>
Orbis Policy Review	<p>In 2017, a review was undertaken to identify and evaluate a range of key policy documents across Orbis (which, at the time, was East Sussex County Council and Surrey County Council) in order to identify any inconsistencies which could lead to issues such as confusion for staff and managers, inappropriate decision making and HR disputes. Since then, Brighton and Hove City Council have also joined Orbis and there is a need to review its key policies in order to identify and highlight any discrepancies that could cause the above risks to materialise.</p>

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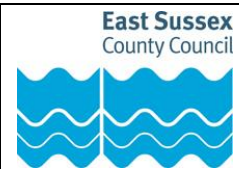
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Review Name	Outline Objective
Atrium (Property Asset Management System)	Atrium is the property asset management system used by the Council. Last year, the first of a number of modules (Works Delivery module) was implemented and we provided assurance that the risks associated with the implementation of this were properly managed. We will therefore review the operation of controls within the Works Delivery module now that it is embedded, and also provide assurance over the implementation of any new modules.
Grants	We will continue to undertake grant certification work where the Authority has bid for grant funding. In many instances, certification is required by the grant funding body prior to reimbursing the funds or prior to applying for further grants. Wherever possible, we will seek to ensure we are able to recover the costs of this work through the bidding process.
Property Investment	We will review the governance arrangements associated with the Council's Property Investment Strategy, including risk management and the criteria for decision-making, where inappropriate decisions and an inability to manage risk in this area could result in detrimental financial implications for the Council.
Capital	A review of capital programme management and monitoring, including in relation to overall governance of the programme and individual projects, where there are risks associated with lack of robust monitoring and control of projects at a corporate and local level, ineffectual budgetary control, insufficient and inadequate management information, and slippage (and the associated costs of unnecessary borrowing).
Anti-Fraud and Corruption	To cover the investigation of fraud and irregularities as well as proactive work including the National Fraud Initiative (NFI) data matching exercise.
Cultural Compliance Reviews	As part of a number of audit reviews and investigations, we have identified instances of certain gaps in management control, including travel claim approval, return to work/attendance management, leaver processing (and subsequent overpayments), and SAP workflow approval etc. This review will therefore aim to provide assurance over compliance with these basic management controls within teams across the organisation, using analytical review to inform audit testing.

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Review Name	Outline Objective
Buzz Active	Buzz Active provides outdoor activities to the people of East Sussex generating gross income of £300,000 in 2016/17. Risks relating to an establishment of this nature include inappropriate expenditure, poor budget management, failure to identify and collect all income due and the inability to safeguard assets. We will therefore seek to provide assurance that these areas are appropriately managed and controlled.

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Service Management and Delivery

Review Name	Outline Objective
Annual Report and Opinion, and Annual Governance Statement	Creation of Annual Report and Opinion / Annual Governance Statement.
Action Tracking	Ongoing action tracking and reporting of agreed, high risk actions.
Audit Committee and other Member Support	Ongoing liaison with Members on internal audit matters and attending Audit Committee meetings and associated pre-meetings.
Audit and Fraud Reporting	Production of periodic reports to management and Audit Committee covering results of all audit and anti-fraud activity.
Audit and Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling and Orbis Audit Manager meetings.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services throughout the year.
Orbis IA Developments	Audit and corporate fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Financial Management Team (FMT), Statutory Officers Group (SOG).
Client Service Liaison	Liaison with clients and departmental management teams throughout the year.
External Liaison	Liaison with external auditors and other external bodies, including attendance at regional and national audit groups and counter fraud hubs.
Strategy and Annual Audit Planning	Development and production of the Internal Audit Strategy and Annual Audit Plan, including consultation with management and Members.
System Development and Administration	Development and administration of Audit and Fraud Management systems.