

Internal Audit Plan

2019-20

West Sussex County Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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Introduction

The role of internal audit is that of 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'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of Internal Audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Executive Directors/ Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership, supported by Antony Harvey, Deputy Head of Partnership and Keith Phillips, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles. **This performance is within the top decile of EQA reviews we have performed.** This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards.

The West Sussex Plan

The West Sussex Plan sets out how the County Council plans to shape its services for the next five years (2017-2022). It contains the Council's vision for West Sussex and what it is trying to achieve for its residents and for the county. The West Sussex Plan is underpinned by the Council's key priorities and desired outcomes:



Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Ref	Risk Description	Current Risk Score*
CR1	As a result of Brexit and the changes to employment law and policies amongst others.	16
CR7	There is a culture of non-compliance and a lack of standardisation in some systems and processes	12
CR11	Skill shortages in certain disciplines and difficulties in staff recruitment and retention.	16
CR22	Due to WSCC having a large council tax base and low deprivation levels, there is risk that it will receive a lower level of funding from Central Government.	20
CR36	The Council has a large number of third party suppliers and has an inconsistent approach to contract management - particularly outside of a few strategic suppliers	16
CR39a	Cyber-security. The Council has a wealth of personal and confidential data. This needs to be protected from corruption or loss as a result of deliberate and targeted malicious activity (e.g. virus, ransomware etc.).	20
CR39b	The Council holds significant volumes of personal, confidential and sensitive information and data. These assets require robust protection to minimise data loss, ensure availability and protect integrity. The Council is a Data Controller and has obligations and responsibilities arising from that role. Failure to carry these out may result in data breaches. The Council will need to address its obligations arising from GDPR.	12
CR50	The council is responsible for the health & safety of its clients, staff and other stakeholders, owns and maintains significant assets, and also has responsibility for H&S in some partner organisations where it does not have operational control. Facilities management is patchy and some buildings are known not to be fit for purpose or to contain asbestos	16
CR54	Services we provide (e.g. libraries, youth services) interact with children and young people and we have a duty to safeguard children and young people.	16

Ref	Risk Description	Current Risk Score*
CR57	There is a significant backlog of Deprivation of Liberty Safeguards (DoLS) assessments, both those received in paper format and in community teams, the latter can't be quantified due to lack of monitoring data	15
CR58	If there were to be a failure of social care provisions there is a risk that both WSCC funded residents and self-funding residents are not being properly cared for; which may result in death or injury to individuals and significant reputational harm to the council.	25
CR59	There are major transformational projects in place to deliver changes required. These projects may fail to deliver the at the required pace or may not deliver cultural change.	16

*Strategic Risks as per the Strategic Risk Register - February 2019

Developing the internal audit plan 2019/20

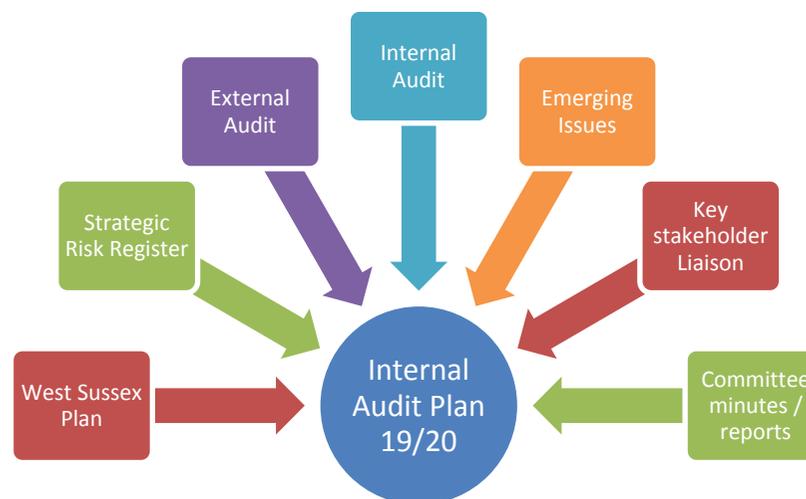
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Executive Leadership Team
- Directorate Management Teams
- Other Key Stakeholders
- Regulation, Audit and Accounts Committee

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the coming year.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan 2019-20

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
Corporate Cross Cutting				
Whole Council Design <ul style="list-style-type: none"> • Governance • Support 	Corporate	Governance review of the programme management, monitoring and reporting including workstream business cases, prioritisation, approval and benefits realisation Advice, guidance and support to the individual workstreams	CR59	
Financial Resilience	Director of Finance, Performance & Procurement	Review financial planning, MTFS and the relationship with in-year budgets	CR22	
SAP Replacement Project	Director of Finance, Performance & Procurement	Advice, guidance and critical assessment to the working group for SAP replacement. Focussed work on specific streams as requested/required e.g. Payroll	CR59	
Contract Management <ul style="list-style-type: none"> • WSP Framework (Highways) Contract • Crawley Schools PFI 	Director of Finance, Performance & Procurement	Overview of contract management arrangements and support. Extended contract management testing to focus on identified contracts	CR36; FPP36; HT56; LA36; PH36	
Business Continuity (resilience) – Follow up	Director of Public Protection & Deputy	Follow up to 18/19 review and actions implemented as identified in the Annual	CR36; CR39a; COM59; EWE59;	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
	Chief Fire Officer	Governance Statement	HROC51; LA51	
Employment status	Director of HR & OC	Review of classification and recording of employment statuses for accuracy.	CR7; CR11; HROC7; HROC52	   
Alternative Delivery Models	Corporate	Review of new and emerging initiatives for service delivery	CR59; FPP18; FPP19	   
Governance				
Information Governance	Director of Law and Assurance	Review of Information Governance. Focus on effectiveness of FOI process / performance; and Records / Document Management including retention and secure disposal	CR7; CR39a; CR39b; COM57	
Decision Making and Accountability	Director of Law and Assurance	Sufficiency, effectiveness and transparency of the decision making process	CR7; LA6	
Fraud & Irregularity	Director of Finance, Performance & Procurement	Provision for proactive and reactive fraud and irregularity work in accordance with the Fraud Risk Plan	CR7; CR39b; FPP7	
PSIAS Self-assessment	Head of Internal Audit	To accord with the requirements of the Public Sector Internal Audit Standards.	Mandatory	
Annual Governance Statement	Director of Law and Assurance	Contribution to and overview of the Annual Governance Statement	Mandatory	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
LGA Peer review	Corporate	Review of progress against implementing actions identified in the LGA corporate peer review.	CR7; CR59; LA4	
Core Financial				
Treasury Management	Director of Finance, Performance & Procurement	Full system review including recent changes to the Treasury Management Code	CR7; FPP7	
Travel Management Hub	Director of Finance, Performance & Procurement	Review of the new arrangements for all travel related expenditure.	CR7; FPP7	
Accounts Payable	Director of Finance, Performance & Procurement	Full system review	CR7; FPP7	
Allowances	Director of Human Resources & OC	Review of allowances for compliance with policies.	CR7; FPP7	
Capital Accounting and Monitoring	Director of Finance, Performance & Procurement	Full system review	CR7; FPP7	
Bank Reconciliations	Director of Finance, Performance & Procurement	Focussed review of the reconciliation processes for the Authority's bank and suspense accounts	CR7; FPP7	
IT				

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
IT Strategy and Planning	Director of Finance, Performance & Procurement	Review of progress in delivering the IT Strategy. Include policies, procedures and standards	CR39a; CR39b; FPP39a; LA39b	
Change Management	Director of Finance, Performance & Procurement	Audit of arrangements to ensure that changes to configuration items are introduced into production in a controlled manner.	CR39a; CR39b; FPP39a; LA39b	
Data Storage and Data Backup	Director of Finance, Performance & Procurement	Review of the ICT data storage and back up arrangements to ensure information is available upon loss or corruption	CR39a; CR39b; FPP39a; LA39b; FPP42	
Disaster Recovery Planning	Director of Finance, Performance & Procurement	Preparation, review, testing and maintenance of DR plans to recover systems following a critical event	CR39a; CR39b; FPP39a; LA39b; FPP42	
System resilience	Director of Finance, Performance & Procurement	Failover from single points of failure.	CR39a; CR39b; FPP39a; LA39b; FPP42	
Cloud	Director of Finance, Performance & Procurement	Review of the cloud computing arrangements in place to include Office 365	CR39a; CR39b; FPP39a; LA39b	
Problem & Incident Management	Director of Finance, Performance & Procurement	Review of system for service desk response after changing incident reporting software and process.	CR39a; CR39b; FPP39a; LA39b	
Firewalls & Malware Protection	Director of Finance, Performance & Procurement	Review of arrangements to protect against malware etc.	CR39a; CR39b; FPP39a; LA39b	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
Network Infrastructure Management & Monitoring	Director of Finance, Performance & Procurement	Assurance of how the network infrastructure capacity and security is managed	CR39a; CR39b; FPP39a; LA39b; FPP42	
 Best Start In Life				
Children's Safeguarding (assurance mapping)	Director of Children and Family Services	Mapping exercise of the various arrangements for safeguarding / other sources of assurance	CR7; CR39a; CR39b; CR50; CR54	
SEND Special Educational Needs	Director of Education and Skills	Review outcomes of Ofsted and LGA mini peer review and any associated actions	CR50; CR54	
Traded services with schools	Director of Education and Skills	Review of the arrangements /central management of the traded services to schools with a detailed focus on payroll.	CR22	
Think Family	Director of Children and Family Services	Assurance work as per grant requirements.	CR22; CR54; CFS009	
Children Services Recruitment and Retention	Director of Children and Family Services	Review effectiveness of recruitment and retention including incentives.	CR1; CR11; CR54	
Budgetary Management (Children's Services)	Director of Children and Family Services	Service level review of the budgetary management and control.	CR22; CFS009	
Children's Establishment(s)	Director of Children and Family Services	Assurance over compliance with key policies and procedures within establishment(s).	CR54; CFS006	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
School Thematic – GDPR compliance	Director of Education and Skills	Assessment of Schools compliance to GDPR requirements	CR7; CR39b	
School Thematic – Website content	Director of Education and Skills	Assessment of compliance with requirements to publish information via websites.	CR7	
School Thematic – Special Schools	Director of Education and Skills	Review effectiveness of funding such as pupil premium.	CR22	
General School Review(s)	Director of Education and Skills	Scope to be assessed on completion of risk assessment and receipt / review of SFVS.	CR7	
Virtual School Pupils Premium	Director of Education and Skills	Virtual School usage of pupil premium and associated outcomes / performance	CR7	
SFVS	Director of Education and Skills	Review SFVS submissions / return to DfE	CR7	



Strong, safe and sustainable place

HMIC inspection follow up	Director of Operations and Chief Fire Officer	Support / reviews on areas identified in the HMIC inspection.	CR59	
FRS Savings plan – realisation	Director of Operations and Chief Fire Officer	Review of delivery of plans to support proposed savings.	CR22; CR59; FPP18	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
Fire Core Financial Systems	Director of Operations and Chief Fire Officer	Coverage of systems where WSCC financial reviews do not provide assurance.	CR7; CR22; FPP7	
 Independence for later life				
Safeguarding Adults	Director of Adults' Services	Support to the service regarding providing assurance of a safe service and making safeguarding personal. To include effectiveness of internal QA processes	CR58; ASC001; ASC002; LA55	
Deprivation of Liberty Safeguards – Follow Up	Director of Adults' Services	Follow up to the 18/19 audit review	CR57; ASC004	
Budgetary Management (Adult Services)	Director of Adults' Services	Service level review of the budgetary management and control.	CR22; ASC006; ASC007; ASC009; FPP7	
Customer Finance	Director of Adults' Services	End to end review of the customer finance process.	CR22; CR58; FPP7	
Mosaic control environment	Director of Adults' Services	Follow up to the 18/19 review(s)	CR39a; CR39b	
Adults Establishment Review(s)	Director of Adults' Services	Assurance over compliance with key policies and procedures within an establishment.	CR7; ASC012	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
 A prosperous place				
Asset Protection (recoverable works)	Director of Highways	Governance and control arrangements around asset protection recoverable works and income.	CR22	
Project to procure highway maintenance and improvement services	Director of Highways	Support to the project as 'critical friend' for replacement TMC	CR36; HT60	
Committed Sums (post agreement) Maintenance of Assets	Director of Highways	Department for Culture Media and Sport requirement for funding includes internal audit assurance.	CR22; CR36	
Post project evaluation (re-letting of SSE contract)	Director of Energy, Waste and Environment	Governance and compliance review of the SSE contract process	CR36	
Incentive Funding (Highways Asset Management)	Director of Highways	Funding is based on submitted return. Audit assurance over return accuracy.	CR22	
 A council that works for the community				
Intentionally Homeless	Director of Children and Family Services	Review governance arrangements	CR54; CR59	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Corporate Priority
Gigabit Project	Executive Director Economy, Infrastructure & Environment	Audit review of compliance with funding requirements	CR7; CR22	
Crowdfunding (SpaceHive) governance	Corporate	Audit review of governance arrangements / compliance with funding requirements for community projects.	CR7; CR22	
Other				
Grant Certification(s)	Corporate	In year certification as a requirement of grant conditions	Mandatory	
Advice & Consultancy	Corporate	As requested / required	-	
Chichester Harbour Conservancy	Corporate	Provide audit services via WSCC SLA with the Harbour Conservancy	-	
Management & Review	Corporate	Committee meetings, ELT/CLT, External Audit liaison, planning, client liaison etc.	-	

West Sussex Pension Fund

Audit	Directorate Sponsor	Scope/ Risk
Pensions		
Internal Investments	Director of Finance, Performance & Procurement	Review of procedures to the management of internal investments to ensure they are sound.
Externally Managed investments (AAF/SAS70 reports only) and pooling arrangements.	Director of Finance, Performance & Procurement	Annual review of the fund managers AAF/SAS70 reports to highlight any concerns.
Pensions Administration (post transfer review)	Director of Finance, Performance & Procurement	Post transfer review of the move of the pensions administration function to HCC and any residual responsibilities at WSPF.
Scheduled, Admitted and Employing bodies	Director of Finance, Performance & Procurement	Audit to establish that appropriate controls exist to ensure that the contributions are correctly deducted, received, paid timely to the fund and are reconciled.
NFI	Director of Finance, Performance & Procurement	To facilitate the timely delivery of NFI data upload and receipt of resultant matches.
Management	-	Panel meetings, ELT/CLT, External Audit liaison, planning, client liaison etc.