

Risk and Audit Service: Internal Audit Charter and Plan 2021/22

Audit and Governance Committee
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1. Executive Summary

- 1.1 This report provides the Internal Audit Charter and Internal Audit Plan 2021/22 for approval.
- 1.2 These documents are key requirements of the Public Sector Internal Audit Standards (hereafter referred to as “the Standards”), and so are vital in demonstrating the Internal Audit service’s compliance with these Standards.
- 1.3 The Internal Audit Charter sets out the role, purpose and authority of Internal Audit.
- 1.4 The Internal Audit Plan 2021/22 demonstrates how internal audit resources will be used during the forthcoming financial year so as to provide assurance on the effectiveness of the Council’s internal control system.
- 1.5 Particular attention has been paid to ensuring that the Internal Audit Plan is reflective of the changing risk landscape of the Council, and that it provides tangible added value to the Council in maintaining an effective system of internal control and management of risk. The plan has an emphasis on the role Internal Audit can play at a strategic level. This has been achieved through consultation with relevant stakeholders, and through incorporation of the principles of industry best practice.

2. Introduction

- 2.1 From 1 April 2013, new Public Sector Internal Audit Standards (hereafter referred to as “the Standards”) came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).
- 2.2 The Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government (2006) as the mandatory guidance and provide a coherent and consistent internal audit standards framework for the whole of the public sector. The Standards have been updated a number of times, most recently with effect from 1 April 2017.
- 2.3 Internal Audit is defined by the Standards as “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”.
- 2.4 In executing its duties and complying with the Standards, Internal Audit must establish two key documents, and these must be presented to this Committee for approval on an annual basis:
- Internal Audit Charter

“The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” (Standard 1000)
 - Internal Audit Plan

“The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation ‘s goals”. (Standard 2010)
- 2.5 This report presents both documents for approval and outlines the purpose of the documents and the process underpinning their compilation.

3. Internal Audit Charter

- 3.1 In compliance with the Standards, Internal Audit is required to establish a Charter which sets out its role, purpose and authority.
- 3.2 This provides clarity and legitimacy to the role of Internal Audit in the organisation, and assists the function is operating in line within an agreed framework.
- 3.3 The document acts as a guide for Internal Auditors in their daily work, but also assists officers and members of the Council in understanding what internal audit is and how it operates.
- 3.4 The Charter has been prepared to meet the Standards and incorporates all relevant requirements.
- 3.5 The Charter is shown at Appendix A. This is reviewed and presented to this Committee on an annual basis.

4. Internal Audit Plan 2021/22

Plan Compilation and Principles

- 4.1 The Standards state that the “Chief Audit Executive” must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. They refer to the need for the plan to reflect the assurance framework, risk management arrangements and input from management and “the board”.
- 4.2 In meeting this Standard, an extensive consultation exercise has been undertaken to identify potential areas for audit, comprising:
- Review of the Corporate Risk Register
 - Review of Service Risk Registers
 - Review of Committee reports and decisions
 - Cumulative audit knowledge and experience
 - Findings and outcomes from previous audit work
 - Engagement with Heads of Service
 - Evaluation of the risks highlighted by the Internal Audit Plan 2020/21.
- 4.3 A risk assessment exercise took place to form an overall view on the level of organisational risk each area poses. This was then used to inform a draft Internal Audit Plan, which was shared with the Chief Executive, external audit and senior managers prior to being presented to this meeting for approval.

Organisational Context

- 4.4 The organisational context for the Internal Audit Plan remains one of significant and fast-paced change in part due to transformational change and due to Covid-19 which is discussed later. Transformation in the design and delivery of services has continued over the past 12 months and is planned to continue.
- 4.5 In this context, the Internal Audit Plan must continue to be flexible to be able to adapt to and reflect the changing risk landscape of the organisation. Any material changes made to the plan during the year will be notified to this Committee.

Composition

- 4.6 The Internal Audit Plan has been based upon 791 available audit days. This is following the deduction of annual leave and other non-audit time.
- 4.7 The approach to the plan has changed this year in light of the impact of Covid-19 has had on both the design of the plan and the implementation of the Audit Plan during 2020/21. As previous reports to members have highlighted Covid-19 has generated new risks for the organisation to address, which has created pressures on the operational team to deliver to residents whilst ensuring that the operations remain in alignment with the latest Government requirements. Audits have as a result taken a little longer to undertake as staff are balancing business as usual against the response to Covid-19. In addition, the requirements around Covid-19 have been fluid which has added a degree of complexity for the organisation to respond to leading in some as well as in some cases Audit having to undertake a more hands on role in audits which in a normal environment would not be required.
- 4.8 The Audit Plan for 20/21 was built on a number of resourcing assumptions which Covid-19 and other events have unfortunately detrimentally impacted on them:
- Appointment of ICT Trainee Auditor appointed during April 2021 during pandemic which meant that more normal induction and joint working was made challenging and time consuming. The staff member is on planned absence from February 2020 until late in the 2021/22 financial year.
 - Two staff members were involved in the Localities review for longer than originally envisaged.
 - The unplanned absence of an Auditor from October 2020.
- 4.9 The general approach for this forthcoming financial year is to assume for the audit plan that Covid-19 will still have a significant impact on the organisation's activities for at least the first six months. During this initial time a focus will be in place on a smaller number of activities to enable recruitment to take place for additional temporary staff and to allow the team to focus on some of the existing emerging risks surrounding for example the Central Government Covid-19 grants. This will also provide some flexibility should any unplanned activity be required.
- 4.10 For the forthcoming financial year the audit plan reflects that the majority of the resource gaps are filled, and we have used prudent dates for the return of two colleagues. We intend to use colleagues from the Assurance Team to undertake some fieldwork under close supervision for areas where they are familiar with the area for example Council Tax as well as recruit two new temporary staff members.
- 4.11 The Audit Team will be focused solely on Assurance activities for the forthcoming year and the proposed plan does not include any time to provide support for the roll out of wider initiatives in the Risk and Audit Service. The intention is that with the

proposed Annual Audit plan alongside the updated Assurance Plan should be able to provide sufficient coverage of assurance through the year to provide an unqualified Annual Audit Opinion.

- 4.12 In summary due to the ongoing Covid-19 pandemic there will be a focus on a smaller number of high-risk activities in the first six months before reverting to a broader assurance plan as it is hoped that the impact from the pandemic subsides. Although there is a clearly defined pathway to the ending of the restrictions there may be some unexpected events left in the pandemic which may mean the plan will need to be altered. Members will be kept informed of any proposed changes.

Reporting and Performance

- 4.11 Progress against the Plan and key details of the outcomes of audit work will continue to be presented to every meeting of this Committee.
- 4.12 The suite of performance indicators will continue to be used to measure the delivery of the Internal Audit Plan and the effectiveness of the work undertaken. These will continue to be reported to each meeting of this Committee.

The performance indicators and associated targets for 2021/22 are:

Description and Purpose	Target
<p>Percentage of the Internal Audit Plan 2021/22 completed This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p>	<p>100%</p>
<p>Percentage of Client Survey responses indicating a "very good" or "good" opinion This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<p>100%</p>
<p>Percentage of recommendations made in the period which have been agreed to by management This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	<p>100%</p>
<p>Percentage of audit recommendations implemented at the original target date This measures the extent the effectiveness and timeliness to which management implements audit recommendations. Provides assurance that control weaknesses are addressed promptly.</p>	<p>65%</p>

4.13 The Internal Audit Plan 2021/22 is shown at Appendix B.

5. Conclusions

- 5.1 The Internal Audit Charter sets out the role, purpose and authority of the Internal Audit section, and assists Internal Audit in complying with the Public Sector Internal Audit Standards.
- 5.2 The Internal Audit Plan 2021/22 has been prepared on a risk basis, following consideration of a number of sources and consultation with key stakeholders.
- 5.3 The Internal Audit Plan acknowledges the organisational context, particularly in relation to the impact of Covid-19, and aligns resources with the most pertinent risks facing the Council during this time of significant and fast-paced change. There is a small temporary reduction in coverage for the first half of 2021/22, whilst recruitment is undertaken, however there will be sufficient coverage and depth in the audit plan to provide a good level of assurance for the Annual Audit Opinion by the end of the financial year.



Internal Audit Charter

March 2021

1. Introduction

- 1.1 The requirement for local authorities to have an Internal Audit function is determined by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2015 (SI 2015/234), regulation 6, more specifically require that a '*relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.*'

2. Purpose of this Charter

- 2.1 The purpose of the Internal Audit Charter is to define internal audit's purpose, authority and responsibility. It establishes internal audit's position within Sefton Council and defines the scope of internal audit activities.
- 2.2 This Charter also covers the arrangements for the appointment of the Head of Internal Audit and internal audit staff, and identifies the nature of professionalism, skills and experience required.
- 2.3 This Charter will be appropriately updated following any changes to the Public Sector Internal Audit Standards ("the Standards") or internal audit's operating environment and, as a minimum, will be reviewed by the Chief Internal Auditor and presented to the Audit and Governance Committee on an annual basis.

3. Definitions

- 3.1 The Standards define Internal auditing is as "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".
- 3.2 The Public Sector Internal Audit Standards ("the Standards") require that the Internal Audit Charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. For the purposes of internal audit work, the 'board' refers to the Sefton Council Audit and Governance Committee, which assumes responsibility for overseeing the work of internal audit. Sefton Council's senior management team is the Senior Leadership Board members.
- 3.3 Sefton Council's Chief Internal Auditor fulfils the Chief Audit Executive (CAE) role as defined by the Standards.

4. Public Sector Internal Audit Standards

- 4.1 The internal audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The Relevant Internal Audit Standard Setters, which includes the Chartered Institute of Public Finance and Accountancy (CIPFA), adopted the PSIAS from 1 April 2013. These Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 ("The Code"). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF).

- 4.2 Compliance with the Standards is mandatory and must be subject to both internal and external assessment. The Chief Internal Auditor must undertake a self-assessment on a regular basis. An external assessment must also be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The results of these assessments will be reported to the Audit and Governance Committee.

5. Mission of Internal Audit

- 5.1 The Public Sector Internal Audit Standards define the mission of Internal Audit as:
“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”
- 5.2 The mission of Sefton Council’s Risk and Audit Service is:
“To deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers.”

6. Responsibilities

- 6.1 Internal audit is responsible for establishing procedures and applying the required resources to ensure that the service conforms to the Definition of Internal Auditing and the Standards. All members of the Internal Audit team must also demonstrate conformance with the Code of Ethics, which is attached at Annexe 1 and the Core Principles:
- Demonstrates integrity
 - Demonstrates competence and due professional care
 - Is objective and free from undue influence (independent)
 - Aligns with the strategies, objectives, and risks of the organisation
 - Is appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance
 - Is insightful, proactive, and future-focused
 - Promotes organisational improvement
- 6.2 The Chief Internal Auditor must deliver an annual internal audit opinion and annual report that are used to inform Sefton Council’s Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This is the ‘assurance role’ of internal audit.
- 6.3 Internal Audit may also provide an independent and objective consultancy service, which is advisory in nature and is generally performed at the specific request of senior management. The aim of the consultancy service is to assist line management to improve the Council’s risk management, governance and internal control arrangements.
- 6.4 Sefton Council’s Chief Executive has overall responsibility for the establishment of a sound system of internal control, and through the Annual Governance Statement, is required to demonstrate that this is in place and that actions are being taken to address any identified governance issues.

- 6.5 Sefton Council's Executive Director of Corporate Resources and Customer Services acts as the Responsible Financial Officer as defined by section 151 of the Local Government Act 1972, which requires every authority in England and Wales to "... make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs". The Accounts and Audit Regulations 2003 emphasise the need for effective financial management and sound systems of internal control. They require that the Council should maintain an adequate and effective system of internal audit for their accounting records and control systems. It is a function of the Chief Financial Officer to direct Internal Audit and ensure that it is adequate for the Authority's purposes.
- 6.6 The Council's Chief Legal and Democratic Officer is the designated Monitoring Officer. This is a statutory appointment under Section 5 of the Local Government and Housing Act 1989 as amended by paragraph 24 of schedule 5 Local Government Act 2000. The role involves ensuring the Council's compliance with any General Guidance issued, from time to time, by the Standards Committee and the Monitoring Officer; making lawful and proportionate decisions; complying with the Council's Constitution and standing orders.
- 6.7 Sefton Council will ensure it has taken all necessary steps to provide internal audit with information on its objectives, risks, and controls to allow the proper execution of the audit strategy and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the internal audit plan.
- 6.8 Management has a responsibility to respond promptly to audit plans, reports and recommendations.
- 6.9 Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with management and is monitored by Internal Audit and reported to the Audit and Governance Committee.
- 6.10 Where Sefton has joint ventures, shared services or where services are outsourced the Chief Internal Auditor will be responsible for providing risk-based assurance on the activities which would be reported to the Audit and Governance Committee.

7. Independence of Internal Audit

- 7.1 Internal Audit must be independent and internal auditors must be objective in performing their work. The Chief Internal Auditor must confirm the organisational independence of Internal Audit at least annually. Internal Audit has no operational responsibilities.
- 7.2 Any operational (non-audit) activities undertaken by the Chief Internal Auditor or a member of the Internal Audit team will be recorded, and any conflict of interest declared, so as to ensure that the independence of audit work is not seen to be compromised.
- 7.3 The Chief Internal Auditor is also responsible for the operational management of the Insurance, Risk and Health and Safety functions, and there are safeguards in place to avoid any potential conflict of interest or impairment to objectivity. This involves that in the event that is identified that an audit is required for these areas of work the audit work would be undertaken by an external auditor to ensure that there is no conflict of interest or impairment of objectivity in accordance with guidance from the Institute of Internal Auditors. Terms of reference for such audits are approved by the Executive Director of Corporate Resources and Customer Services, as is the resulting report, so as to provide transparency.

8. The Chief Internal Auditor

- 8.1 The Chief Internal Auditor is appointed by Sefton Council and must have sufficient skill, experience and competencies to work with senior management and the Audit and Governance Committee to influence and inform the risk management, governance and internal control arrangements of Sefton Council.
- 8.2 The Chief Internal Auditor is responsible for ensuring that the members of the Internal Audit team possess the appropriate knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the Standards. The Chief Internal Auditor will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent, and will adhere to professional values and the Code of Ethics.
- 8.3 The Chief Internal Auditor reports to the Executive Director of Corporate Resources and Customer Services through the Head of Finance. The Chief Internal Auditor, or an appropriate representative of the internal audit team, attends meetings of the Audit and Governance Committee unless, exceptionally, the Committee decides that they should be excluded from either the whole meeting or for particular agenda items.
- 8.4 The Chief Internal Auditor shall have an independent right of access to the Chair of the Audit Governance Committee, if required. In exceptional circumstances, where normal reporting channels may be seen to impinge on the objectivity of the audit, the Chief Internal Auditor may report directly to the Chair of the Audit and Governance Committee.
- 8.5 Internal Audit will co-operate with and assist External Audit.

9. Scope of Internal Audit

- 9.1 The Chief Internal Auditor should develop and maintain a strategy for providing the Executive Director of Corporate Resources and Customer Services with an objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements. Internal Audit's activities should be undertaken effectively and efficiently. The annual Internal Audit Plan will be risk based, prepared in consultation with Heads of Service and Directors and be presented to the Audit and Governance Sub-Committee for approval. The opinions of the Chief Internal Auditor are a key element of the framework of assurance needed to inform the completion of the Annual Governance Statement (AGS).

Opinion Work

- 9.2 The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

Governance

- 9.3 Internal audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
- promoting appropriate ethics and values within Sefton Council;

- ensuring effective organisational performance management and accountability;
- communicating risk and control information to appropriate areas of Sefton Council; and
- co-ordinating the activities of and communicating information to the Audit and Governance Committee, external and internal auditors and management.

Risk Management

9.4 Internal audit must evaluate the effectiveness of, and contribute to, the improvement of risk management processes by:

- assessing organisational objectives to support and align with Sefton Council's corporate objectives;
- ensuring significant risks are identified and assessed; and
- ensuring that audit recommendations are appropriate to address key risk areas identified.

Internal Control

9.5 Internal audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding:

- achievement of the organisation's strategic objectives;
- reliability and integrity of financial and operational information;
- economical, effective and efficient use of resources;
- effectiveness and efficiency of operations and programmes;
- safeguarding of Sefton Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery;
- compliance with laws, regulations, policies, procedures and contracts.

9.6 The Chief Internal Auditor must ensure appropriate internal audit arrangements are in place in respect of partnership or joint working arrangements, where relevant.

Non - Opinion Work

9.7 Internal Audit may provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific provision will be made in the Internal Audit Plan to allow for such work.

9.8 The Chief Internal Auditor must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the Internal Audit Plan. Approval would be sought from the Executive Director of Corporate Resources and Customer Services and the Audit and Governance Committee for any significant additional consulting services not already included in the Internal Audit Plan, prior to accepting the engagement. The Chief Internal Auditor must consider if consultancy work contributes towards the overall opinion.

Fraud

9.9 Managing the risk of fraud is the responsibility of line management. Executive Director of Corporate Resources and Customer Services has specific responsibilities in relation to the

detection and investigation of fraud and may request internal audit to assist with the investigation of suspected fraud or corruption, in accordance with the Investigation Protocol. Internal audit should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their Audit Plan.

Reporting

9.10 The Chief Internal Auditor will agree reporting arrangements with the Executive Director of Corporate Resources and Customer Services which will include procedures for the:

- distribution and timing of draft audit reports;
- Manager's responsibilities in respect of responding to draft audit reports;
- distribution of finalised audit reports;
- follow up by internal audit of agreed recommendations; and
- escalation of recommendations where management responses are judged inadequate in relation to the identified risks.

9.11 The Chief Internal Auditor will present a formal report annually to the Chief Executive, Executive Director of Corporate Resources and Customer Services and the Audit and Governance Committee giving an opinion on the overall adequacy and effectiveness of Sefton Council's framework of governance, risk management, and internal control. This report will conform to the PSIAS and will provide a summary of the work to support the opinion. It will be timed to support the production of the Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit and Governance Committee on a quarterly basis during the year.

Internal Audit Access Rights

9.12 Where necessary in the conduct of their work, internal auditors are entitled to require and receive:

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises and officer of Sefton Council;
- the production of any cash, stores or other property of Sefton Council under an officer's control; and
- explanations concerning any matter under investigation.

Internal Audit Resources

9.13 If the Chief Internal Auditor or the Audit and Governance Committee consider that the level of audit resources or the terms of reference in any way limit the scope of internal audit, or prejudice the ability of internal audit to deliver a service consistent with the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Executive Director of Corporate Resources and Customer Services accordingly.

Annexe 1 - Internal Audit Code of Ethics

Requirements

In accordance with the Public Sector Internal Audit Standards, internal auditors in UK public sector organisations must conform to a Code of Ethics.

If individual internal auditors have membership of a professional body, then he or she must also comply with the relevant requirements of that organisation.

The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing. A Code of Ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Code of Ethics includes two essential components:

1. *Principles* that are relevant to the profession and practice of internal auditing;
and
2. *Rules of Conduct* that describe behaviour norms expected of internal auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others.

The term 'Internal auditors' refers to members of recognised Professional Bodies (e.g. CIPFA, IIA) and those who provide internal auditing services within the definition of internal auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide internal auditing services. Disciplinary procedures of professional bodies and employing organisations may apply to breaches of this Code of Ethics.

Integrity

Principle:

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct:

Internal auditors:

- Shall perform their work with honesty, diligence and responsibility.
- Shall observe the law and make disclosures expected by the law and the profession.
- Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

Objectivity

Principle:

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct:

Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality

Principle:

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct:

Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

Competency

Principle:

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Rules of Conduct:

Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Shall continually improve their proficiency and effectiveness and quality of their services.

Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life (the "Nolan Principles"):

- Selflessness;
- Integrity;
- Objectivity;
- Accountability
- Openness;
- Honesty; and
- Leadership.

Further information on these principles can be found at:

www.public-standards.gov.uk

Appendix B - Sefton Internal Audit Plan 2021/2022

Audit Title	Context	Corporate Risk Register (black) <i>Other reasons for inclusion (italics)</i>	Apr-Sept Days	Oct-Mar Days
Annual Governance Statement 2020/21	High level governance review	<i>Statutory requirement</i>	25	
Covid-19 Grants	Including Payments to Care Homes; Self Isolation Payments	<i>Public interest. Reputation for Sefton</i> Ability to effectively manage and support the response to a pandemic incident	80	
Surge Testing Review	Lessons learned;	Ability to effectively manage and support the response to a pandemic incident	15	
Procurement	Cross cutting review of service areas' compliance with corporate rules.	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose		20
Council tax	Review of key financial system	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose	20	
Family Welfare Centres	Assurance delivery of objectives and VFM.	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose	15	
Debt Management	Audit and Assurance team to provide support to a multi-team review	Financial sustainability post 2020.	20	

Audit Title	Context	Corporate Risk Register (black) <i>Other reasons for inclusion (italics)</i>	Apr-Sept Days	Oct-Mar Days
		Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose		
Localities	Multi-team holistic review of Sefton Security	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose	25	
Payroll	Part of project team and post implementation assurance	implementation of major corporate system with risks around management of staff Financial probity, timely and accurate payment of salaries ICT security and Data Protection	15	
Specialist Transport Project Support	Support to Finance Team on alternative options	Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements. Core Purpose <ul style="list-style-type: none"> • Protect the most vulnerable • Commission, broker and provide core services 	5	
Specialist Transport	Post review Assurance	Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements. Core Purpose <ul style="list-style-type: none"> • Protect the most vulnerable • Commission, broker and provide core services 		15
SEND	Policy review; Aiming High; Spend Analysis; Direct Payments	Dedicated Schools Grant High Needs Funding for Special Educational Needs is	20	

Audit Title	Context	Corporate Risk Register (black) Other reasons for inclusion (italics)	Apr-Sept Days	Oct-Mar Days
	oversight and reconciliations	inadequate to meet requirements. Core Purpose • Protect the most vulnerable • Commission, broker and provide core services		
Mayor's Charity Fund	Review of accounts	Reduce costs to Charity of external audit.	5	
Disabled Facilities Grant	Grant Certification	<i>Requirement to receive grant funding</i>	4	
Troubled Families Grants	Grant Certifications	<i>Requirement to receive grant funding</i>	5	5
School Audits	Finance and governance reviews	Government expectation that schools will be audited.	15	10
Public Sector Internal Audit Standards (PSIAS)	Improvements to planned service	<i>Requirement of PSIAS of ongoing review and improvements</i>	10	10
IDEA Implementation	Audit Improvements	<i>Recommendation implementation from external review.</i>	15	10
Follow-up Recommendations	Follow up of agreed audit recommendations	<i>PSIAS requirement</i>	5	5
Counter Fraud Development	Development of counter fraud capability.	<i>Audit Improvements – develop capability and capacity</i>	19	19
Various Quarterly LCR Grants	Grant certifications	<i>Requirement to receive grant funding</i>	10	14
AGS 2021/22	Annual requirement	<i>Statutory requirement</i>		25
CSC Demand Management	To include placement sufficiency for Looked After Children and Foster Carers' recruitment	Failure to manage increasing demand for services within Children's Social Care Core Purpose • Protect the most vulnerable		20

Audit Title	Context	Corporate Risk Register (black) <i>Other reasons for inclusion (italics)</i>	Apr-Sept Days	Oct-Mar Days
Independent Residential Placements	Commissioning, sourcing, monitoring and reviewing of residential placements.	Failure to plan within annual budget for increased placement costs for Children's Social Care Core Purpose • Protect the most vulnerable • Commission, broker and provide core services		20
Performance Management	Review performance framework and reporting including C/Tax/ Bus Rates/ Children Service/ Highways	Statutory area in PSIAS to review.		20
Highways Maintenance Procurement	Review of the plan to procure the Highways Maintenance Contract	Failure to adequately invest in the Highway network and associated assets. Core Purpose • Facilitate sustainable economic prosperity	15	
Highways	Review system of highways maintenance	Failure to adequately invest in the Highway network and associated assets. Core Purpose • Facilitate sustainable economic prosperity		10
Planning	Review of proposed planning controls to address new legislation.	Significant impact on Service Delivery for Planning and Sefton LA		10
Regeneration Programme (Southport)	Governance arrangements.	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose		15
Well Young Persons Team	Can service be delivered differently; shortfall in	Impact of regulatory framework and outcome of		15

Audit Title	Context	Corporate Risk Register (black) <i>Other reasons for inclusion (italics)</i>	Apr-Sept Days	Oct-Mar Days
	income vs costs; integration of its mental health offer	Joint Target Area Inspection Core Purpose • Protect the most vulnerable		
Business Rates	Review of key financial system	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose		15
Data Protection	Compliance with legislation; staff training	Data breach resulting in the wrongful release of personal and/or sensitive information Core Purpose • Place-leadership and influence		20
Education Excellence – Financial Management	Users' understanding of financial statements/information; training of users. Consideration of all costs of placements	Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements. Core Purpose • Protect the most vulnerable • Commission, broker and provide core services		15
Risk Management	External Review of SMBC arrangements	<i>PSIAS requirement</i>		15
ICT – Patching	Processes and procedures to ensure software patches are installed	The Council is the victim of a cyber-attack. Core Purpose • Protect the most vulnerable • Commission, broker and provide core services		15
Ethics	Review element of ethics framework in Sefton.	<i>PSIAS requirement</i>		15
Sandway Homes	Scope to be agreed	Key Governance Area		10

Audit Title	Context	Corporate Risk Register (black) <i>Other reasons for inclusion (italics)</i>	Apr- Sept Days	Oct-Mar Days
Partnerships	Review arrangements	Key Governance Area		15
Property Disposals (F4C follow-up)	Follow-up audit 2020/21 and review 2021/22 disposals.	Financial sustainability post 2020. Core Purpose This risk is directly related to the delivery of all aspects of the Council's core purpose		10
Agresso Invoice Approval	System review	<i>Counter fraud activity following events in neighbouring LA</i>	10	
Transport Capital Block Funding	Grant Certification	<i>Requirement to receive grant funding</i>		4
Local Highways Maintenance Incentive Element Fund	Assurance to S151	<i>Requirement to receive grant funding</i>		1
Contingency	<i>Good practice to have plan flex for emerging risks</i>		30	30
Total Days			383	408

