



Nottinghamshire County Council

Delivery model

Understanding
the Council's
assurance
needs

Deploying
Internal Audit
resources

Maintaining
quality and
VFM

Reviewing &
reporting
progress

Strategic Internal Audit Plan 2022-2025



Purpose of the Strategic Internal Audit Plan

The purpose of this document is to plan for how we will deliver our mission, as set out in the Internal Audit Charter:

‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.’

The Strategic Internal Audit Plan sets out how our operating model will deliver what the Council requires of the service:

- To provide assurance to Members and Senior Officers that the Council has effective arrangements in place to deliver its Council Plan objectives
- To meet the statutory responsibility of the Section 151 Officer to arrange for the continuous, independent internal audit of the Council
- To meet the requirement under the Public Sector Internal Audit Standards (PSIAS) for the Group Manager - Assurance to deliver an annual opinion of the Council's arrangements for governance, risk management and control.

The Strategic Internal Audit Plan covers the period January 2022 to December 2025, to align with the time horizon of the Council Plan.



Delivery model

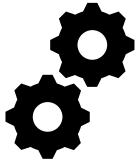
The Strategic Internal Audit Plan will be delivered by the in-house Internal Audit team. The service is committed to maintaining the strengths and benefits of operating as an in-house unit:

- Detailed knowledge of the activities of the Council
- Speed of response and flexibility
- Value for money
- Track record of delivering an effective in-house service, meeting internal audit standards
- High quality advice and consultancy
- Commitment to the Council and support for the delivery of its priorities.

Where we identify that we do not have the capability or capacity to meet an audit need, for example in relation to more technical ICT audits, we will bring in specialist resource to deliver the assurance.

We will continue to be outward-looking and keen to engage with our peers in other authorities, to look for opportunities for improvement. Central to this is our collaboration with Assurance Lincolnshire; we will work to consolidate this partnership over the period of this strategic plan. We will also continue to engage pro-actively with national, regional and local networks for internal audit and counter-fraud.

We will seek to retain our external contract with the Nottinghamshire Fire and Rescue Service for the provision of an internal audit service. This contract brings an income to the Council's budget, and it provides an opportunity for our staff to apply and develop their audit skills in a different operational environment. We will consider the merits of further commercial opportunities should they arise, but we will not pursue a policy of actively seeking them out.



Understanding the Council's assurance needs

This Strategic Internal Audit Plan sets the medium-term framework within which the operational internal audit plans are designed and delivered. We operate three Termly Plans in each financial year, covering the following periods:

- Term 1: April to July
- Term 2: August to November
- Term 3: December to March

This approach provides for the timely refresh of our priorities, ensuring we are responsive to the changing risk profile of the Council. However, we recognise the potential risk that a continuous focus on the short-term may lead to drift from our longer-term objectives and failure to deliver a balanced span of assurance. Accordingly, our **strategic priorities** for internal audit coverage over the period of this plan are the following:

a) To deliver timely assurance about the governance, risk management and control arrangements to deliver the Council's objectives

The Council Plan is delivered by the Council's services, therefore this objective will be delivered through the risk-assessed priorities for the review of services in each Termly Plan. This is a significant element of the Strategic Internal Audit Plan, providing for the flexibility and responsiveness the Council requires to ensure audit coverage keeps pace with the changing risk profile of the organisation. This will be achieved through effective consultation with senior officers and members:

- With senior officers – scheduled termly slots at Corporate Directors' Strategic Leadership Team meetings and at Corporate Leadership Team meetings to discuss priorities for audit coverage in the coming term. These scheduled arrangements will also be complemented by ongoing and less formal liaison with Group Managers to update our intelligence about emerging risks.
- With members – each Termly Plan is scheduled for discussion and agreement at the Governance & Ethics Committee, affording Members of the Committee with the opportunity to influence our coverage. In addition to this, the Group Manager – Assurance meets regularly with the Chairman and Vice-Chairman of the Governance & Ethics Committee to discuss governance issues. These meetings provide an opportunity for all Members to channel any suggestions for audit coverage.

Through these arrangements, timely and relevant assurance will be delivered to Members and Senior Officers.

b) To provide assurance that the Council's core systems and processes are operating effectively

The statutory duty of the Section 151 Officer, coupled with the PSIAS requirements for the Group Manager – Assurance, bring with them their own requirements for audit coverage. These are focused on timely assurance that the Council's core systems and processes continue to be well controlled, governed and risk-managed. In order to ensure a balanced view of assurance is delivered over the life of the Strategic Internal Audit Plan, the following sets out a number of core systems and procedures that will be scheduled for coverage on a periodic basis, rather than on a pure risk basis, with all scheduled to be covered at least once during each strategic plan period.

Core Processes	
• Commissioning	• Risk management
• Procurement & accounts payable	• Business continuity
• Workforce planning & employee recruitment	• Performance management
• Payroll	• Asset management
• Accounts receivable (including Payment Card Industry compliance)	• Corporate governance
• Accounting clearing house	• Health & safety
• Budgetary control	• Counter-fraud
• Corporate financial management	• ICT access management
• Pensions administration & investment	• ICT networks
• Information governance	• Cyber security

It is important to ensure assurance about the above processes is delivered in the most efficient and effective manner. Two particular approaches will continue to be deployed over the course of this strategic plan to pursue this:

- Assurance mapping – pro-actively using evidence available from 2nd and other 3rd line assurance providers to ensure Internal Audit's coverage is both targeted and complementary
- Continuous auditing – working with 2nd line assurance providers to provide monthly assurance on key indicators of control over core processes.

We liaise on a regular basis with the Council's external auditors, to ensure effective co-ordination of the total audit effort the Council receives.

c) To assist the Council in implementing its Counter-Fraud & Counter-Corruption Strategy

The prevention and detection of fraud are the responsibility of management. However, Internal Audit has a key role to play in helping the Council to promote a strong counter-fraud culture. Strong arrangements for deterrence, coupled with robust preventative controls, should lead to fewer actual cases that need to be detected and acted upon. We are well positioned to take the lead in promoting the Council's Counter-Fraud and Counter-Corruption Strategy.

d) To provide advisory and consultancy-style input to the Council's key developmental and transformation projects

This is required to maximise the timeliness with which we can influence change within the Council. The Council needs us to be a trusted advisor, helping to ensure transformation projects have appropriate governance, risk management and control designed in while change is happening rather than after the event

e) To facilitate the conduct of 'Value for Money' (VFM) type reviews in the Council

The Governance & Ethics Committee's Annual Report for 2020/21 signalled its intent to commence a programme of expenditure reviews in targeted areas, from 2021/22 onwards. These are sponsored by the Committee's Vice-Chairman, and our lead role in co-ordinating their conduct and reporting has been agreed with him. We will work with colleagues across the Council to implement a VFM approach for the reviews selected.

f) To track the implementation of agreed actions

We will continue with our established follow-up process, tracking priority actions through to confirmed implementation, to provide confirmation that improvements in governance, risk management and control have been driven through.



Deploying Internal Audit resources

We have a number of tools at our disposal to deliver our objectives. Most notable are the following types of audit input and approach which will be priorities for deployment in delivering this Strategic Internal Audit Plan:

- **Risk based audit**

This is the primary means by which we will deliver our objectives, being the approach deployed to review each prioritised area of service and activity in the Termly Plans. The approach features risk-based evaluation and testing of the control framework to ensure that each area of activity reviewed is well governed to deliver its objectives. This approach results in the delivery of an assurance opinion about the adequacy of governance, risk management and control procedures in a service area. This provides Members and Senior Officers with a clear, independent level of assurance about each area subject to audit. The profile of assurance opinions issued each year is a key contributor to the Group Manager – Assurance’s annual opinion.

- **Intelligence-led audit coverage**

We have been developing approaches to indicate both the areas in which we should carry out an audit and those that we can leave to a future plan period:

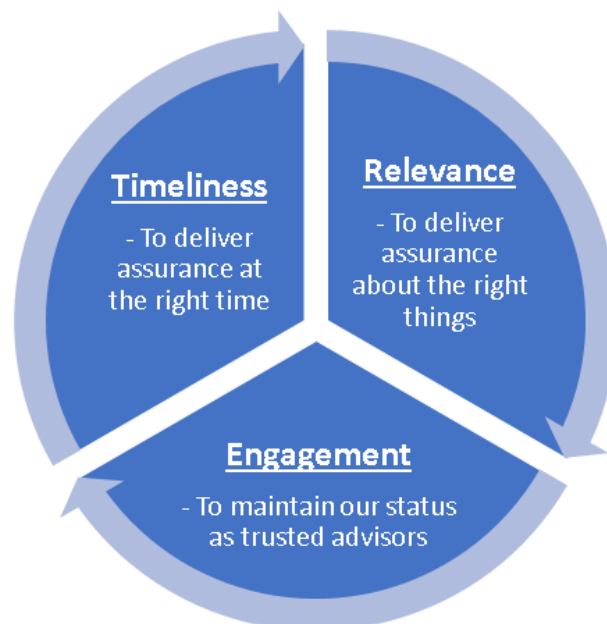
- *Forward-focussed planning* – to deliver our assurance at the most appropriate time. We will work to embed this new approach as part of this strategy
- *Assurance mapping and continuous assurance* – to provide ongoing indicators about the health of the Council’s core processes for governance, risk management and control. There is scope to develop these further, but we have to proceed at a pace that does not restrict too greatly our capacity to deliver the risk-based audits that our needs assessments identify as priorities.

- **Agile Audit**

A positive consequence of the pandemic was the impetus it gave to the development of our approach to ‘agile auditing’. This is a term commonly coined in the profession to encapsulate efforts to improve an internal audit service’s ability to deliver ‘***the right assurance, about the right things, and at the right time***’.

Developments here will focus on three key aspects:

- **Timeliness** – building the pace of our work, sharpening the focus of each review to target the risks and assurance that matter most, and then applying our data analytic strategy to bring ‘big assurance’ through the analysis of ‘big data’
- **Relevance** - embedding the recent change in our planning approach, to blend reviews of core processes with more forward-looking, intelligence-based reviews. We will also take advantage of corporate risk management now being the responsibility of the Assurance Group, to build closer links between audit plans and the Council’s key operational and strategic risks.
- **Engagement** – stepping up our engagement with the client during the audit fieldwork, and revamping our audit reports to make them more concise and digestible.



- **Advisory & consultancy style input**

Advisory input will be provided in a scalable manner, ranging from formally scoped, consultancy-style pieces of work to the provision of ad hoc emailed or verbal advice in response to day-to-day requests from operational staff. Whilst we are often approached by senior managers to become involved in significant, developmental projects, we will also be pro-active in ensuring our involvement in key transformation programmes. Priorities for our advisory input will be a feature of each Termly Plan, for consultation and agreement.

- **Counter-fraud**

In taking the lead on promoting a strong counter-fraud culture in the Council, we will provide for time in each of our Termly Plans for the following:

- a) Preparing and publishing periodic updates across the Council about counter-fraud risks, developments, best practice and recent successes
- b) Taking the lead in compiling the Council’s Annual Fraud Report
- c) Acting as the key point of contact for the Council’s participation in the National Fraud Initiative and in other national and regional counter-fraud networks.

- **Value for Money audit**

We will take the opportunity of the Governance & Ethics Committee’s expenditure reviews to develop our capability and offer for VFM reviews. We will base our initial approach on National Audit Office guidance, and look to adjust this with the experience of carrying out reviews locally.

- **Specialist input**

Our revised planning and prioritisation approach is founded on firstly identifying the assurance the Council requires in each Termly Plan. We recognise that this may mean our in-house Team does not have the capability or capacity to undertake some of the work. Where we identify this, we will assess options for bringing in the specialist resource needed, for example to deliver assurance on the more technical ICT risks.



Maintaining quality and VFM

Successful delivery of this Strategic Internal Audit Plan relies fundamentally on the skills and abilities of the Council's Internal Audit Team. Priority areas for improvement are identified routinely through staff members' individual Performance & Development Reviews and more collectively through the service's annual Quality Assurance & Improvement Programme. Training requirements are identified through both of these routes, and these will be prioritised for delivery. In assessing which requirements to meet, consideration will be given to:

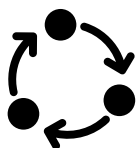
- The impact that new skills will have when deployed to deliver Termly Plans
- How widely new skills may be transferred to, and applied by, all staff in the team
- The relative costs and benefits of the training options available
- Opportunities to collaborate with Assurance Lincolnshire, and others, in the delivery of training.

We will maintain and progress our commitment to our internal audit apprenticeship programme. We expect our current two apprentices to achieve their full Institute of Internal Auditors qualification during the period of this strategy. We will keep under review the opportune timing to recruit new apprentices to the programme, to maintain the internal flow of the skilled auditors we need to deliver our plans.

Complementary to this is our continuing commitment to the Council's Graduate Programme; we will renew our standing offer of six-monthly placements with the Internal Audit team. These placements have proven mutually beneficial, offering graduates an interesting and broad-based insight into the workings of the Council, and providing the Internal Audit Team with enthusiastic, adaptable and fast-learning people who are quickly able to deliver valued contributions to our work.

We will deliver our service in compliance with, and in support of, the Council's objective to provide cost-effective services. Priorities for this strategic plan period will be:

- Engaging apprentices and trainees – these options place demands on our core team to deliver the training required for the recruits who come in, but our experience of operating these schemes tells us that they deliver far greater VFM when compared to other options, such as the engagement of agency auditors.
- Exercising a cost-benefit approach to commissioning specialist audit input and training for our staff
- Maximising use of the Council's smarter working tools and technologies to limit staff travel expenses and to develop our 'agile audit' approach.



Reviewing and reporting progress

We report on the outcomes of our work three times a year through our Termly updates. These are reported to the Corporate Leadership Team and to the Governance & Ethics Committee.

The third Termly Report each year also incorporates the Group Manager – Assurance's Annual Audit Report to the Council. That annual report presents an appropriate opportunity to assess progress with implementing this Strategic Internal Audit Plan and in assessing whether the plan needs to be revised in any way. Any actions required will be built into our annual Quality Assurance and Improvement Programme.