

<p style="text-align: center;">SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL STRATEGIC AUDIT PLAN 2014/15 – 2016/17</p>

1. INTRODUCTION

- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's aims and in achieving a professional, modern audit service.
- 1.2 The Accounts and Audit Regulations 2011 stipulate that a council should maintain "*a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk*". The regulations also provide that council's "*undertake an adequate and effective internal audit of its accounting records and of its system of internal control*" in accordance with the Public Sector Internal Audit Standards. The Council's Internal Audit team are bound by the mandatory requirements of these standards.
- 1.3 Internal audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes
- 1.4 The provision of assurance is the key role for Internal Audit. This role requires the Head of Internal Audit (HoIA) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This audit opinion is provided to the Corporate Governance Committee and also feeds into the Annual Governance Statement.
- 1.5 The role of Internal Audit, therefore, is to understand the key risks to the Council's objectives and to evaluate the adequacy and effectiveness of management's response to those risks. An overview of risk management and governance processes and key financial controls is also a significant aspect of our work.
- 1.6 Consulting services are advisory in nature and are generally performed at the specific request of management, with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

2. STRATEGY

- 2.1 With a shared service, there is a potential for a dilution of resources, in this arrangement at a senior level. Every effort is made to look at minimising this.
- 2.2 In order for the service to deliver and enhance its provision, the following actions are proposed going forward:
- **Use of IT software.** We will look to roll out appropriate audit software to improve the way we manage and deliver our service. This will include, but not be restricted to VISION and IDEA software. VISION is an automated web-based package which will enable all audits to be completed on-line. With all the records held on-line, quality reviews should be able to be completed by managers on an on-going basis rather than waiting for audit completion. Early errors and concerns can be addressed. With

all data held on the system, this will free up office storage space as well as allowing auditors to access from other sites. Finally audit reports will be able to be generated from the system, potentially speeding up the final outputs. It is noted that there will be a lead in time for this to be effective i.e. data migration, templates created etc. a separate audit package, IDEA, will also be obtained. This interrogation package will enable audit to evaluate large data sets for potential anomalies on an ongoing basis which will provide greater assurance on the data quality and records of the Council. A separate “mini” audit plan will be produced to cover this.

- **Shared resources and knowledge.** We will continue to share best practice between the partnership and others. A number of auditable areas cross over authority boundaries and we will look to obtain assurance from others – avoiding duplication of effort.
- **Development of skills.** With a larger “critical mass” of auditors there is the potential for switching resources between the partnership on an ad-hoc basis where specialisms exist. Audit plans across each authority have been established following similar principles and a number of common themes identified. We will look into the potential for these to be completed by the same auditor – issues around Terms of Conditions, travel allowances etc., will need to be explored. Subject to resolution, as well as developing the skills of the auditor this could enable improved services and benchmarking across the organisations.
- **Service expansion.** We will continue to look for other partners to enhance the provision of audit. However, we are mindful that any changes will need to be carefully project managed so as not to dilute coverage at South Cambridgeshire (or its existing partners). Furthermore, this will also necessitate a re-structure of the whole service.

3. AUDIT PLAN

- 3.1 The comprehensive risk-based planning process is set out in the Audit Charter. The following sources of information have been used in identifying the priorities put forward for audit coverage:
- Council objectives;
 - Financial Strategy;
 - The Council’s strategic and operational risk registers;
 - Consultations with individual directors and their management teams.
- 3.2 An initial Strategic Plan has been formulated to reflect the next three years and is mapped against corporate objectives. The first year, 2014 / 2015, aims to give the Council the best audit coverage within the resources currently available. Though it is compiled and presented as a plan of work, it must be recognised that it can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Actual audit work therefore may be modified during the year according to the circumstances prevailing at the time.
- 3.3 Internal Audit are fully committed to delivering a high quality and responsive Internal Audit service to the Council. With this in mind, they will be seeking throughout the year to continue to develop the service in accordance with recognised best practice.
- 3.4 Resource Requirements
- 3.4.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed with the Executive Director (Corporate Services) as the Section 151 Officer.

The current plans are based upon 1.20 FTE, i.e. a Senior Auditor full time and the Shared Head of Internal Audit at 0.20 FTE. Availability is based on the assumption that the current internal audit structure will remain essentially unaltered and intact throughout the year

3.4.2 The resource availability summarised in **Table 1** sets out the requirement of 240 chargeable days, including contingency.

Table 1: AVAILABLE RESOURCES				
	Days			%age
Maximum Available Resources	261	52	313	100.00
Less: Non Chargeable Elements				
Leave / Bank Holidays / Sickness	-40	-9	-49	
Training	-10	-2	-12	
Staffing Related (1:1 / Appraisals / Admin)	-8	-4	-12	
TOTAL RESOURCES ALLOCATED	203	37	240	

3.4.3 *Non-Chargeable Time.* Included under this general heading is the days allocated to the provision of annual leave and sick leave and days allocated to undertake essential internal administrative support tasks which will facilitate the operations of the Team.

3.5 Allocations

3.5.1 We have attempted to map the audit activities across a series of broad areas, these being:

- **CORE SYSTEMS.** Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems. These therefore feature in the plan every year.
- **ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK.** Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement
- **CORPORATE CROSS CUTTING AUDITS.** Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.
- **DEPARTMENTAL.** We will look to provide support and assurance of a number of the key activities across each directorate.

3.5.2 The overall allocation of time from the estimated 240 days available is as follows:

Table 2: INTERNAL AUDIT		
	Days	%
Core Systems Assurance Work	65	27.1
Annual Governance and Assurance Framework	35	14.5
Corporate Cross Cutting Audits	40	16.7
Department Specific	60	25.0
Other Resource Provisions	40	16.7
TOTAL RESOURCES ALLOCATED	240	100.00

4 **SHARED SERVICES**

- 4.1 The internal audit service has an agreement with Cambridge and Peterborough to share resources, which came into effect from July 2013. This has solely been in relation to the provision of the lead for the service. As more organisations link in, there is a serious risk that this single dependency can become over-stretched and may be unable to react to unforeseen or unplanned events, such as investigations. Likewise unforeseen work which is taken on may impact on the planned audit work if over and above the contingency allocation. A review of the Memorandum of Understanding is required so that it can be expanded upon – one, to look to expand the potential resources shared, and two, to act as a mechanism to allow career and professional development.

STRATEGIC PLAN 2014/15 – 2016/17

The Strategic Audit Plan has been mapped against Corporate Plan in order to provide assurance that each objective is being reviewed through internal audit activities.

VISION	AIM	OBJECTIVE
ENGAGEMENT	Engage with residents, parishes and businesses to ensure we deliver first class services and value for money	<ol style="list-style-type: none"> 1. Develop the property company pilot scheme into a full business plan to deliver affordable housing and generate income. 2. Improve efficiency and value for money within a viable financial strategy. 3. Make the district an even more attractive place to do business. 4. Work with tenants, parish councils and community groups to sustain successful, vibrant villages.
PARTNERSHIPS	Work with partners to create opportunities for employment, enterprise, education and world leading innovation	<ol style="list-style-type: none"> 5. Build new council houses to provide affordable homes to meet the needs of local communities. 6. Ensure best use of Council assets and benefit from opportunities to achieve efficiencies from partnership working. 7. Move to a commercial approach to service delivery. 8. Work with RECAP waste partners to reduce costs, carbon impact and waste sent to landfill.
WELL BEING	Ensure that South Cambridgeshire continues to offer an outstanding quality of life for our residents	<ol style="list-style-type: none"> 9. Work with GPs and partners to link health services and to improve the health of our communities. 10. Ensure the impacts of welfare reform are managed smoothly and effectively. 11. Establish successful and sustainable New Communities with housing and employment at Northstowe and the major growth sites, served by an improved A14. 12. Increase the range and supply of temporary accommodation to help minimise the use of bed and breakfast accommodation for homeless households.

SERVICE / SYSTEM	OBJ.	REASON	ALLOCATION		
			2014/15	2015/16	2016/17

CORE SYSTEM ASSURANCE WORK

A new protocol will be set up with our External Auditors, Ernst & Young to agree key controls for each review. Following 1st year of the new audit arrangements, time allocations for each job will be assessed / benchmarking against current working arrangements.

Housing Benefit	2, 10	Core assurance audit / corporate responsibility to protect finite resources	✓	✓	✓
Council Tax	2		✓	✓	✓
NNDR	2		✓	✓	✓
Main Accounting	2		✓	✓	✓
Cash / Bank / Treasury Mgmt.	2		✓	✓	✓
Accounts Payable / Creditors	2		✓	✓	✓
Payroll	2, 6		NB: There is a shared service established with Cambridge City Council for the provision of payroll services wef April 2014. This is a HIGH priority / risk and is on their audit plan for 2014/15. Assurance, or otherwise, will be provided to SCDC.		
Accounts Receivable / Debtors	2		✓	✓	✓
Capital Accounting	2		✓	✓	✓
Housing Rents	2		✓	✓	✓
BACS Payments	2		✓	✓	✓
VAT	2		✓	✓	✓
Reconciliations	2		This audit has been split out and incorporated into the individual audits identified above		

SERVICE / SYSTEM	OBJ.	REASON	ALLOCATION		
			2014/15	2015/16	2016/17

GOVERNANCE AND ASSURANCE FRAMEWORK

Annual Governance Statement	ALL	Compliance with Accounts and Audit Regulations	✓	✓	✓
Annual Audit Opinion	ALL	Compliance with mandatory audit standards	✓	✓	✓
Internal Audit Effectiveness	2		✓	✓	✓
Corporate Governance Committee Effectiveness	ALL		✓	✓	✓
National Fraud Initiative	ALL	Corporate responsibility to protect finite resources	✓	✓	✓
Risk Management	ALL	Core audit assurance		✓	
Partnership Governance	ALL	Corporate responsibility to protect finite resources	✓		✓
Project Management (including VfM)	ALL	Ensure finite resources are appropriately managed		✓	
Performance Management	2		✓		✓

SERVICE / SYSTEM	OBJECTIVE	ALLOCATION		
		2014/15	2015/16	2016/17

CORPORATE CROSS CUTTING AUDITS				
Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.				
Service Preparations for Growth	3, 5, 11		✓	
Localism Act	4	Currently seen as a low risk		
Human Resources / Staffing	ALL	✓		✓
Health & Safety	6	NB: There is provided in partnership with Cambridge City Council. Assurance, or otherwise, will be provided to SCDC and is scheduled within their audit plan for 2014/2015.		
Business Continuity	6	NB: There is provided in partnership with Cambridge City Council. Assurance, or otherwise, will be provided to SCDC and is scheduled within their audit plan for 2014/2015.		
Asset Management	6			✓
S.106 Developer Contributions / Community Infrastructure Levy	3, 5, 6, 11	✓		✓
External Funding / Grants	3	Currently seen as a low risk		
Reorganisations /Service Delivery Vehicles	2, 6, 7		✓	
Community Chest Grants	4	✓		
Business Efficiency Agenda	2, 6, 7	✓		

DEPARTMENT SPECIFIC: AFFORDABLE HOMES				
Allocations / Voids	6		✓	
Homelessness	10, 12			✓
Responsive Repairs	6	✓		
Gypsy & Traveller				✓
Welfare Benefit Reforms	10		✓	
HRA Self Financing	5		✓	
Tenant Participation	4			✓
New Build Strategy	5	✓		
Housing Company	1, 7	✓		
Supported Housing / Sheltered Housing	4, 7, 9	✓		
Home Improvement Agency	6	Review of combined arrangements with HUNTS and CAM. CAM completed review in 2013 Cambridge to provide assurance going forward.		

SERVICE / SYSTEM	OBJECTIVE	ALLOCATION		
		2014/15	2015/16	2016/17

DEPARTMENT SPECIFIC: CORPORATE SERVICES				
Insurance	6		✓	
Customer Contact Centre	6			✓
Budget Management	ALL			✓
ICT Plan / Data Security / Information Governance	2	✓	✓	✓
Legal Services	2			✓
Members	2		✓	

DEPARTMENT SPECIFIC: HEALTH AND ENVIRONMENTAL SERVICES				
RECAP	6, 7, 8		✓	
Environmental Health	6, 7			✓
CO2	6, 8		✓	
Licensing	6, 7			✓
Depot related	6, 7	✓		
Sports development	6, 7	Low risk area. Not reflected in audit plan.		

DEPARTMENT SPECIFIC: PLANNING AND NEW COMMUNITIES				
Planning: The service has gone through, or is about to embark on, a number of changes – ranging from reorganisation, establishment of improvement plan to exploring the possibility of a shared service. Each area will require a different focus. These have been phased over the life of the Strategic Plan.				
Development Control	3	✓		
Urban Design and Conservation	3, 4		✓	
Building Control and Regulation	3, 6			✓

OTHER RESOURCE PROVISIONS				
Corporate responsibility to protect finite resources				
Fraud / Irregularity Contingency	ALL	✓	✓	✓
Carry Forward Activities	–	✓	✓	✓
Follow Up Provision	–	✓	✓	✓

INTERNAL AUDIT PLAN 2014 / 2015

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
CORE SYSTEM ASSURANCE WORK		
Housing Benefit	7	System testing
Council Tax	5	System testing
NNDR	5	System testing
Main Accounting	5	System testing
Cash / Bank / Treasury Mgmt.	5	System testing
Accounts Payable / Creditors	8	System testing
Payroll	–	<i>NB: Shared service established with CAM wef 4/2014. HIGH priority/risk and is on CAM audit plan for 2014/15. Assurance, or otherwise, will be provided to SCDC</i>
Accounts Receivable / Debtors	8	Systems testing
Capital Accounting	5	Systems testing
Housing Rents	7	Systems testing
BACS Payments	5	Systems testing
VAT	5	Systems testing
Reconciliations	–	Allocated across other audits
TOTAL	65	

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
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GOVERNANCE AND ASSURANCE FRAMEWORK		
Annual Governance Statement	2	Verification of progress on delivery of actions to address significant governance issues identified in AGS.
Annual Audit Opinion	5	Annual report to Corporate Governance Committee. HoIA opinion on the state of governance and the internal control framework in place within South Cambridgeshire.
Internal Audit Effectiveness	4	Review of the internal audit service against best practice guidelines. <i>Requirement as per Public Sector Internal Audit Standards 2013. It would be appropriate for this to be standardised across the three authorities.</i>
Corporate Governance Committee Effectiveness	3	As part of the corporate governance arrangements, there is a need for a review of the effectiveness of the Corporate Governance Committee. <i>Requirement per PSIAS. New CIPFA publication "Audit Committees: Practical Guidance for LA's and Police 2013" defines best practice. Potential to develop county-wide training to provide / increase level of assurance.</i>
National Fraud Initiative	5	Coordination of works for datasets for submission. Review investigation of matches from NFI.
Partnership Governance	8	Establishment of all the key partnerships which SCDC engages with; review of the levels of governance in place and an assessment of the residual risks for service delivery.
Performance Management	8	What do we do if something goes wrong...? Will include a review of the suitability of, and verification of performance indicators. Also the use of CorVu.
TOTAL	35	

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
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CORPORATE CROSS CUTTING AUDITS		
Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.		
Human Resources / Staffing	10	Overview of compliance by Managers etc. with HR Policies / Practices e.g. sickness absence management.
Health & Safety	-	There is provided in partnership with Cambridge City Council. Assurance, or otherwise, will be provided to SCDC and is scheduled within their audit plan for 2014/2015. Cambridge to complete review(s)
Business Continuity	-	There is provided in partnership with Cambridge City Council. Assurance, or otherwise, will be provided to SCDC and is scheduled within their audit plan for 2014/2015. Cambridge to complete review(s)
S.106 Developer Contributions / Community Infrastructure Levy	10	Fundamental areas need to ensure that: <ul style="list-style-type: none"> Collection levels in accordance with agreements Managing expectations (if fund shortfalls) There are no repayments due to failure to utilise within the timetable.
Community Chest Grants	10	<i>Corporate Governance Committee request</i>
Business Efficiency Agenda	10	Various projects have been commissioned to improve the delivery of services. Look into appropriate controls being put in place and that efficiency savings and outcomes are realised. Review Projects covering Deliverables; Stakeholder Engagement; Business case evaluation; Conflicting operational priorities; Bureaucracy busting; Assessment of outcomes and Post project reviews e.g. savings materialised
TOTAL	40	

SERVICE / SYSTEM	DAYS	SCOPE OF THE REVIEW
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DEPARTMENT SPECIFIC: AFFORDABLE HOMES		
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Responsive Repairs	8	Review the performance of the existing contract which has been in place for 3 years. Evaluate the options for extension or re-let
New Build Strategy	8	Evaluate the investment portfolio and the cash flow profile modelling
Housing Company	8	Pilot scheme. Evaluation of the governance arrangements for the delivery of the service model

DEPARTMENT SPECIFIC: CORPORATE SERVICES		
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ICT Plan / Data Security / Information Governance	16	Our audit work will revolve around the key risks identified each year within the IT Plan.
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DEPARTMENT SPECIFIC: HEALTH AND ENVIRONMENTAL SERVICES		
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Depot	10	Coverage to be determined as the service looks to develop its partnership arrangements
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DEPARTMENT SPECIFIC: PLANNING AND NEW COMMUNITIES		
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Development Control	10	Following prior scrutiny of the service by the Planning Improvement Board, onus of the review will look at the data held within the service and its quality
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TOTAL	60	
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OTHER RESOURCE PROVISIONS		
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Fraud / Irregularity Contingency	20	Incorporation of time within the plan for undertaking proactive counter fraud-work, together with reactive work where suspected irregularities have been detected.
Carry Forward Activities	10	Completion of 2013/14 audits
Follow Up Provision	10	Review of implementation of agreed actions

TOTAL	40	
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