

City of Cardiff Council INTERNAL AUDIT STRATEGY 2015-16



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FOREWORD

As Section 151 Officer for the City of Cardiff Council, I have responsibility for financial stewardship and to ensure that resources are used effectively to secure positive results. The severe and unprecedented budgetary pressures facing the Council has made this task even more challenging, and my statements on risk and financial resilience in the Council's budget report are important in this context.

The provision of an effective cornerstone of good governance within the Authority rests with Internal Audit and the work it does in terms of providing assurances around governance, risk management and sound internal controls. The team provides assurance that is independent and objective and as part of his review of the year the Audit Manager provides an opinion of the control environment which has been in operation.

During 2014/15 I instigated a Service Review of the Finance function, which included the Internal Audit functions, to identify if the service was able to deliver against the scale of challenges the Council is facing. The outcome of the review has resulted in an Action Plan for the service to take forward, and I have asked that the key messages from this review be captured in individual section's Delivery Plans, which will be shown as a part of this Strategy document.

I continue to support the independent activity of the Internal Audit team at a time when resources are reducing and see their role as vitally important in providing challenge within the Authority to uphold sound financial stewardship. The year ahead does present some significant challenges in terms of maintaining sound financial arrangements at a time of reducing resources across the Council and a drive to introduce new models for service delivery. Throughout this period of change compliance with Council rules and regulations will be vital and the Audit team will be key in providing assurances in these areas.

I also recognise the key role the Audit team play in relation to overseeing and contributing to the delivery of a number of key risk, governance and programme assurance documents to provide a framework to ensure high standards are attained and consistently applied.

The increasing demand for accountable public services within a complex environment has strengthened the need for effective governance. The Welsh Government's consultation 'Reforming Local Government: Power to Local People' issued in February 2015, looks to address a range of issues across local government; linked to the work of the Internal Audit team, and the consultation addresses the need to strengthen the role of each Council's Audit Committee. This will need to be monitored and any new requirements taken into account as more information becomes available.

**Christine Salter,
Corporate Director Resources (Section 151 Officer)**

Purpose of the Strategy

The Internal Audit Strategy serves a number of purposes:

- ↪ To provide an overview of the Audit service and its resources, included an updated Audit Charter and protocol;
- ↪ To identify key challenges and potential risks that the Audit service faces over the coming 12 months, based on a SWOT exercise;
- ↪ To provide extracts from the Internal Audit Service Plan to show objectives set, potential outcomes and how it is intended to measure performance during 2015-16, within available resources;
- ↪ To provide an overview of the audit work planned for 2015-16, based on assessment of risks, at the time the Audit Plan is prepared.

Audit Service Overview

Resources

Audit team – 11 FTE (1 temporary and 1 currently vacant) - which undertakes system based audits, financial audits, provides advice and guidance to clients on a wide range of matters and undertakes work around efficiency and value for money.

Investigation team – 2.3 FTE - dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety.

Risk and Governance – 1.00 FTE - that champions risk management at the corporate level and facilitates completion of key governance documents.

Programme and Project Assurance – 2.0 FTE (1 temporary) – a separate team that reduces the risk in delivering major change through managing the programme and project governance framework, provision of independent assurance, identifying improvement action and skills development.

All audit staff are required to maintain the highest standards of professional practice, and comply with professional Code of Practices. For the Audit team the Public Sector Internal Audit Standard is followed in all aspects of work undertaken and many of the principles of the Standard are followed in the other teams.

The Section is managed by two CIPFA qualified Accountants, working on a job share basis, both of whom have extensive audit and finance experience. In the Audit team, there are a further 3 qualified Accountants, and most other auditors are qualified Accounting Technicians. The Investigation team is led by a Group Auditor who has the CIPFA Certificate in Investigative Practice and investigators are Professional trained investigators (PINS). The Senior Auditor (Governance and Risk) is a qualified accountant and has attained the CIPFA Certificate in Corporate Governance. The Principal and Senior Programme and Projects Auditors have appropriate qualifications and a wealth of experience in programme and project management.

An Organisational Structure, outlining staff resources, is shown on the Cardiff Information System (CIS) and is available from the Audit Manager.

In order to protect independence within the Section, one of the Audit Managers, Derek King, manages the Risk & Governance and Programme and Project Assurance functions, based within the Section and the other, Bob Jones, line manages the Pensions function.

We value the professionalism and commitment of all Auditors and Investigators, and their ongoing development and training are fundamental to the delivery of the many challenging targets that are part of the Section's overall aims and objectives. The Council's Personal Performance and Development Scheme is fully operated within Audit where all members of the team have an opportunity to consider how their skills match the roles they fulfil and how they look to meet the objectives they have been set, relating to their role. This helps to identify team and individual development and training opportunities to ensure all team members remain up to date with best professional practice.

Table 1 summarises the Audit resources available in terms of budget and staff numbers, with a trend analysis over the past 4 years.

Table 1 – Internal Audit Budget & FTE for period 2012-13 to 2015-16

Division	Budget & FTE			
	2012-13 £k (FTE)	2013-14 £k (FTE)	2014-15 £k (FTE)	2015-16 £k (FTE)
Audit	562 (14.2)	498 (13.1)	424 (11.0)	413 (11.0)
Investigations	350 (9.0)	361 (9.0)	355 (8.0)	134 (2.3)
Risk & Governance	50 (1.0)	48 (1.0)	59 (1.0)	62 (1.0)
Assurance	-	-	81 (1.8)	85 (2.0)
Total	962 (24.2)	907 (23.2)	885 (21.8)	694 (16.3)

Notes:

1. The Audit & Assurance figure assumes 2 temporary posts are extended for a further 6 months.
2. Figures reflect return to 37 hour week for 2015-16.
3. The Audit figure includes non controllable costs e.g. office accommodation in 2015-16 amounting to £49k.
4. The Investigation figures reflects the move of staff working on housing benefit fraud to DWP during 2014-15 and a reduction of 1 Senior Investigator post in 2015-16.

Staff resources have reduced on last year, with a Senior Investigator post being given up as part of budget savings. This reduction does present a challenge to the Section in terms of delivering effective audit coverage, together with additional pressure on income streams.

Service Delivery

Audit & Investigations

The Audit Charter attached at **Appendix A**, sets out the role and definition for Internal Audit and how we comply with professional standards. This also sets out the main types of work we undertake.

Our terms of reference in respect of audit and investigative work are contained in the [Council's Financial Procedure Rules at Section 4](#), which also sets out the authority that Auditors have to fulfil their roles. The Council's [Fraud, Corruption & Bribery Policy](#) also outlines the processes where there is suspected fraud or financial impropriety, where the Audit Section has a significant role.

We have developed a tried and tested Protocol over the years which sets out the audit process and reporting arrangements and our inter-relationship with our clients. The Audit Protocol is attached at **Appendix B**.

We work to Service Level Agreements which sets out the service we aim to deliver and what we expect from our clients to enable us to perform our duties effectively. A copy of the standard SLA is available on request from the Audit & Risk Manager.

Risk Management & Governance

The Section has a role to provide support to senior management in relation to embedding a sound approach to risk management across the Council, in a consistent manner that is in line with recognised good practice. The key document that sets out the approach and methodology to risk management is the Council's [Risk Management Policy and Strategy](#).

The role encapsulates many aspects of helping to embed risks but is primarily focused at a strategic level, where work concentrates on higher-level “corporate” risks that require effective control and monitoring.

The role also helps facilitate a number of other aspects of governance such as completion of the Annual Governance Statement.

The roles of audit and risk & governance are separated within the Section enabling an objective audit to be undertaken of the latter functions.

Programme and Project Assurance

The Section has a role to support the delivery of a robust framework for programmes and projects. The small team maintains the framework to deliver sound project management through PQA and supports the officers involved, through training and mentoring them in their respective roles. A PQA guidance document has been recently updated and is available on CIS.

A key element of the role within Audit is to undertake independent health checks of projects to provide assurance to senior management around sound governance and compliance with best practice.

Quality Assurance and Improvement Programme

For many years we have been proactive in introducing a wide range of measures to capture different aspects of performance, covering elements of time, cost, general performance and quality, recognising the importance of monitoring how we provide a service and seeking continuous improvement. These include:

- We maintain a database of audits to control and monitor audit priorities which provides data for a Plan v Actual analysis of performance. All staff complete timesheets with time recorded for tasks or audits every 15 minutes, allowing a detailed analysis of time spent to be produced, which can be used to focus and improve on productive time.
- Standard working practice requires that every audit assignment has to undergo a quality assurance review by a more Senior Officer and every report requires clearance before being sent. For any with Limited or No assurance these require sign off by the Audit Manager. A robust audit process has been developed over many years.
- At the conclusion of every audit a Post Audit Assessment Form is completed where both the auditor and the reviewer score elements of the audit against key competency skills and any development needs identified. In 2014-15 a “Pit stop” was introduced to ensure ongoing audits are focused on high risk areas to maximise best use of auditor time.

- For every audit we contact the respective Line Manager and a quality assurance questionnaire is completed. These are reviewed by the Audit Manager who will contact client management if any concerns are raised. This process provides clients with an opportunity to suggest any improved ways of working. Current satisfaction rating is 100%.
- All recommendations are monitored to assess the extent to which these are agreed by management as an indicator they are adding value to their business. Current satisfaction is 99%.
- All reports issued are monitored until all actions are completed and the audit “closed”.
- All audit staff have regular meetings with their manager to review their portfolio of audits and every 6 months this culminates in a formal PPD review where strengths and weakness and identified. Milestones are used to ensure effective and timely completion and issue of reports.
- We periodically undertake a separate exercise to assess the skills within the Section using a skills and competency questionnaire.
- We regularly update our Audit Charter. Audit protocol and SLA to ensure they are fit for purpose and reflects the current service demands. This helps our clients understand our processes and what we expect of them.
- Relationship Managers meet quarterly with Directors which provides an opportunity to discuss any audits completed, ongoing and planned and Directors’ views on the service provided are sought through these meetings.
- We engage with benchmarking exercises to compare performance with “like” organisations to gauge our own performance and we report on significant variances.
- We are moving to a paperless office and adopting agile working to make best use of technology and auditors time.
- We report regularly on many of the performance indicators we use and are subject to detailed scrutiny by Wales Audit Office and the Audit Committee.
- In more recent times, much work has been done to review our audit processes and procedures with ‘lean’ thinking in mind, which has resulted in a number of new initiatives which are underway, all designed to improve the efficiency and effectiveness of the services we provide. These arrangements have become formalised through the section’s Quality Assurance and Improvement Programme (QAIP) required by the Public Sector Internal Audit Standards.

- The extended management team in the section meet on a monthly basis to consider aspects of the teams improvement programme such as the development of an opportunities log to develop the efficiency and effectiveness of the team.
- Annually, the Audit Manager undertakes an annual assessment of the Section to identify areas which may be in need of improvement, which will inform the Audit Strategy for the forthcoming year. The assessment is structured around the requirements of the Public Sector Internal Audit Standards.
- Work has commenced on assurance mapping to gather any information which will provide assurance in relation to governance, risk management or internal control. This will be used to inform the risk assessment in developing the Audit Plan to avoid duplication of effort and to maximise the limited audit resource available.
- Within 2014/15 a service review was undertaken of the Finance function within the Council, the outcome of which resulted in a high level action plan for Finance but also more detailed actions for each of the teams. The Audit Action Plan will very much link to the QAIP to ensure improvement actions are implemented through 2015/16, some of which commenced in 2014/15.
- The QAIP also gives consideration to an external assessment being undertaken of the Audit Section. This is a requirement of the PSIA Standard and has to be completed every 5 years. No time has yet been set for the assessment but we are working towards this within the next 2 years. The Audit Manager has met with colleagues across other Council's in South Wales who are Heads of Internal Audit to consider undertaking a Internal Audit assessment. Research into other audit working practices and reporting protocols is also underway to identify any best practice and to learn from any external assessments already undertaken.

Key Challenges and Risks

An exercise has been carried out to produce an updated SWOT analysis reflecting on changes within the Council since the last time this was produced. A copy is shown at **Appendix C**.

From this, the key challenges thought to be facing the Internal Audit Section over the next 12 months were drawn up and are set out at **Appendix D**. Efforts have been made to focus on core business next year to deliver a high standard service and on how we can look to be more effective in the approach we adopt, given the reduction in resources at a time where we are experiencing an increasing demand for our services.

We are keen to make the best of the opportunities shown within the SWOT analysis over the next 12 months, but we also recognise a number of risks which may impact on us achieving our objectives next year. These key risks are set out in a Risk Register as shown at **Appendix E**, which will be regularly reviewed as the year progresses.

Our Aims & Target Outcomes

The main challenges and risks have helped to shape a new Internal Audit Service Plan for 2015-16. This identifies key objectives for the various teams within the Section, the key tasks and the expected outcomes from targeting the objectives as set out. It also provides insight into the performance measures used to monitor actions and key skills required to target the objectives. This is shown at **Appendix F**. Focus has been on these being SMART and deliverable to demonstrate a high standard of service delivery. Common objectives relevant to all teams have been separated out as all will be expected to strive to deliver these.

The core objectives of delivering services to a high professional standard remain key year on year but every effort has been made to introduce new objectives and tasks to enhance the service we provide, many themed around actions arising from the Service Review last autumn.

Many of the performance measures are reported to the Corporate Director Resources & Section 151 Officer and Audit Committee on a regular basis and others feature in the Annual Audit report. Audit is proactive in benchmarking with other Councils across Wales and many of the performance measures are featured in reports on performance. We intend to re-join the CIPFA Benchmarking Group to extend the comparative data we have available to us.

The Section's Service Plan links, where possible, with the Corporate Plan, which then enables a "golden thread" for individuals to set personal objectives as part of the Performance Development framework.

The Internal Audit Planning Process

Audit Approach

A risk-based approach is used for audit planning which focuses our resources on providing assurance in the areas of highest risk, while ensuring that we complete the required levels of assurance work for the Council's S151 Officer and Corporate Governance Framework.

We are in a privileged position in that we play an active role in developing the Corporate Risk Register and engage on a regular basis with service areas (the Service Area Risk Champions network) regarding their operational risks, which provides us with valuable information of key risks at any point

in time. We are also instrumental in the work that prepares the Annual Governance Statement so are aware of any significant matters arising from this and work closely with Directors in preparatory work for this.

Our annual assessment process is based on our Audit Planning database, which captures the audit universe built up over years, which in effect provides a record of all potential audits. This is maintained throughout the year with information of audits undertaken and is used to identify and provide a timeline of when audits were last undertaken.

Each year the database is reviewed for any changes made to the risk assessment for individual audits, based on current knowledge, taking account of the following factors:

- Business Risk** – risks from the external and internal environment, assessed by considering their likelihood of occurring and the impact that an occurrence would have. Achieved through knowledge and experience.
- Financial Exposure** – the total value of financial transactions, both expenditure and income, based on Audit management knowledge and experience.
- Level of Internal Control** – an assessment of the financial control environment based on auditors cumulative knowledge and experience of previous audit findings, new systems implementation, staff changes, recent frauds etc.
- Time Since Last Audit** – an acknowledgement that risk increases, where we have not reviewed services for some time.

Using these factors the audit universe is examined and a proposed list of Fundamental, High, Medium or Low risk is produced. The Plan is analysed over 3 Tiers.

Tier 1 - incorporating the fundamental financial systems and high risk governance audits. The aim will be to deliver these 100% over the 12 month cycle of the Plan.

Tier 2 - incorporating some high and medium risks including those relating to Directorates and some value for money studies. Every effort will be made to target these but much will depend on changing risk profiles etc as the year proceeds.

Tier 3 - incorporating advice and guidance and other management tasks. Again, every effort will be made to deliver on these tasks but they are most likely to “slip” if other pressures arise during the year of the Plan.

Fundamental financial systems require an annual assessment, in terms of assurance to the Corporate Director Resources & Section 151 Officer, and these are included within a “Corporate” element of the Audit Plan. The Wales Audit Office also look to rely on the work undertaken by Internal Audit in these areas. Where such fundamental systems rarely change, a full systems audit may not be considered necessary every year, but follow up work and sample testing may be considered appropriate.

The cycle for auditing will vary between Fundamental audits at 1 year, High risk audits 1 to 3 years and Medium / Low risk audit is around 5 to 6 years. In reality, resources are such that very few Low risk audits would be included in the Annual Plan, although throughout the year circumstances will be monitored and where appropriate the Plan will be flexible to allow priorities to change.

To inform the risk assessment, an exercise has been undertaken to analyse all the reports considered by Cabinet and all Scrutiny Committees for the past 12 months. This exercise provides useful information on where others have sought assurances in key areas of Council business.

An exercise has also been completed to compare the Cabinet and Scrutiny reports for the past 12 months with the Corporate Risk Register to assess the extent to which such reports provide assurance around the mitigation of these risks. This has helped to shape audit priorities in the Audit Plan for 2015-16.

The aim is to extend this work on assurance mapping over the coming 6 months and to consider any impacts when the Audit plan is reviewed in October for the second half year.

Much work has been done and is continuing on the use of Control Risk Self Assessment to not only increase the ownership and understanding of risks and controls amongst clients, but also to enable sharper focus to be placed for auditing, making best use of the resources available.

Once potential coverage for the year ahead is set out, this is shared with Directors giving them an opportunity to contribute to potential audit coverage for the coming 12 months. This will normally be through Relationship Manager meetings. This engagement with Directorate Managers helps to confirm that the risk assessment scoring assigned as part of the Audit risk assessment process is robust, as Managers have the opportunity to challenge these and experience shows that they rarely change.

There is flexibility built into the Annual Audit Plan to enable senior managers’ views to be taken into account, but care is taken not to compromise basic assurance work. Senior management in Finance are also consulted and the Corporate Director Resources & Section 151 Officer plays a key role with overall responsibility for financial stewardship in terms of input to the overall Audit Strategy and planned coverage.

Audit Plan 2015-16

The risk assessment and discussions with senior management then shape the Annual Audit Plan. This becomes the yardstick for performance management and deciding priorities as the year proceeds.

The following is a summary of audit days for 2015-16 with figures for previous years shown for comparison purposes. The figure for allotable days has been adjusted to take account of the 2014/15 workforce agreement.

Summary of Days Planned for 2015/16

		FTE	Total Days	Available Days	Allotable Days
Audit	2012/13	14.2	3,530	2,688	2,285
	2013/14	13.1	3,420	2,710	2,360
	2014/15	11.0	2,783	2,143	1,920
	2015/16	11.0	2,918	2,315	2,050
Investigations	2012/13	9.0	2,370	1,850	1,530
	2013/14	9.0	2,360	1,885	1,550
	2014/15	8.0	2,043	1,641	1,360
	2015/16	2.3	650	510	430
Risk & Governance	2012/13	1.3	310	249	245
	2013/14	1.2	300	220	220
	2014/15	1.0	253	203	185
	2015/16	1.0	265	211	190
Assurance	2014/15	1.8	526	428	380
	2015/16	2.0	540	430	390

Notes

1. It has been assumed that 2 temporary appointments will continue for the full year.
2. Figures reflect return to 37 hour week for 2015-16.
3. The reduction in Investigations days is due to staff moving to DWP under the Single Fraud Service initiative and a Senior Investigator post being deleted as a saving for 2015-16.

An outline of planned audit coverage is set out at **Appendix G**. This shows planned days analysed over fundamental audits, corporate governance and other assurance audits, those audits undertaken in relation to directorate, external clients / grant audits and some managerial tasks. A detailed analysis of days for each directorate in assignment detail is maintained by the Audit Team and provided to Senior Managers as appropriate. This is reviewed quarterly at Relationship Manager meetings, where priorities for coming months are discussed.

Monitoring of Plan & Performance

Over the course of the year, priorities are continually reviewed and tasks assigned accordingly. This takes account of the changing risk profile of the authority and Auditors' knowledge of the organisation and its own changing priorities. Introducing the Relationship Manager concept has allowed greater engagement with key stakeholders to capture changing risks and priorities to ensure the Section continues to add value in a professional manner. Over the past 4/5 years the Council has been on a journey of business change and undergoing some significant remodelling of service delivery, which requires careful monitoring, so that internal audit resources can be targeted to best effect. There are also ongoing restructures with ownership of functions moving around the business which needs ongoing monitoring.

Monthly meetings are held with the Corporate Director of Resources & Section 151 Officer, where there is an opportunity to discuss any matters relating to planned coverage or matters arising from audits undertaken and every quarter a progress report is prepared and provided to her. This highlights any significant variances in the Plan and provides an update on other key performance data. This is discussed and a copy is provided to Audit Committee.

Derek J King CPFA
Audit & Risk Manager
Tel: 029 2087 2248
Derek.King@cardiff.gov.uk

City of Cardiff Council

INTERNAL AUDIT CHARTER



MISSION STATEMENT

Our aim is to provide a high quality service to existing and potential clients and to attain wide recognition as a lead provider of audit, risk and investigative services, based on achieving a high standard of professionalism and expertise in service delivery

A professional, independent and objective Internal Audit service is one of the key elements of good governance in Local Government. Cardiff Council's Internal Audit Section is compliant with the Public Sector Internal Audit Standards which forms a foundation for an effective Internal Audit service. Through compliance with these standards all members of the section adhere to the Code of Ethics stipulated within the Standards.

DEFINITION, OBJECTIVE AND SCOPE OF INTERNAL AUDIT

Internal auditing is 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.

Our audit universe covers the entire control environment throughout the Council.

The work of the Audit team is based around complying with the Public Sector Internal Audit Standards and many of the key principles are extended to the work on Risk, Governance, Assurance and Fraud work

For the purpose of the Public Sector Internal Audit Standard, the Audit Committee acts as the "Board" and the Corporate Director of Resources & Section 151 Officer is the Senior Manager overseeing the Internal Audit Function. The Audit Manager is the Chief Audit Executive.

We are committed to a proactive approach to risk management to ensure the management of risk becomes embedded within the Council. By being more risk aware, the Council will be better placed to manage threats and take advantage of opportunities. This will lead to a more effective use of resources and direct improvements to the services we provide as well as improve corporate governance and performance.

We provide a framework for programme and project management, an independent assurance function and consultancy service, to ensure sound governance arrangements in areas where new projects and business changes are being explored and developed.

We undertake work to prevent and detect fraud and provide a professional investigative service into all aspects of suspected fraud, corruption and malpractice.

INDEPENDENCE

We are independent of the activities we audit and maintain an objective approach to our areas of responsibility. The section is not responsible for any operational responsibilities. Independence renders impartial and unbiased judgements which are essential to the proper conduct of an audit. All members of the section are required annually to complete an Internal Audit Staff Declaration Form which confirms their compliance to the standards, including the Code of Ethics, demonstrating the importance of integrity, objectivity, confidentiality and competency of individuals.

The time spent on non audit duties has been minimised over time, to make best use of scarce audit resources.

REPORTING LINES

The Audit Manager reports direct to the Corporate Director of Resources, who is the Section 151 Officer and has direct access and freedom to report to all senior management, including the Chief Executive and Members as he/she considers appropriate.

The Audit Manager also reports quarterly to an Audit Committee, consisting of Councillors and independent members, who receive relevant reports to consider internal audit matters. The Audit Manager also has the opportunity to meet with the Chair of the Audit Committee as deemed necessary.

The Corporate Director of Resources & Section 151 Officer sets the budget for Internal Audit in consultation with the Audit Manager(s).

RELATIONSHIPS WITH OUR CLIENTS

All Auditors and Investigators are suitably qualified and collectively offer a wide range of skills, experience and knowledge.

We aim to adopt a participative approach to audit and to maintain a good working relationship with all our clients

Each Director has a designated Senior Auditor who acts as a Relationship Manager and they meet every quarter to discuss risks, objectives, directorate specific issues, audits undertaken and completed and outstanding audit actions. Service Level Agreements are in place and a Protocol is agreed with each Director to ensure appropriate reporting arrangements are in place.

Financial Procedure Rules and Audit protocols set out our rights in terms of access to records etc and what we expect from our clients in assisting the role we fulfil.

The Anti Fraud, Anti Corruption & Bribery Policy sets out the relationship between Internal Audit and directorates, outlining respective roles in relation to the investigation of suspected fraud and financial impropriety, key to this being the requirement for Senior Management to immediately notify the Audit Manager as soon as any suspicion of this nature, comes to light.

We act as a technical support for the Audit Committee, whose Terms of Reference is available on the Council's website and we contribute to their work programme and setting of Agendas for their meetings. The Audit Manager attends all Audit Committee meetings and has the opportunity to meet separately with the Chair, as required.

INTERNAL AUDIT SERVICES

As part of the roles below, we take a lead in reviewing key governance documents determining financial control, examples include; Financial Procedure Rules, Contract Standing Orders and Procurement Rules, and associated guidance documents; we lead on the Anti Fraud, Anti Corruption and Bribery policy, the Risk Management Policy, Strategy & Methodology and the Project Quality Assurance Handbook. We also play a major role in the review of many other governance and Human Resources policies and procedures, to ensure a robust consideration of risks and financial controls.

The scope of the section includes the following:

Systems Based Audit	Assessing risk and appraising the adequacy and effectiveness of internal control within a system. Forming an opinion and reporting on areas where improvements can be made to strengthen control.
Financial Audit	Testing systems to ensure accuracy and reliability of financial records to provide management assurance.
Value for Money (VFM) / Efficiency Reviews	Improving the efficiency and cost effectiveness of a system, with a view to achieving savings. This is often undertaken alongside a systems or financial audit.
Fraud Investigations	Assisting management in the prevention and detection of fraud and confidential investigations into all aspects of suspected fraud, corruption and malpractice.
Financial Advice	Giving financial advice on a confidential basis, as and when required.
System Development	Acting as a critical friend where any new and innovative ways of working or systems are being developed – ensuring a robust consideration of risks, the internal control environment and VFM.
Risk Management	Championing Risk Management at a corporate level and providing advice on the Risk Management Policy, Strategy and Methodology.
Governance	Engaging with senior management and leading on the preparation of key governance documents e.g. Annual Governance Statement
Programme & Project Assurance	Reduce risk in delivering major change through managing the programme & project governance framework; provision of independent assurance; identifying improvement actions and skills development.

QUALITY AND STANDARDS

We are committed to providing a professional, effective, efficient and quality service to both internal and external clients. The following control standards have been implemented:

- Adherence to relevant Codes of Practice and Standards.
- Compliance with Professional Accountancy Bodies and the Council's Codes of Conduct.
- A range of Business Objectives, Targets and Performance Indicators/Benchmarking.
- Annual Report and quarterly reporting to the Section 151 Officer and to Audit Committee.
- External Scrutiny e.g. the Wales Audit Office.
- Continuous Staff Development and Learning & Development Training Programme.
- Quality Assurance Questionnaires and feedback through relationship manager arrangements.

CUSTOMER CARE STATEMENT

Encompassing the authority's customer care policy, we aim to respond to all our customers' enquiries quickly and effectively by our guarantee to:

- Involve clients in all stages of the audit process and more recently introduce a Relationship Manager for each Directorate.
- Initial response within 24hrs to enquiries on suspected fraud / financial malpractice.
- Provide an initial response to letters from the public within 7 working days and a full response within 14 days.
- Despatch written reports within time set out in the Terms of Reference.
- Regularly review the level and range of services we provide to ensure they support the objectives of the Council and continue to "add value".
- Staff the office between: 8.30am to 5.00pm Monday –Thursday 8.30am to 4.30pm Friday, with answer phone service and [web page](#) for fraud referrals outside normal office hours.

If you wish to comment on any aspect of our service, please contact the Audit Manager via one of the following options:

Email: Derek.King@cardiff.gov.uk, R.D.Jones@cardiff.gov.uk or internalaudit@cardiff.gov.uk

Telephone: (029) 2087 2248 / 2210

Address: City of Cardiff Council, Internal Audit, Room 357, County Hall,
Atlantic Wharf, Cardiff, CF10 4UW

Website: [Audit Internet Site](#)

City of Cardiff Council INTERNAL AUDIT PROTOCOL



INTRODUCTION

1. This document outlines the typical procedures involved when an audit is undertaken and the protocols to be followed. The approach adopted is participative, allowing “auditees” the opportunity to have input at different stages of the audit process. The procedures adopted are in line with the UK Public Sector Internal Audit Standards, which applies to all professional auditing bodies within the public sector.
2. The scope of this Protocol primarily covers the work undertaken by members of the Audit Team, however, a separate procedure note exists for schools, due to different reporting arrangements involving Chairs of Governing Bodies. Also included in this document is a section relating to reporting arrangements for investigations, as there are links where enquiries lead to a review of financial controls. The final Section of this document relates to other means of engaging with clients that we have outside the formal reporting protocol.

AUDIT PROCEDURE

3. At the beginning of the financial year, the Audit Strategy is prepared, which includes an Annual Audit Plan which sets out the proposed audit coverage for the coming year. This Plan is based on a risk assessment across the Council and forms the basis for audits assigned over the next 12 months. The Strategy is approved by the Council’s Section 151 Officer and presented to Audit Committee. Before the Strategy is approved, proposed coverage for directorates is shared with each Director, detailing the areas proposed for review during the year, enabling them to shape audit coverage, based on their own knowledge of their risks and any significant issues within their directorate.
4. The Plan has a degree of flexibility to allow unplanned audits to be considered, in line with competing priorities for audit resource. This allows service area management the opportunity to raise any concerns they may have around risk management or internal control with the Audit Manager during the year.
5. Prior to the commencement of each audit, a research and scoping exercise will be undertaken, often involving a meeting with the auditee, identifying service objectives and risks to achievement of those objectives. From this, a Terms of Reference (TOR) is prepared, detailing the subject area under review, the areas to be covered, the objectives of the audit, the approach to be adopted and the records that will be required. This will be sent to the relevant Line Manager and Operational Manager and, where appropriate, copied to the relevant Director, allowing them the opportunity to further comment on this prior to the commencement of the audit.
6. The TOR will, as far as possible, identify the records required for audit, which should help auditees to prepare for the audit and save time and disruption during the visit.

Duration of the Audit

7. Management should try to make available space and a work station for the auditor for the duration of the visit and ensure they have appropriate access to the records or people they may wish to see.
8. The Auditor will try to minimise disruption during the time of the audit. With greater access to systems back at the office, some pre and post audit work can be undertaken off site.
9. Should any major concerns arise during the course of the audit, they will be raised with management at the earliest opportunity. The Auditor will discuss initial findings with management at appropriate stages during the audit and where convenient an exit meeting will be held at the end of the visit to discuss the main matters arising with the Manager.

Reporting Arrangements - Draft Reports

10. Once the fieldwork has been completed and the audit has been reviewed, a decision will be taken as to the appropriate reporting format.

High and Satisfactory Assurance Opinion

For audits where the overall opinion is that assurances can be provided and there are few recommended improvement actions, it will normally be decided not to issue a formal report. There may still be recommendations to enhance control which will be recorded in an Action Plan.

Limited and No Assurance Opinion

For any report where the audit opinion is that only Limited or No assurance can be provided, a draft audit report will be produced and sent to the Line Manager, with the relevant Operational Manager copied in.

11. A meeting will be arranged to discuss the audit findings and the Draft Report or Action Plan, where a report is deemed to be not required. Wherever possible, this meeting will be arranged within one or two weeks of the completion of fieldwork.
12. The aim of this meeting is to share audit findings with the relevant Manager allowing them an opportunity to discuss these directly with the Auditor involved and to formally agree a course of action for the opportunities for improvement identified. Management's views may then be reflected in the final report and the Action Plan issued to senior management.

Reporting Arrangements - Final Reports

13. Following the meeting to discuss the audit findings, the report or Action Plan will be finalised and e-mailed to the Director, with the Operational Manager and the Line Manager copied in. Where there is no report but an Action Plan is attached then an overview of the audit and an opinion will be included in the email.
14. On occasions a Line Manager or Operational Manager may not agree to implement an audit recommendation and where this is the case, the email will seek a view from the Director. He or she will be expected to consider this in context with the risk and form a view. The Director should respond to the Audit Manager within 2 weeks and where the Audit Manager considers necessary he/she may decide to refer the matter to the Section 151 Officer.
15. The Director will have an opportunity to respond to the report within two weeks and if no response is received within two weeks, then it will be assumed the Director has approved the report and agreed to implement the Action Plan.

16. The recommendations and agreed management actions of all final reports are entered on to the CIS database and the appropriate officers (e.g. Quality Coordinators) notified.

Follow up action

17. Service management are expected to monitor the audit reports recorded on the CIS database as part of their normal Business Improvement agenda. Directors should seek assurance that all audit recommendations that were agreed have been appropriately actioned, before the record is closed. Very few recommendations would not have been agreed at the final report stages, so there is an expectation that all will be implemented. It may be the case that situations change and the action is no longer valid, in which case the Director should be able to justify this and be prepared to explain why some actions are abandoned.
18. The CIS database will be reviewed every 3 months and reminders sent as appropriate to Quality Co-ordinators and failure to action audit recommendations in a timely manner will be referred to the Director. Reports on delays in implementing recommendations will be reported to the Section 151 Officer and Audit Committee on a regular basis. Directors may be held to account for this and required to attend Audit Committee.
19. Where the issues raised are considered to be high risk, or the audit given a Limited or No assurance opinion, Audit may undertake a further visit and follow-up testing after 6 months, to ensure that recommendations to improve control have been implemented.
20. When a subsequent audit is then undertaken, previous audit recommendations are reviewed and comment made on the extent to which they have been actioned. This is likely to impact on the level of assurance provided and attract attention if actions are seen to be agreed and then not implemented.

INVESTIGATIONS

21. Where an investigation is carried out, either led by an appointed Officer from a service area or an Investigator from within Audit, the Lead Officer should produce a report in accordance with the Discipline Policy and Procedure, setting out findings and recommendations.
22. It is important that where any investigation is undertaken any system control weaknesses are identified and acted upon to reduce the risk of any similar problems arising in the future. To ensure this is the case an Investigator either leading or assisting an investigation will ensure that an Action Plan is set out identifying any "control" issues. This will be issued alongside, or as part of, the Investigator's report.
23. Any Action Plans arising from an Investigation will be followed up after 6 months through contact with the appropriate Manager.
24. Group Auditors will be copied in with any investigation report, to be aware of the findings, and to take account of the proposed control improvements in allocating audit assignments.

QUALITY OF SERVICE

25. All audits undertaken are subject to a senior officer review to ensure professional standards are maintained and all auditors work to a performance management framework which is based around a set of milestones and targets.
26. In order to allow clients the opportunity to comment on the audit service provided, an Audit Effectiveness Questionnaire will be completed via a phone call with the appropriate Manager. This will enable Audit Management to monitor audit performance in order to ensure that clients continue to receive a service of the highest quality and one that is suited to their needs. In the

event of any unsatisfactory performance recorded, Audit Management will contact the appropriate Manager to discuss this.

AUDIT COMMITTEE

27. Members of the Audit Committee receive a list every 3 months of audits undertaken and show a keen interest in how audit findings are progressed. They closely monitor all audits where there is a Limited or No Assurance audit opinion and associated follow up work in respect of such audits. For these they receive an Executive Summary. They also expect timely response to audit matters and have laid down criteria where a Director may be asked to attend a meeting to explain their position. This includes continuing Limited / No assurance opinions, undue delays in responding to audit reports or requests for information and failure to act on audit recommendations in timely fashion.

OTHER ENGAGEMENT

28. The Audit and Investigation teams have vast experience of financial matters across the Council and are always available to provide advice and guidance to directorates. We are involved with drawing up the Financial, Contracting Procedure Rules of the Council and other key governance documents thus know what is expected of officers by way of compliance.

29. In our role we are well placed to identify and share good practice as well as identify common issues where weaknesses in control can exist. We, therefore, welcome requests for advice and guidance at any time and will always strive to provide a timely response.

30. We welcome the opportunity to be involved where there are any proposed business changes and systems developments being considered, so we can engage at an appropriate time to ensure risks and internal controls are considered and 'built' into new systems/developments as they evolve. This 'critical friend' role has played a major part in recent years and will continue to do so for the foreseeable future.

There is a Relationship Manager assigned to each directorate and quarterly meetings are held to discuss audits completed, ongoing and those planned, along with any matters arising. This provides an opportunity for Directors to provide any observations or raise any concerns they may have regards the audit process but the Audit Manager is always available should any wish to meet with him direct.

Audit Manager

Derek.King@cardiff.gov.uk

INTERNAL AUDIT - SWOT ANALYSIS 2015-16

Strengths	Weaknesses
<p>STAFF</p> <ul style="list-style-type: none"> - experienced, professional, qualified staff - specialist staff e.g. Risk, Computer audit, Investigation - staff willing to embrace innovative solutions - staff motivation and engagement - consultancy service - PPD reviews as a tool for development - proactive work e.g. newsletters, fraud training, data matching <p>STAKEHOLDERS</p> <ul style="list-style-type: none"> - valued service in support of Audit Committee and S151 Officer - high level of recommendations agreed/implemented - good reputation/valued service with excellent client feedback via Relationship Manager arrangement <p>PROCESSES/TECHNOLOGY</p> <ul style="list-style-type: none"> - professional standards – PSIA Standards - application of lean auditing techniques - business / directorate knowledge - proactive approach to fraud prevention, detection and investigation - robust tried and tested processes - audit planning & monitoring system using bespoke database - effective performance monitoring, reporting and quality assurance <p>OTHER</p> <ul style="list-style-type: none"> - mandatory service - independence / objectivity - ethical standards 	<p>STAFF</p> <ul style="list-style-type: none"> - Lower grade staff and experienced staff leaving - vacant Computer Auditor post - pressure on resources due to increasing expectations - pressure on management time - risk of low morale due to cultural shift and new ways of working - staff on long term sick leave - some lack of knowledge in specialist and developing areas such as new delivery models <p>PROCESSES/TECHNOLOGY</p> <ul style="list-style-type: none"> - continual pressure on audit plans and resultant slippage - prioritising planned with reactive work - intense reporting requirements e.g. Audit Committee - increased downtime due to intermittent IT failure - not all procedures are documented

Opportunities	Threats
<p>STAFF</p> <ul style="list-style-type: none"> - non chargeable time is high compared to other organisations - training opportunities e.g. academy, in office training <p>PROCESSES/TECHNOLOGY</p> <ul style="list-style-type: none"> - 'lean auditing' techniques resulting in greater productivity and job satisfaction - increased use of CRSA - Educating/training directorates in order to reduce service demand e.g. OM involvement in ILM training - Assurance mapping - conduct 'lessons learned' at the end of cyclical exercises to feed into the audit plan - income generation by offering audit service/advice outside the authority – need to research and develop model - opportunity to expand data-matching - Wider research into professional best practice - technological advancements e.g. SharePoint <p>ENVIRONMENT</p> <ul style="list-style-type: none"> - media – increasing publicity of fraud work 	<p>STAFF</p> <ul style="list-style-type: none"> - Staff turnover in specialised areas and the resulting loss of expertise - Low morale amongst low grade staff - Further reductions in budget - Lack of time available for training / work instruction - Low morale due to a changing and uncertain environment. <p>STAKEHOLDERS</p> <ul style="list-style-type: none"> - Changes in stakeholders - new relationships will need to be established - Stakeholders too busy to follow protocols - Possible down turn in client satisfaction. <p>PROCESSES/TECHNOLOGY</p> <ul style="list-style-type: none"> - staff reductions (e.g. VS) in directorates resulting in loss of expertise, including knowledge of systems and processes - directorates not acting on recommendations - IT failure – business continuity - the introduction of 'SharePoint' may restrict agile working <p>ENVIRONMENT</p> <ul style="list-style-type: none"> - change in working models making recent audits obsolete and delays awaiting changes being embedded - pressure on control environment within directorates as a result of reducing resources . - slippage against audit plan - impact on audit coverage

INTERNAL AUDIT - CHALLENGES 2015-16

Internal Audit

- To deliver a high level, professional audit service, with a reduction in resources at a time when demand for our service is increasing. In doing so, to remain compliant with the Public Sector Internal Audit Standards at all times.
- To prepare an Audit Plan, maximising available resources, targeting high risk audits and effectively monitoring priorities against the Plan which will provide assurances to the Section 151 Officer and Audit Committee. Key to this challenge is achieving this with a reduction in resources at a time where the authority is undergoing a major change and efficiency drive.
- To develop the recently introduced 'Relationship Manager' role, working closely with Directors to maintain our awareness of changes in the Authority's risk profile, and to sustain audit knowledge to ensure effective controls are maintained, at a time of strategic and operational change in directorates.
- To continue our "Critical Friend role" through proactive input to the development of new systems to ensure adequate consideration of risks and internal controls. In fulfilling this role, we need to protect the objectiveness and independence of the internal audit service.
- To support compliance to the internal control frameworks throughout the Council, at a time of strategic and operational change, to protect the basic control principles, through high quality advice and guidance to clients, including an update of key financial governance documents.
- To deliver an effective audit service through continual review of 'lean' working practices, with best use of new technology. This is to include greater use of 'Control Risk Self Assessments' to maximise use of audit resources and encourage greater ownership of risks and the control environment.
- To develop an approach to assurance mapping to better understand the contribution other bodies are able to contribute, providing assurance in relation to governance, risk management and internal control, with the aim of reducing duplication and enabling audit resources to be more effectively deployed.
- To provide training and education to directorates via involvement in the Institute of Leadership & Management training courses, in order to encourage directorates to proactively develop, implement and review controls and risks

Investigations

- To deliver a professional investigation service, with a reduction in resources at a time when demand for our expertise is increasing. In doing so, to remain compliant with appropriate Codes of Practice and professional standards.
- To target an increasing trend in internal fraud referrals by continuing to raise awareness around fraud prevention and detection and to undertake effective investigation to tackle all aspects of fraud.
- To provide training, mentoring and education to directorates, trade unions and employees in order to reduce the likelihood of fraud being committed, to promote the work of Internal Audit and the Investigation team and to encourage referrals when there is a suspicion of Fraud, Bribery, Corruption or financial irregularity.

- To contribute to the review of policies and procedures in order to ensure the consistent approach to investigations and sanctions.
- To deliver an effective investigation service through continual review of lean working practices, with best use made of new technology.

Risk & Governance

- To work with and support management to maintain sound arrangements for managing risks both at a strategic and operational level. This is to be achieved through championing risk management at a corporate level ensuring development of risk registers and helping to embed risks into project management and decision-making.
- To identify the collaboration activities currently underway in the Council and to ensure that the associated risks to the Council have been captured.
- To ensure the Annual Governance Statement is completed within the required timescales to engage with Audit Committee; which gives a true reflection of the Council's governance arrangements for the financial period 2014/15. Fundamental to the completion of the statement will be the collation of the Senior Management Assurance Statements at a time when senior management arrangements are being reviewed.
- To undertake a series of workshops, initially with Senior Management Team, in order to determine the Council's 'risk appetite', with the aim of developing a 'Risk appetite' policy.

Project Assurance

- With the pace and complexity of change and move towards new business models, we will need to continue to develop and maintain appropriate Corporate Governance Standards for programme & project management.
- Along with the change and new ways of working, there will be a need to mitigate organisational risk to successful project delivery by providing independent assurance to senior managers.
- With increasing new roles developing within different business models, there will be a need to ensure staff are adequately trained in the basics of the PQA process, in order to ensure best practice is maintained within programme and project delivery.

All Teams

- To retain staff and keep motivation high, through promoting talent management and staff development as key elements of the success of the business and by continued support of the Council's personal development scheme for all staff. To support opportunities for staff to train and develop so that they remain competent, efficient and effective in undertaking the tasks expected of them.
- With the pace and degree of change and the fundamental role finance plays in all aspects of Council business the team will need to continue to support the Chief Corporate Services & Section 151 Officer and Audit Committee with their roles in terms of audit, investigation, risk and governance matters.

INTERNAL AUDIT

Summary of Main Risks – 2015/16

Risk	Inherent Risk	Mitigation	Residual Risk
All Teams			
High non-productive time e.g. sickness absence.	Red / Amber	Compliance with Policies e.g. Attendance & Wellbeing Policy.	Red / Amber
Audit Team			
<p>Unable to provide a professional, effective and efficient Internal Audit service due to:</p> <ul style="list-style-type: none"> - Lack of adequate resources (staff and funding) - Loss of experienced staff due to financial pressures and limited opportunities within the Council - Lack of appropriate skills, training and qualifications - A failure to identify changing risk profiles and target resources effectively. - Lack of commitment, drive and willingness to change and develop working practices. - Lack of effective planning, monitoring and reporting 	Red	<p>Section 151 tries to protect audit resources.</p> <p>Recruitment to vacant posts.</p> <p>Staff development encouraged within the Section through the Personal Development Scheme and training.</p> <p>Knowledge of corporate risk assessments and work with directorates.</p> <p>Engagement and information sharing within the section.</p> <p>Team meetings.</p> <p>Continual review of working processes.</p> <p>Regular meetings of Audit Management Team to reassess priorities.</p>	Red / Amber
Failure to comply with the Public Sector Internal Audit Standards.	Red	<p>Internal Audit Self Assessment will identify any gaps against the new standards.</p> <p>Experience and training.</p> <p>Robust audit review process.</p> <p>Continual review of processes.</p> <p>Introducing Lean auditing.</p> <p>Quality Assurance & Improvement Programme.</p>	Red / Amber
A failure to be in a position to provide an informed audit opinion.	Red / Amber	<p>Assignment prioritisation and targeting key audits.</p> <p>Involvement with strategic and key governance issues.</p>	Red / Amber
Increasing demands on the Internal Audit Team by the Audit Committee leads to slippage on planned work.	Red / Amber	<p>Audit Manager attends every Audit Committee meeting.</p> <p>Committee Services provide support to the Audit Committee.</p>	Red / Amber
Management fail to implement audit recommendations in a timely manner.	Red / Amber	<p>New procedure for meeting with clients to sign off Action Plans.</p> <p>Relationship Managers for each Directorate.</p> <p>Audit Committee and Chief Executive have enforced the message to implement recommendations in a timely manner.</p>	Amber / Green

Risk	Inherent Risk	Mitigation	Residual Risk
A reduction in quality of audit service as evidenced by negative client feedback.	Red	Compliance with relevant Codes and Standards. Robust review processes. Engagement with clients.	Amber / Green
Ineffective prioritisation of staff resources which leads to slippage on planned high risks audits.	Red	Plan v Actual reporting Experience and knowledge. Regular review of priorities.	Amber / Green
A failure to provide clients with “added value” audits and advice.	Red	Professional standards Review of audits Regular interface with clients Assurance questionnaires	Amber / Green
Poor engagement between the Internal Audit Team and Wales Audit Office.	Red / Amber	Regular Meetings set up between Internal Audit and Wales Audit Office. Both attend Audit Committee	Amber / Green
Investigation Team			
Increased referrals as a result of the review of the Disciplinary Policy and responsibility for investigating fraud.	Red	Work with Human Resources to help draft relevant changes, ensure responsibilities are clear and resources retained to conduct investigations	Red / Amber
Increased demands on the team as a result of requirement to provide training.	Red / Amber	Developing eLearning to reduce demand for courses.	Amber / Green
Increase in fraud due to reduction in senior / experienced officers	Red	Increased vigilance and awareness. Control review following investigation	Red / Amber
Inconsistent sanctions following disciplinary investigations sending out the wrong message	Red / Amber	Review of Disciplinary Policy, Introduction of a more robust anti fraud policy, training and greater awareness	Red / Amber
Increased reliance on the investigation team to improve consistency of sanction outcomes	Red / Amber	Ensure suitably skilled officers retained to carry out role	Red / Amber
Risk Team			
Risk owners fail to manage risks leading to less informed decision making.	Red	Ongoing work to input to all aspects of risk assessment.	Red / Amber
Failure to prepare an Annual Governance Statement that gives a true reflection of the Council’s governance arrangements in line with the Statement of Accounts deadline.	Red	Organised, tried and tested approach. Experience and knowledge. Seek assurance from a number of sources.	Amber / Green
Programme & Project Assurance (PPM)			
Ability to provide the required level of assurance during a period of rapid, large-scale change due to resource	Red	Organisational commitment to good programme and project governance. Introduce project self assessment.	Red / Amber

Risk	Inherent Risk	Mitigation	Residual Risk
constraints		Introducing standardised approach to assurance of key documents.	
If project delivery resources do not have the appropriate skills to manage large scale change, there is a risk of increased pressure on the PPM Assurance to provide reactive risk mitigation services	Red	Increase focus on skills development & training for project teams, rather than one-to-one mentoring. Improve project reporting to senior managers to drive compliant behaviour and increase delivery capability. Recruiting Programme Managers to lead delivery of change. Procuring externally accredited project management training to increase skill level across the Council. Training Project Executives to increase knowledge, skills and compliance in PPM / PQA.	Red / Amber

Most of the above are under the direct control of Audit management, who can look to ensure the risks are reduced by ensuring staff follow long established professional working practices and protocols, but others rely on the actions of others and, as such, limit the impact Auditors can play in mitigating the risk. These will be monitored over the 12 months and mitigation actioned where appropriate.

Internal Audit Service Plan – 2015/16

Action	Task	Measures	Benefits / Outcomes
<p>Audit – all teams</p> <p>Objective 1</p> <p>{Engagement }</p> <p>To engage with stakeholders to ensure that audit, investigations, risk / governance and project assurance services, remain effective in adding value.</p>	<p>a) Provide clients with sound advice and guidance on a range of financial matters via:</p> <ul style="list-style-type: none"> • Audit Relationship Manager (RM) arrangement for each Director; • Auditor participation (critical friend role) in working / steering groups; • Audits / Audit Investigations Project Assurance Services - policy and procedure advice and guidance; • The creation and circulation of audit briefing notes, bulletins and procedures to support financial control and probity. <p>b) To educate clients to reduce their need to seek advice and guidance</p>	<p>Advice and guidance tasks are measured by:</p> <ul style="list-style-type: none"> • Quarterly Relationship Manager meeting minutes where risk and governance matters are documented; • Auditor attendance and input to meetings & working groups, offering guidance & support; • Satisfaction analysis from fraud and PQA training; • Issuing and maintaining up-to-date briefing notes, bulletins, and procedure notes on key control matters. • Audit staff meetings with senior management on any significant matters arising. • Contribution to Cardiff Manager programme training. • Produce on line training modules to educate clients in key areas. • Satisfaction from a Director Quality Assurance Questionnaire. 	<p>To provide an effective, relevant and appropriate service, that meets the needs of the Section 151 Officer, senior management and the authority, as a whole.</p> <p>Keeping up to date with the Council’s key risks, challenges and opportunities in order to provide an audit service that is informed, fit for purpose and adds value, whilst providing assurance on key financial controls.</p> <p>Continue to enhance the profile of Internal Audit.</p> <p>Keeping aware of the change agenda and changing risk profile in Directorates and corporately, to ensure the audit approach is appropriate and recommendations are proportionate, relevant and timely.</p> <p>Support Directors in the development of their risk awareness and contribute to improvements in controls.</p> <p>Gaining knowledge of relevant legislation and best practice through shared skills</p> <p>Reduce demand on audit service through better education around managing risks and internal control.</p>

Action	Task	Measures	Benefits / Outcomes
<p>Audit – all teams</p> <p>Objective 2</p> <p>{Processes}</p> <p>To develop techniques to enhance processes and working practices to drive efficiency and effectiveness of service delivery.</p>	<p>a) Develop an approach to assurance mapping for governance, risk management and internal control.</p> <p>b) Continue to review processes (end to end) with lean thinking principles in mind to ensure continuous improvement whilst ensuring that professional standards are maintained and client needs met.</p> <p>c) Extend benchmarking via CIPFA UK wide Club and continue with WCAG benchmarking annual exercise</p> <p>d) Undertake research into best practice via contact with “core cities” and other organisations</p>	<ul style="list-style-type: none"> • To produce a assurance map to help shape audit priorities and avoid duplication; • Audit ‘Pit Stop’ review process mid assignment to ensure appropriate focus on key risks and lean principles are being followed; • Streamlined working with efficient use of time – monitored via PAA process and PPDR; • Extent of Audit Plan achieved. • Internal assessment of the IA function • Introduction of a Self Assessment for Directorate Risks. • Benchmarking outcomes and any 	<p>Greater understanding of other inspectorate or regulatory bodies’ contribution to assurance in respect of governance, managing risks and internal control.</p> <p>Improved efficiency and increase in the % of Audit Plan completed.</p> <p>Greater coverage of high-risk areas with scare audit resource.</p> <p>Assurance on the level of service delivered and / or highlights further scope for improvement.</p> <p>Leading on identifying best practice within</p>

Action	Task	Measures	Benefits / Outcomes
	e) Extend the use of Control Risk Self Assessment (CRSA) f) Implement SharePoint	research findings • Introduction of SharePoint	the profession. Greater understanding and assurance relating to management of Directorate risks.
Audit – all teams Objective 3 {People} In line with the Corporate Plan commitment to skills development to invest in learning and development of staff to enable them to be effective in the work they undertake and to provide opportunities for others	a) Set SMART objectives for all staff based on “golden thread”. b) Undertake PPDR’s in line with target dates. c) Identify and provide training opportunities to team members. d) Undertake a skills assessment exercise to identify any training needs	• PP&DR process will confirm objectives set, measured via the audit ‘pit stop’ and ‘post audit assessment’ processes. • PP&DR’s undertaken in corporate timescales; • PP&DR’s used to identify training needs and opportunities; • Attendance at appropriate training courses e.g. SW Audit Group Training programme; • Outcomes from skills assessment exercise.	Ability to ensure that best practice is adopted across the Section through effective training and feedback. Career development and increased opportunities for promotion for staff. Increased morale and sense of ownership and responsibility amongst staff. Retention of staff.
Audit – all teams Objective 4 {Technical support} To provide technical support and assurance to the Audit Committee	a) To provide technical support to the Audit Committee generally, and to individual meetings of the Committee. b) To prepare and present reports on Governance, Risk Management and Internal Control matters to the Audit Committee. c) The Audit Manager to attend every meeting of the Audit Committee and provide information as required, as set out under their Terms of Reference.	• Contribution to the effective running of the Audit Committee and delivering their responsibilities as set out in their Terms of Reference via shaping of Work programmes, monitoring actions, drafting annual report etc. • Reports on Governance, Risk Management and Internal Control in line with the Committee’s Terms of Reference. • Facilitating an annual self assessment exercise; • Attendance at committee; • Member Training; • Satisfaction rating from Committee	The Audit Committee better delivers its responsibilities as set out in their Terms of Reference A work programme is developed targeting key governance, risk and control issues and through regular reporting from officers’ gains the assurances it requires to meet its responsibilities. Reports they receive enable them to challenge and scrutinise the Council’s governance, risk management and internal control environment.

Action	Task	Measures	Benefits / Outcomes
		as part of IA assessment;	
<p>Audit Team - Objective 1</p> <p>To comply with professional Codes of Practice and Statute, including the Public Sector Internal Audit Standards.</p>	<p>a) Prepare an Audit Plan based on an assessment of risk, and effectively monitor progress against the Plan and assess priorities accordingly.</p> <p>b) Undertake risk based audits in line with professional standards.</p> <p>c) Deliver the Audit Plan in an efficient and effective way. (using assurance mapping to target key areas of risk)</p> <p>d) Prepare an Annual report with an "Opinion".</p>	<ul style="list-style-type: none"> • Prepare Plan by mid May; • Prepare quarterly schedule of audits for all members of the Audit team; • Engagement with Directors; • Delivery of the Annual Audit report by mid May; • Regular review of audit assignment priorities; • Progress reports within 6 weeks of the quarter end for Section 151 Officer and Audit Committee; • Satisfactory assessment by WAO on compliance with Public Sector Internal Audit Standards; 	<p>Support for Section 151 Officer and Senior Management with their role and responsibilities for managing risks and internal controls.</p> <p>An independent overview on assurance around risk management, and internal control.</p> <p>Helping to maintain a robust internal control environment, and effective management of financial risks.</p>
	<p>e) Provide advice and guidance to all service areas.</p> <p>f) Engage with developments of new systems and processes, fulfilling a "critical friend" role.</p> <p>g) Encourage effective working and value for money.</p> <p>h) Monitor effectively auditor's performance, seeking improvements in productive time.</p>	<ul style="list-style-type: none"> • Deliver 100% of Tier 1 Audits • Expand use of CRSA approach to cover 70% of fundamental audits and 80% of school audits; • Attendance and input to meetings; • Client engagement measures; • Reported findings. • Quality performance review evidenced through Post Audit Assessment process for each audit, which feeds directly into the PP&DR process, identification of training needs and process re-engineering where required. 	<p>Helping to minimise fraud and financial impropriety and to identify and investigate this as appropriate, with any fraudster held to account.</p> <p>Helping to ensure controls are improved where fraud or financial impropriety have occurred.</p> <p>Helping to ensure compliance with Council Improved compliance through audits and provision of advice and guidance.</p> <p>Helping to ensure developments take into account risks and control considerations.</p> <p>Helping to provide best value and seek value for money.</p> <p>Help to provide assurance around professional standards.</p>

Action	Task	Measures	Benefits / Outcomes
<p>Project Assurance Team - Objective 1</p> <p>To provide a programme & project management governance framework that enables senior managers to have clear, consistent and timely information, which supports effective decision making</p>	<p>a) Introduce formal Evaluation process for Project Brief, improving quality of outputs and supporting decision making</p> <p>b) Review programme and project management reports to ensure they provide senior managers with clear information</p> <p>c) Improve governance and compliance by implementing SharePoint across the OD Programmes</p>	<ul style="list-style-type: none"> • Evaluation Process approved and embedded within Programme Boards • New report format(s) approved by Senior Managers and implemented • SharePoint implemented • Shared drives closed down • Information archived 	<ul style="list-style-type: none"> • Improve quality of project scope, plan and delivery • Improve project management skills • Improve management information • Improved consistency and compliance – configuration management • Improved standardisation • Delivering key objective of OD plan • Improved information management • Improved compliance with legislation
<p>Project Assurance Team - Objective 2</p> <p>To mitigate organisational risk to successful project delivery by providing independent assurance to senior managers</p>	<p>a) Undertake health check reviews and audits of high risk programmes and projects</p> <p>b) Undertake an assurance review of risk across the OD Programme</p>	<ul style="list-style-type: none"> • Number of project health checks and audits undertaken • Number of accepted findings taken forward 	<p>Improved project delivery by improved governance, compliance and sharing lessons learned.</p> <p>Testing defined controls and providing assurance that these are appropriate to the level of risk.</p> <p>Improved project delivery and management information.</p>
<p>Project Assurance Team - Objective 3</p> <p>To increase the capability and capacity of internal staff to deliver projects</p>	<p>a) Facilitate Corporate PQA training courses as part of the Cardiff Academy</p> <p>b) Mentor & guide project teams as they</p>	<ul style="list-style-type: none"> • Number of Corporate PQA Courses • Percentage of PQA course attendees satisfied with training 	<p>Reduced risk of projects going over budget by growing internal skills & capability.</p>

Action	Task	Measures	Benefits / Outcomes
	<p>learn and adopt PQA</p> <p>d) Act as a critical friend throughout project delivery</p> <p>e) Procure and facilitate accredited project management training</p> <p>f) Facilitate training for Project Executives & SROs</p>	<ul style="list-style-type: none"> • Customer Satisfaction Feedback • No. of people trained (target 30) • Satisfaction with training 	<p>Reduced project delivery time.</p> <p>Consistent compliance with PQA.</p> <p>Reduced risks & issues.</p>
<p>Investigation Team - Objective 1</p> <p>To target all aspects of fraud & financial impropriety in support of a zero tolerance approach</p>	<p>a) Actively promote fraud prevention and detection, including delivery of a new Fraud, Bribery and Corruption Policy. Assist with the review of the Disciplinary Policy.</p> <p>b) Provide induction material and training to all those involved in investigating suspected fraud and financial impropriety cases.</p> <p>c) Review professional performance on each investigation undertaken.</p>	<ul style="list-style-type: none"> • Deliver updated Policy and communicate key messages • Deliver new induction pack and achieve fraud awareness training targets and satisfaction ratings • Undertake fraud surgeries and job shadowing as and when requested • OM questionnaires received and analysed in respect of the Investigations Service. 	<p>Reduced opportunity for fraud and financial impropriety.</p> <p>Support the principles around culture and general approach to how the Council deals with fraud as set out in the Fraud, Corruption and Bribery Policy.</p> <p>Consistent approach to dealing with cases of misconduct.</p> <p>Fraudsters are taken to task and deterrents put in place.</p>
<p>Investigation Team - Objective 2</p> <p>To maintain an efficient and effective investigation service</p>	<p>a) To receive and investigate fraud referrals through participating in intelligence gathering exercises aimed at preventing and detecting fraud and financial irregularity</p> <p>b) To lead on internal investigations as required and ensure professional</p>	<ul style="list-style-type: none"> • Progress reports within 6 weeks of the quarter end for Section 151 Officer and Audit Committee • Ensure legal compliance with data matching exercises 	<p>Support for Section 151 Officer and Senior Management with their role and responsibilities for the prevention, detection and investigation of suspected fraud and financial impropriety.</p> <p>Helping to minimise fraud and financial impropriety and to identify and investigate</p>

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	<p>standards are maintained.</p> <p>c) Assist service area appointed investigating officers to ensure that a thorough investigation is undertaken ensuring best use of resources. Provide and assurance to the S151 Officer and Audit Committee that a thorough investigation has been undertaken.</p> <p>d) Ensuring controls are reviewed following an investigation into suspected fraud or financial impropriety</p>	<ul style="list-style-type: none"> • Analysis of sanctions • Regularly review caseloads to ensure cases are progressed promptly and report progress on open cases • Control Action Plans following investigations 	<p>this as appropriate, with any fraudster held to account.</p> <p>Controls are reviewed and enhanced where any fraud or financial impropriety is found, to reduce the risk of a similar incident.</p>
<p>Risk & Govern Team - Objective 1</p> <p>To contribute to embedding risk management ensuring that processes are designed so that risk management is intrinsically built into everyday Council practices and procedures.</p>	<p>a) To monitor, challenge and co-ordinate progress of mitigation of the Corporate Risk Register.</p> <p>b) To undertake an exercise to define the Council Risk Appetite</p> <p>c) Review and engage with programmes and projects ensuring risks and controls are managed.</p> <p>d) Aid Directorates to improve awareness and develop their own risk registers</p> <p>e) Explore the collaboration agenda across the Authority and associated risks.</p>	<ul style="list-style-type: none"> • Delivery of updated Corporate Risk Register, -biannually reflecting the mid year and year end position. • Attend meetings to contribute to discussions, providing advice and guidance in relation to risks, controls and effective working e.g. Performance Information Working Group • Facilitate Risk Management Steering Group and Risk Champion meetings • Continue to keep the risk management intranet site up to date • Review Directorate Risk Registers and undertake risk management reviews within a sample of Directorates. 	<p>Ability to demonstrate that as an Authority we are effectively managing risk.</p> <p>Ensuring all corporate risks are being effectively considered and managed to protect the interests of the Council.</p> <p>Greater understanding and awareness of risks and the significance to our business.</p> <p>Help Directorates manage their risks to enable them to make informed decisions.</p> <p>Effective management of risks should make best of opportunities and encourage effective decision making.</p> <p>Ensuring the major risks facing the Authority in relation to working with partners and delivering new service delivery models are being effectively monitored and managed.</p>

Action	Task	Measures	Benefits / Outcomes
		<ul style="list-style-type: none"> Identify associated risks to partnership / collaboration agenda. 	
<p>Risk & Govern Team - Objective 2</p> <p>To contribute to the improved governance agenda.</p>	<p>a) Co-ordinate completion of the Annual Governance Statement</p> <p>b) Contribute to the review and compliance with key governance documents</p>	<ul style="list-style-type: none"> Delivery of the Annual Governance Statement in accordance with Audit Committee deadlines. A review of the effectiveness of the Annual Governance Framework New and updated rules and guidance Contributing to the Improved Governance Board. 	<p>Contributing to meet the statutory requirements to produce an Annual Governance Statement to accompany the Statement of Accounts.</p> <p>Helping ensure high levels of good governance arrangements are in place across the Authority and to demonstrate this publicly.</p> <p>Providing assurance around specific aspects of governance.</p>

Summary of Planned Audit Days 2015/16

Fundamental Audits - S151 Assurance (Tier 1)	Estimated Audit Days
Creditor Payments & Processing	45
Payroll	60
Council Tax	10
NNDR	10
Local Housing Allowances	15
Treasury Management	10
Main Accounting	10
Debtors	15
Asset Management	10
Housing Rents	15
Total	200
Corporate Governance Assurance – Audit (Tier 1)	Estimated Audit Days
Audit of risk management arrangements	40
Audit of corporate risks	
Audit of governance arrangements	
Audit of claims / expenses / hospitality	
Total	40
Other Assurance (Tier 2)	Estimated Audit Days
Contracts audit	130
Computer Audit	100
Value for Money	50
Systems Development	50
Insurance	0
Pensions	10
Procurement	30
Mileage & subsistence	10
Stores	10
Business Continuity	10
Total	400
Service specific audits (Tier 2)	Estimated Audit Days
City Operations	150
Communities, Housing & Customer Services	120
Economic Development	60

Service specific audits (Tier 2)	Estimated Audit Days
Education and Lifelong Learning	285
Resources	50
Social Services	250
Total	915
External (Tier2)	Estimated Audit Days
External clients	10
Grants	80
Total	90
Management (Tier 3)	Estimated Audit Days
Corporate work - committees, WAO etc.	50
Assurance mapping	20
CRSA development	25
Driving improvement	30
Financial Procedure Rules	100
Consultancy - advice and guidance	
Total	225
Contingency	180
TOTAL AUDIT DAYS	2,050
Assurance	
Audit, assurance and health checks	150
Consultancy - advice and guidance	140
Corporate Governance	100
TOTAL ASSURANCE DAYS	390
Investigations	Estimated Days
Pro-active work	100
Internal investigations – leading and support	180
Other fraud work	150
TOTAL INVESTIGATION DAYS	430
Risk & Governance	Estimated Days
Corporate Governance	75
Corporate Risk Management	115
TOTAL RISK & GOVERNANCE	190