



Causeway Coast & Glens Borough Council

Revised Internal Audit Strategy 2019-2023

September 2019

DRAFT

Table of Contents

1	Introduction.....	1
2	Internal Audit Strategic Objectives.....	1
3	Risk Assessment.....	2
4	Scope of Work.....	2
5	Internal Audit Resources	2
6	Internal Audit Approach	3
7	Strategic Internal Audit Plan 2019-2023	4
	Appendix A – Summary of Audit Needs Assessment.....	7
	Appendix B – Audit Resources 2019/20	13

DRAFT

1 Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The standards for internal audit services provided to local authorities are set out within the Public Sector Internal Audit Standards (PSIAS). There is also a statutory requirement for the provision of an Internal Audit service in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

This Internal Audit Strategy sets the strategic context for the provision of internal audit services within Causeway Coast and Glens Borough Council, consistent with the roles and responsibilities set out in the Internal Audit Charter, and provides a strategic audit plan for the 4 years covered by the Strategy. This Strategy also sets out the objectives for Internal Audit, the scope of Internal Audit's work, the resources available for Internal Audit and the approach to delivering the Internal Audit service. The Internal Audit Strategy will be used to inform the development of an annual Internal Audit Plan detailing work to be completed during each year covered by the Strategy. Both the Internal Audit Strategy and Internal Audit Plan have been compiled in accordance with the above standards.

In line with a risk-based approach to Internal Audit, the Internal Audit Strategy will be reviewed again at the start of each year.

2 Internal Audit Strategic Objectives

The strategic objectives for Internal Audit are:

1. To provide an independent and objective assurance to the Council (working through the Audit Committee) on the effectiveness of risk management, control and governance processes
2. To provide an independent and objective consultancy service specifically to help enhance and develop the Council's risk management, control and governance arrangements
3. To respond, where possible, to management's requests for other reviews and investigations as required.

3 Risk Assessment

This Internal Audit Strategy is based on good professional practice and has been developed in accordance with professional and public sector standards. The approach is risk-based, identifying risk areas facing the Council and examining these on a rolling basis over a 4-year period.

In preparing the Internal Audit Strategy, an audit needs assessment was carried out to identify and evaluate the key risks to the Council. The risk assessment utilised the assurances provided by Internal Audit in the last 4 years, issues identified in the annual Report(s) to Those Charged with Governance, the Corporate Risk Register and the views of the senior management team to identify and evaluate risks for the Council, recording them as high, medium or low risk. A summary of the audit needs assessment is shown in Appendix A.

The results of the audit needs assessment enable the prioritisation of audits so that we can ensure that sufficient coverage of risks is delivered by Internal Audit to enable us to provide an annual assurance to the Council. This supports the Chief Executive, in his role as Chief Financial Officer, to approve the Annual Governance Statement within the Financial Statements.

4 Scope of Work

The Internal Audit Charter sets out the scope of Internal Audit's activities, which include:

- review of controls within existing systems and systems under development
- compliance with Council policy and procedures
- transactions testing to ensure accuracy of processing
- investigation of suspected fraud and irregularities
- value for money studies
- provision of advice to departments on governance, risk management and internal control issues.

The Internal Audit Charter sets out further details of the requirements and relationships between Internal Audit, Management and the Council.

5 Internal Audit Resources

The Internal Audit service will be provided as a shared service comprised of an in-house internal auditor (yet to be appointed) and a team from an out-sourced provider (Moore NI). The Internal Audit resources required for the remaining years covered by this Strategy will be reviewed each year.

Available audit days for 2019/2020 are set out in Appendix B and will be set out in detail in the Annual Internal Audit Plan 2019/2020. Resources will be allocated so as

to achieve audit coverage of identified high risk areas earlier within the period covered by the Strategy, with other risk areas being audited across the period of the Strategy.

6 Internal Audit Approach

The approach to delivering the Internal Audit service is as follows:



Audit reports will be presented to the Audit Committee and will provide an assurance opinion using the 3-tier opinion structure established by the Department of Finance and Personnel (DAO (DFP) 07/16):

Satisfactory Assurance

Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Whilst it is management's responsibility to ensure internal audit recommendations are implemented, a follow-up process will also be incorporated within the annual Internal Audit Plans to facilitate the review of implementation of recommendations.

The Annual Internal Audit Plan and Internal Audit Strategy will be updated where necessary to reflect changing risks and priorities of the Council as they arise.

7 Strategic Internal Audit Plan 2019-2023

The following sets out the revised 4-year Strategic Internal Audit Plan which is based on the need's analysis and risk assessment. This plan prioritises coverage based on a combination of risk rating, organisational impact and recognition of the organisation's wider assurance mechanisms. The strategic internal audit plan will be reviewed each year and a detailed operational plan will be prepared for each of the financial years covered by the Strategy.

Auditable Area	2019/20	2020/21	2021/22	2022/23
Environmental Services Directorate				
Environmental Health		x		
Building Control			x	
Waste Services (incl. amenity sites and landfill)	x			
Grounds maintenance			x	
Estates & facilities servicing			x	
Fleet management		x		
Fuel Management	x			
Licensing				x
Street cleansing			x	
Parks, play areas & cemeteries			x	
Energy management				x
Harbours, marinas & terminals				x
Capital projects including strategic projects (assessment, procurement & contract monitoring - implementation and delivery)	x			
Off-Street car parking - enforcement & income collection			x	
Animal welfare				x
Fuel Stamp programme				x
Business continuity & emergency planning		x		

Auditable Area	2019/20	2020/21	2021/22	2022/23
Finance Directorate				
Budgetary control (incl. rate-setting processes)	x			
Payroll			x	
Procurement, tenders & contracts	x			
Income and debtors	x			
Creditor payments & purchasing	x			
Travel and subsistence & mobile phones				x
Use of corporate credit card		x		
Treasury management (incl. prudential indicators)		x		
Asset management	x			
Performance Directorate				
Democratic services				x
<i>Organisational development & HR</i>				
Staff recruitment, retention, development & appraisal	X			
Absence monitoring / sickness		x		
Time recording & overtime		x		
Corporate health & safety		x		
Insurance				x
Reception services				x
Registration of births, deaths & marriages				x
Legal advice			x	
ICT environment	X			
Community Planning		x		
Corporate & business planning				x
Performance improvement	x	x	x	x
Public relations & communications – including FOI/EIR	x			
Land and property	x			
Information governance and data protection	x			
Risk management		x		
Safeguarding				x
Corporate governance	x			
Civic buildings (general operations-opening/closing, cleaning, room hire, room bookings etc)			x	
Planning Directorate				
Enforcement, development control & development plan		x		
Leisure & Development Directorate				
Regeneration & Business development		x		
Tourism services				x

Auditable Area	2019/20	2020/21	2021/22	2022/23
Caravan sites		X		
Outdoor recreation & play parks			x	
Leisure facilities		x		
Community facilities				X
Coast & Countryside management		X		
<i>Arts & Cultural services</i>				
Arts & cultural centres			X	
Museums		X		
PCSP ¹	x	x	x	x
Funding unit / grant funding			x	
Events			X	
Community Development/partnership arrangements/			x	
Town & village management				
Peace IV				x
Review of Prior Year Recommendations	x	x	x	x

¹ Funding requirement for annual review

Appendix A – Summary of Audit Needs Assessment

Auditable Area	Risk Evaluation Rating			Our Risk Assessment Judgement			Comments
	High	Medium	Low	High	Medium	Low	
Environmental Services Directorate							
Environmental Health		√			√		
Building Control		√			√		Financial risks if income not correctly managed & risks if statutory processes not followed
Waste Services (incl. amenity sites and landfill)	√			√			Landfill management presents greatest risks (statutory obligations, strategic risk & health & safety)
Grounds maintenance		√				√	Lower risk area (likely to be mainly focused on health & safety)
Estates & facilities servicing		√			√		
Fleet management		√			√		
Licensing			√			√	
Street cleansing (incl. other cleaning & PCs)		√			√		Lower risk area (likely to be mainly focused on health & safety)
Parks, play areas & cemeteries			√			√	
Energy management			√			√	Not a key risk to Council
Harbours, marinas & terminals			√		√		Health and Safety at Marinas and harbours makes this medium risk
Capital projects including strategic projects (implementation and delivery)		√			√		

Auditable Area	Risk Evaluation Rating			Our Risk Assessment Judgement			Comments
	High	Medium	Low	High	Medium	Low	
Off-Street car parking - enforcement & income collection		√				√	
Animal welfare			√			√	
Business continuity & emergency planning							
Finance Directorate							
Budgetary control (incl. management accounts and rate-setting processes)	√			√			Financial deficits
Payroll		√			√		
Procurement, tenders & contracts	√			√			Changes in procurement staff resource
Income and debtors		√			√		
Creditor payments & purchasing (includes purchase order process)	√			√			New purchase order system needs to be reviewed
Travel and subsistence & mobile phones			√			√	
Use of corporate credit card			√		√		Medium to high risk due to risk of fraud
Treasury management (incl. prudential indicators)		√			√		
Asset management	√			√			
Performance Directorate							
Democratic services			√			√	
<i>Organisational development & HR</i>							
Staff recruitment, retention, development & appraisal	√			√			Policies and procedures are in place to manage staff recruitment, retention, development. Plans are in place to implement an appraisal process. High levels of agency staff have pushed this risk into high

Auditable Area	Risk Evaluation Rating			Our Risk Assessment Judgement			Comments
	High	Medium	Low	High	Medium	Low	
Absence monitoring / sickness		√			√		Legacy practices may still apply (under TUPE) but absence is closely monitored and frequently reported on
Time recording & overtime		√			√		A strategic project is currently being rolled out within Council to implement new systems which will enable all employees to record their time and attendance electronically.
Corporate health & safety		√			√		
Insurance			√			√	
Reception services			√			√	Likely to be lower risk
Registration of births, deaths & marriages			√			√	
Legal advice	√			√			Rates higher because not reviewed before. Likely to be medium risk
ICT environment	√			√			Fundamental system & scores highly on the corporate risk register
Community Planning		√			√		
Corporate & business planning			√			√	
Performance improvement	Will be reviewed annually						Responsibilities for Council in relation to Performance Improvement Plan are still becoming embedded within Council
Public relations & communications; FOIs and EIRs	√			√			In light of a recent JR judgement a review of systems and the cultural approach to requests for information (under FOI and EIR) appears to be required.

Auditable Area	Risk Evaluation Rating			Our Risk Assessment Judgement			Comments
	High	Medium	Low	High	Medium	Low	
Land and property	√			√			Asset management strategy not adopted by Council; loss of legacy staff still impacting; resourcing inadequate and unstable in terms of retaining legal support;
Information governance and Data Protection	√			√			In light of a recent JR judgement a review of the overall approach to records management within Council appears to be required. No additional resource has been allocated for the additional work required under the new GDPR legislation. An interim DPO in place but these duties are in addition to the existing post.
Equality and Disability		√			√		
Risk management			√		√		Fundamental system for ensuring good governance
Safeguarding			√		√		Statutory obligation & high reputational risk – likely to be medium risk
Corporate governance		√		√			Fundamental process for any organisation
Civic buildings (general operations-opening/closing, cleaning, room hire, room bookings etc)		√			√		Areas would be picked up in other audits
Planning Directorate							

Auditable Area	Risk Evaluation Rating			Our Risk Assessment Judgement			Comments
	High	Medium	Low	High	Medium	Low	
Enforcement, development control & development plan	√			√			The decisions on planning applications are by either delegated planning officers or the Planning Committee Members. There is a risk of inconsistency in decision-making which can undermine the planning function and risk the reputation of the Council.
Leisure & Development Directorate							
Regeneration and Business Development	√			√			
Tourism services			√			√	
Caravan sites	√			√			Higher risk re income management & reputational risk
Outdoor recreation & play parks		√			√		
Leisure facilities	√			√			
Community facilities			√			√	Low financial and operational risk
Coast & Countryside management		√			√		Rights of way investigations
<i>Arts & Cultural services</i>							
Arts & cultural centres		√			√		
Museums		√			√		
PCSP	Requires annual review						
Funding unit / grant funding			√		√		Medium risk due to reputational risk and uncertainty around funding
Events			√		√		Whilst high reputational risk, financial and operational risk likely to be more moderate

Auditable Area	Risk Evaluation Rating			Our Risk Assessment Judgement			Comments
	High	Medium	Low	High	Medium	Low	
Community Development/partnership arrangements			√			√	Not likely to be a high risk
Town and Village management		√			√		
Peace IV			√			√	Strong oversight from SEUPB and central government

Appendix B – Audit Resources 2019/20

Description	Days 2019-2020		
	CCAG	Moore NI	Total
Available working days	tbc	80	tbc
LESS:			
Holidays (including statutory holidays)			
CPD			
Management & Administration			
Strategic and annual audit planning		3	
Periodic reporting to Audit Committee		2	
Annual reporting		1	
Preparation for and attendance at Audit Committee		4	
Contract and performance review meetings (x 2)		2	
Administration			
Contingency and special investigations			
		<u>12</u>	
Available audit and consultancy days	tbc	66	<u><u>tbc</u></u>

Note:

Internal Audit resources will be reviewed throughout the year. The number of days available for CCAG internal auditor will be confirmed following appointment. Following clarity over the available days for the in-house internal auditor, the Internal Audit Plan will be adjusted accordingly and re-presented to the Audit Committee.