

Kettering Borough Council

Internal Audit Strategic Plan 2018/19 – 2020/21

February 2018



cw audit
audit and assurance services

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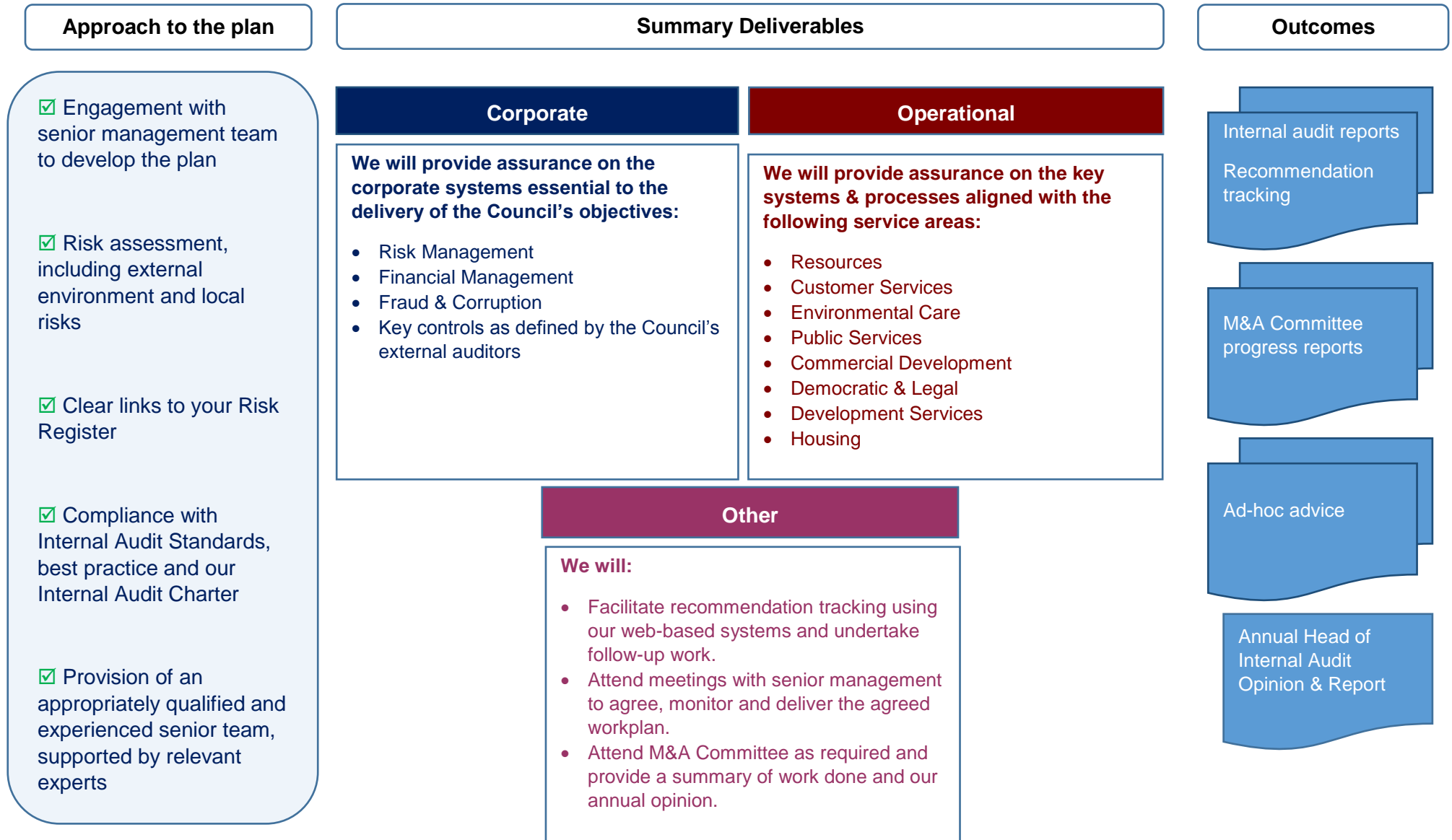
Appendix 1: Strategic Internal Audit Plan 2018/19 to 2020/21

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1. Your Plan on a Page

The diagram below summarises how the plan has been developed and outlines the approach to be taken in 2018/19 to deliver the plan.



2. Risk Assessment

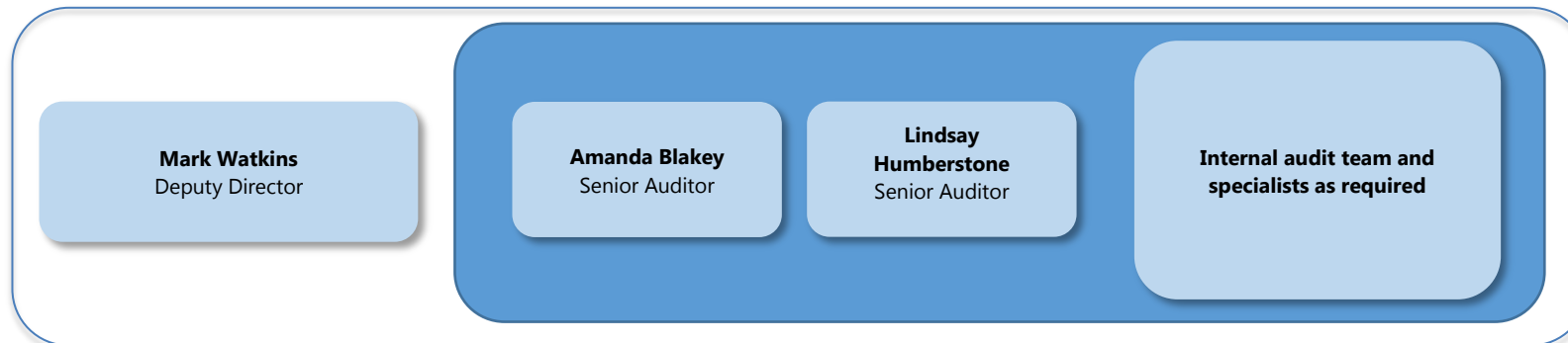
The strategic plan for 2018/19 to 2020/21 and the operational workplan for 2018/19 have been prepared as follows:

- Review of risks recorded in the Strategic Risk Register reported to the November 2017 meeting of the Monitoring and Audit Committee;
- Input from the Head of Resources and the Corporate Management Team.
- Assessment of any risk areas emanating from Internal Audit reviews conducted in the 2017/18 financial year.

The strategic plan is attached at Appendix One, with the 2018/19 operational plan at Appendix Two. A summary of the November 2017 Strategic Risk register is included as Appendix Three.

3. The Team

Mark Watkins will remain as your nominated Head of Internal Audit and will lead the team, consisting of two senior auditors that have had a wealth of experience in auditing the Council's systems over a number of years. The core team will be supported by relevant specialists as appropriate.



4. Conclusion

This internal audit plan has been designed to meet your requirements and fulfil the requirements of Internal Audit Standards. The draft plan is provided to the Monitoring & Audit Committee for final consideration and approval.

Mark Watkins

Deputy Director of Internal Audit

Appendix One: Strategic Internal Audit Workplan 2018/19 - 2020/21

Area	Audit Assignment	SRR Ref.	2018/19	2019/20	2020/21
Resources	Financial Management & Reporting	1,3,10	6	6	6
	Finance Systems – IT Security & Access	1,3,10	4	4	4
	Creditors	1,3,10	8	8	8
	Payroll	1,3,10	7	7	7
	Capital Accounting	1,3,10	5	5	5
	Risk Management	All	8	8	8
	Insurance	11,16	8	-	-
	Procurement & Contract Management	1,2,18	-	10	-
	Human Resources	6,9,14	-	10	10
	IT audit	All	10	10	10
	Commercial Property Management	1,17	10	-	-
	Sub-total		66	68	58
Customer Services	Income & Debtors	1,3	5	5	5
	Council Tax	1,2,3,10	7	7	7
	Business Rates	1,2,3,10	7	7	7
	Benefits	1,2,3,10	7	7	7
	IT Security & Access – Income & Payment Systems	1,2,3,10	4	4	4
	Anti-Fraud & Corruption	1,8,10	8	8	-

Area	Audit Assignment	SRR Ref.	2018/19	2019/20	2020/21
	Sub-total		38	38	30
Environmental Care	Shared Service – CBC	4,5,10	10	-	-
	Business Continuity	10, 11,16	10	-	-
	Emergency Planning	10, 12	-	-	9
	Fleet Management	1, 16	-	-	10
	Waste & Recycling	1,10	-	10	-
	Street Cleansing	1, 10	-	-	9
	Grounds Maintenance	1,10	-	10	-
	Corporate Health & Safety	2,13	-	-	10
	Sub-total		20	20	38
Public Services	Car Park Income	1,10,16	-	-	10
	Licensing	1,2,10	-	-	10
	Pest Control	1,10	-	-	9
	Anti-Social Behaviour	2,10,13	-	10	-
	Pavilions/Outdoor Sports	1, 10,13,16	9	-	-
	Crematorium Fees	1,10,16	8	-	-
	Leisure Services – Contract Monitoring	2,10	-	10	-
	Grants (Voluntary Sector, Small, Economic Development)	10	-	-	10

Area	Audit Assignment	SRR Ref.	2018/19	2019/20	2020/21
	Sub-total		17	20	39
Commercial Development	Commercial Development Strategy	1,17	-	-	10
	Sub-total		0	0	10
Democratic & Legal Services	Legal Services – Partnership Arrangements	4,10	-	10	-
	Member Services (including Mayoral Services)	7	10	-	-
	Corporate Governance	2, 7,8,15	10	-	-
	Sub-total		20	10	0
Development Services	Land Charges	2,10	-	-	6
	Planning & Development (incl S106)	1, 2,10	-	10	-
	Building Control	1,2,10,13	10		-
	Markets	1,10	-	10	-
	Sub-total		10	20	6
Housing	Housing Rents	1,2,3,10,16	7	7	7
	Choice Based Lettings	1,10,16	-	10	-
	Voids Management	1,3,10,16	10	-	-
	Homelessness	1,2,3,10	10	-	-
	Private Sector Housing – Enforcement	2, 10,13	-	-	10
	Contract Management – New Build Council Housing	1,2,3,4,5,10,18	10	-	-

Area	Audit Assignment	SRR Ref.	2018/19	2019/20	2020/21
	Planned Maintenance	1,3,10, 13,18	10	-	-
	Responsive Repairs	1,16,18	-	10	-
	Leasehold Services	1,10	-	-	10
	Sheltered Housing	10	-	10	-
	Disabled Facilities Grant	Grant condition	4	4	4
	Sub-total			51	41
Follow-Up	Follow-Up & Recommendation Tracking	-	18	18	18
Management & Advice	Contingency	-	2	7	12
	Audit Needs Assessment, Planning & Annual Report	-	5	5	5
	Monitoring and Audit Committee/External Audit/Senior Team meetings	-	5	5	5
	Contract Management & ad hoc advice	-	6	6	6
	Sub-total			18	23
Totals			258	258	258

Appendix Two: Operational Internal Audit Plan 2018/2019

Area	Links to Strategic Risks	Work outline
RESOURCES		
Finance Systems - (Financial Management & Reporting, IT Access & Security, Creditors, payroll, Capital Accounting)	SRR 1 - Delivery of a balanced budget SRR 3- Control of material and volatile budgets SRR 10 – Reputation management	Review of all high level controls for key financial systems.
Risk Management	All risks recorded on SRR. IA is required to provide a balanced Annual Audit Opinion that contributes the Annual Governance Statement.	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and manages key strategic and operational risks.
Insurance	SRR 11 – Business continuity SRR 16 – Physical assets	Review of Council's arrangements for insuring assets against potential losses.
IT Audit	IT systems are vital to almost all services provided by the Council, therefore a range of different strategic risks could be affected by a failure in IT functionality or breach of IT security.	IT asset audit to review the systems and processes from initial procurement of IT equipment through to disposal of obsolete equipment, including repairs & maintenance arrangements.
Commercial Property Management	SRR 1 - Delivery of a balanced budget SRR 17 – Commercial strategy	Review the Council's arrangements for managing, maintaining and collecting income from its increasing portfolio of commercial properties.

Area	Links to Strategic Risks	Work outline
CUSTOMER SERVICES		
Income & Payment Systems (Income & Debtors, Council Tax, Business Rates, Benefits, IT Access & Security)	SRR 1 - Delivery of a balanced budget SRR 2 – Legislation SRR 3- Control of material and volatile budgets SRR 10 – Reputation management	Review of high level controls for key income & payment systems.
Anti-Fraud & corruption	SRR 1 – Delivery of a balanced budget SRR 8 – Corporate governance. SRR 10 – Reputation management.	Follow up of 17/18 report to ensure that action has been taken to complete and document a fraud risk assessment and resilience check; document and implement a Fraud Response Plan; document and implement an Anti-Fraud and Corruption Strategy; develop the Senior Fraud Officer’s corporate fraud role and devise an annual action plan.
ENVIRONMENTAL CARE		
Shared Service – Corby District Council	SRR 4 – Partnership working SRR 5 – Delivery of major projects SRR 10 – Reputation management	Review of the management and governance arrangements in place to oversee delivery of shared waste collection, grounds maintenance and street cleaning services with Corby District Council (targeted to be operational January 2019).
Business Continuity	SRR 10 - Reputation management SRR 11 – Business continuity SRR 16 – Physical assets	Review of the Council’s business continuity arrangements to ensure that they comply with relevant legislation / good practice guidance and are fit for purpose if they are required to be implemented.

Area	Links to Strategic Risks	Work outline
PUBLIC SERVICES		
Pavilions/Outdoor Sports	SRR 1 - Delivery of a balanced budget SRR 10 – Reputation management SRR 13 – Health & safety SRR 16 – Physical assets	Review of recreational facilities to ensure that all income due is collected and that such facilities are maintained in accordance with relevant health and safety legislation.
Crematorium Fees	SRR 1 - Delivery of a balanced budget SRR 10 – Reputation management SRR16 – Physical assets	Review of the arrangements for providing a crematorium service that sensitively meets the needs of the local population. Collection of crematorium fee income.
DEMOCRATIC & LEGAL SERVICES		
Member Services	SRR 8 – Governance arrangements SRR10 – Reputation management	Review the administration and payment processes for members' allowances, ensuring rules are properly applied.
Corporate Governance	SRR 8 – Governance arrangements	Review processes in place to ensure proper application of rules contained within the Council's Constitution.
DEVELOPMENT SERVICES		
Building Control	SRR 1 - Delivery of a balanced budget SRR 3 – Building control SRR 10 – Reputation management SRR 13 – Health & safety	Review arrangements for processing building control applications, collecting fee income and inspecting properties.

Area	Links to Strategic Risks	Work outline
HOUSING		
Housing Rents	SRR 1 - Delivery of a balanced budget SRR2 – Legislation SRR 10 – Reputation management SRR 16 – Physical assets	Review of key controls covering the setting of rent amount, letting properties and collecting income.
Voids Management	SRR 1 - Delivery of a balanced budget SRR 3- Control of material and volatile budgets SRR 10 – Reputation management SRR 16 – Physical assets	Review of the processes for turning voids around within target and to budget.
Homelessness	SRR 1 - Delivery of a balanced budget SRR 2 – Legislation SRR 3- Control of material and volatile budgets SRR 10 – Reputation management	Assessment of the Council's response to the Homelessness Reduction Act and arrangements for housing homeless individuals and families in appropriate accommodation at an affordable cost.
Contract Management – New Build Council Housing	SRR 1 - Delivery of a balanced budget SRR 2 – Legislation SRR 3- Control of material and volatile budgets SRR 4 – Partnership working SRR 5 – Major projects SRR 10 – Reputation management SRR 18 – Procurement	Review of the governance/management arrangements in place to progress the new build council housing projects planned for Scott Road and Albert Street.

Area	Links to Strategic Risks	Work outline
Planned Maintenance	SRR 1 - Delivery of a balanced budget SRR 3- Control of material and volatile budgets SRR 10 – Reputation management SRR 13 – Health & safety SRR 18 – Procurement	Review of the arrangements for planning and delivering ongoing maintenance of council housing stock.
Disabled Facilities Grant	The conditions of the 2017/18 DFG from NCC require the Chief Internal Auditor to confirm that the conditions of the grant have been met.	Review of evidence to support compliance with grant conditions and formal sign off of declaration for return to NCC.

Appendix Three: Summary of November 2017 Risk Register

Risk No.	Strategic Risk	Details
1	Delivery of a balanced budget	The Council continues to see reductions in central government funding and has also opted to freeze Council Tax levels over the past six years. As a consequence, the council has had to use increasingly innovative means to balance its budget and consider alternative strategies such as commercial investments in order to deliver a balanced budget. There is still much financial uncertainty facing the Council regarding its main funding sources such as New Homes Bonus and Business Rates Retention particularly from 2020 – when it is anticipated 100% Business Rates Retention will be introduced which will bring even greater volatility to one of the Council's main funding streams.
2	External legislation changes particularly those arising from unforeseen or rapid changes in national policies	<ul style="list-style-type: none"> a. Impact of the localisation of council tax benefit b. Potential impact of other changes due to welfare reform (Universal Credit, 2018) c. Impact of employment legislation on policies d. Impact of the Living Wage e. Business Rates reform f. Housing and Planning Act g. Impact of reductions in Council Rents h. Apprenticeships i. Homelessness Reduction Act
3	Unexpected budget pressures (funding reductions elsewhere)	The challenging economic conditions have / are likely to result in other public sector providers cutting service budgets which could lead to pressure for the council to fill the funding gap that is left.
4	Minimising risks of partnership working	Proper arrangements are required to safeguard the council when it delivers services through joint / partnership arrangements to ensure that costs / liabilities and risks are understood and agreed from the outset. The cumulative impact of austerity measures over time increase the risks of partner organisations failing.
5	Delivery of major projects	The council has a very ambitious programme of corporate projects for example the Streetscene partnership with Corby, which are both aspirational and challenging to deliver. They are stretching to deliver during normal economic conditions, extremely stretching in the current market conditions.
6	Ensuring corporate capacity	The council has ambitious objectives, projects and has developed a unique budget delivery framework that is currently standing the authority in good stead. To remain 'ahead of the curve' the council needs to ensure that it maintains corporate capacity to protect the council's position and to continue to deliver its priorities.

Risk No.	Strategic Risk	Details
7	Maintaining political focus and stability	To ensure that resources are properly deployed and used effectively and efficiently, maintaining political focus is very important. Being clear from the outset about what KBC is trying to achieve, how we achieve it, and continuing to maintain the focus in these areas.
8	Ensuring effective governance arrangements	Good governance is at the heart of the correct and effective working of the council. This applies to compliance with legislation, member and officer behaviour and having a robust constitution.
9	Maintaining staff morale	Staff are at the heart of our organisation and the council holds the belief that staff can provide the answer to the challenges that we face. Staff morale is vital to keep; <ul style="list-style-type: none"> ◆ Services running ◆ Deliver efficiency savings ◆ Improve the councils reputation
10	Reputation management	Ensuring that the reputation of the council is monitored and managed is important for any large organisation. Failure to do so could result in negative publicity and more importantly spending resources correcting the issue when it could have been avoided. Also includes the risk posed by comments on social media.
11	Effective business continuity arrangements	The council needs to ensure that robust arrangements are in place for business continuity – especially in relation to IT systems / data / buildings.
12	Effective emergency planning arrangements	The council needs to ensure that robust arrangements are in place for emergency planning purposes.
13	Health and Safety compliance	Keeping pace with the latest H&S requirements and practices is an important cornerstone of the councils work.
14	Flexible and robust HR policies	Staff are the councils main resource, as such the council needs to ensure that it has up to date, flexible yet robust policies in place to deal with all aspects of employee management and relations.
15	Keeping pace with the demographic, social and economic changes	Keeping pace with the demographic and social changes and the impact this and decisions by other public sector bodies has on the Council. Understanding and reacting to the changing needs of the community.
16	Physical asset risks - ensuring KBC assets are maximised and well maintained	The Council needs to ensure that all its physical assets usage is being maximised.
17	Commercial strategy	This includes seeking commercial investment opportunities, reviewing our fees and charges policy and being more commercially minded in our everyday processes to drive efficiencies.
18	Procurement	The appropriate and compliant purchase of goods and services is integral to all areas of the Council.