

# Internal audit strategy, charter and annual audit plan for 2021/22

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## 1. Forward

- 1.1. The Internal Audit Service at Luton Council plays an essential role in supporting the council in achieving its objectives and outcomes, through a review of its governance and risk management processes and systems of internal control.
- 1.2. The Internal Audit Strategy, Charter and Annual Audit Plan for 2021/22 sets out how the council will meet its statutory requirements for internal audit. The strategy proposes an approach based on focussing audit resources in those areas where the highest risks to the achievement of the council's objectives lie. These areas have been identified and prioritised based on the council's own risk assessment processes and following consultation with senior management.
- 1.3. It is the responsibility of management to establish and maintain an appropriate control environment (i.e. through appropriate risk management processes, internal control and governance arrangements). The role of Internal Audit is to form an independent and objective opinion on the adequacy and effectiveness of systems of internal control.

## 2. Introduction

- 2.1. **Mission of internal audit:** *“To enhance and protect organisation value by providing risk-based and objective assurance, advice and insight”* (Public Sector Internal Audit Standards 2017).
- 2.2. This document sets out the internal audit strategy, charter and annual audit plan for Luton Council for the financial year 2021/22.
- 2.3. The internal audit strategy is designed to be a high level statement of how the Internal Audit Service will be delivered and developed. The internal audit charter (attached at Appendix A) defines internal audit's purpose, authority, responsibility and position within the council.
- 2.4. The purpose of the internal audit strategy and annual audit plan is to:
  - Ensure effective audit coverage and a mechanism to provide independent and objective assurance (in particular, to Members, the External Auditor, Corporate Leaders Management Team (CLMT), and the S151 Officer) on the adequacy and effectiveness of the council's control environment.
  - Optimise the use of audit resources available, given that they are limited.
  - Identify key risks facing the council to achieving its objectives and determine the corresponding level of audit resources.
  - Add value and support senior management in providing effective control and identifying opportunities for improving value for money.
  - Support the S151 Officer in fulfilling their obligations.

- Deliver an internal audit service that meets the requirements of the Accounts and Audit Regulations 2015 (as amended in respect of the Coronavirus Act 2020), and complies with the Public Sector Internal Audit Standards (PSIAS) 2017.

### **3. Key core deliverables for 2021/22**

3.1. The annual audit plan is expected to cover core deliverables as follows:

- To provide an annual audit opinion on the overall adequacy and effectiveness of the council's control environment, which comprises of three key areas: internal control, governance and risk management.
- To deliver the statutory requirements of the Accounts and Audit Regulations 2015 (as amended in respect of the Coronavirus Act 2020).
- To undertake a review of the council's corporate governance and risk management arrangements and identify any areas for improvement.
- To carry out reviews of systems and developments, projects and transformational change to assess the adequacy of the control environment and the systems in place for ensuring proper economic, efficient and effective use of resources.
- To carry out visits to approximately 20% of all maintained schools throughout the Borough to verify, by means of testing and review, that good financial control is practised. Regularity of visits will be determined on a risk basis including assessment of submitted Schools Financial Value Standards (SFVS) returns and Internal Controls Self-Assessment. This may also be supplemented by thematic reviews across a number of other schools dependent on available resource.
- Delivery of the annual audit plan in particular high risk audit reviews, including any post assurance work required for Covid-19.
- To continue to meet the requirements of the council's External Auditors and reliance placed on audit work.
- To ensure agreed management actions to audit recommendations are fully implemented, in particular the high priority ones.
- To promote the council's anti-fraud and corruption strategy and carry out investigation of suspected frauds and irregularities.
- To provide advice and support to managers as required.

### **4. Roles and responsibilities**

4.1. The internal audit charter (attached at Appendix A) defines internal audit's purpose, authority, responsibility and position within the council.

**Governance of risk – three lines of defence:**

- 4.2. Internal audit is also a key component of corporate governance within the council. The three lines of defence model explains the role of internal audit in the overall risk management and internal control processes of an organisation:
- First line of defence – functions that own and manage risk (operational management controls).
  - Second line of defence – functions that oversee or specialise in risk management, compliance, quality, IT and other control departments (monitoring controls).
  - Third line of defence – functions that provide independent assurance (internal audit).
- 4.3. The council's third line of defence includes internal audit to provide assurance to senior management and Audit and Governance Committee on the effectiveness of its internal governance and risk processes.

## **5. Reporting lines and relationships**

- 5.1. The council's internal audit function is provided by the Audit, Fraud and Insurance Service, which reports to the S151 Officer although independence is maintained by a direct reporting line to the Chief Executive, Leader of the Council, and Audit and Governance Committee.
- 5.2. The Audit Manager will present a quarterly report to CLMT and Audit and Governance Committee, which will provide an update of the work undertaken by the service. This will include reporting on all significant audit findings and audits receiving a 'Limited' or 'No' Assurance opinion.
- 5.3. On an annual basis, the proposed audit plan for the forthcoming year will be presented along with the audit strategy and charter.
- 5.4. Recommendations made will be followed up and the progress on implementation will also be reported.

## **6. Protocol for audit reviews**

- 6.1. For each audit review carried out, the responsible Service Director will be consulted in the scoping to ensure the review is appropriately focused on current key perceived risks and issues. Terms of reference will be produced for each audit review and agreed to ensure the scope, objectives, approach and timetable are understood and agreed.
- 6.2. Draft internal audit reports will be issued for discussion with the appropriate levels of management and as set out in the terms of reference.
- 6.3. Final internal audit reports will be issued after the agreement of the draft reports, which contain completed management action plans that will identify those responsible for implementation and timescales. The final reports will always be issued to the Service Director and Corporate Director responsible for the area reviewed.

- 6.4. Final internal audit reports will contain an executive summary that includes an audit opinion on controls. The opinion can be one of four categories:-

|                              |   |
|------------------------------|---|
| <b>Substantial Assurance</b> | There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.   |
| <b>Adequate Assurance</b>    | While there is a basically sound system, there are weaknesses that put a minority of the system objectives at risk and/or there is evidence that the level of non-compliance with some of the controls may put a minority of the system objectives at risk. |
| <b>Limited Assurance</b>     | Weaknesses in the system of controls are such as to put most or all of the key service objectives at risk and/or the level of non-compliance puts most or all of the system objectives at risk.   |
| <b>No Assurance</b>          | Control is poor, leaving the system open to significant error or abuse and/or significant non-compliance with basic controls.   |

- 6.5. Agreed actions or recommendations will be followed up, depending on their priority but this will usually be between three to six months from the issue of the final report.

## **7. Approach to developing the annual audit plan**

- 7.1. This plan has been drafted following review of the risk registers and consultation with Service Directors in order to elicit their views and proposals.
- 7.2. The annual audit plan will be indicative and it is inevitable that changes will be made during the year as the risk profile of the council changes. This will be achieved through ongoing review and amendment, in consultation with the relevant Service Directors and Service Managers to reflect the changing needs of the council and to add maximum value.
- 7.3. CLMT and Audit and Governance Committee will be kept informed of progress against the annual audit plan and agree any significant changes during the year.

## **8. Internal audit resources and skills required**

- 8.1. In order to achieve the annual audit plan, the appropriate level of resources is made available to internal audit and includes the required mix of skills, experience and specialisms. This includes general audit skills in respect of systems and internal control reviews and appropriate coverage in specialist areas such as IT audit, contract audit and counter fraud.
- 8.2. The annual audit plan is resourced by calculating the number of chargeable days available within the Internal Audit team based on an anticipated full complement of staff. The Internal Audit team's establishment for 2021/22 is 6.98 FTEs comprising the Audit Manager, Principal Auditors, and Auditors. Therefore based on an anticipated full complement of staff the projected chargeable days available for 2021/22 are 1,200 days (a further breakdown is noted in Table 1 below).

**Table 1 – Resources available for 2021/22**

|   |            |              |
|---|------------|--------------|
| <b>TOTAL DAYS AVAILABLE</b>   |            | <b>1,748</b> |
|   |            |              |
| <b>Annual Leave</b>   | <b>219</b> |              |
| <b>Bank Holidays</b>  | <b>54</b>  |              |
| <b>Provision for Sickness</b>   | <b>39</b>  |              |
| <b>Study Leave/Exams</b>  | <b>9</b>   |              |
| <b>Staff Training and Development (includes training requirements for apprenticeship)</b> | <b>74</b>  |              |
| <b>Management Time for Corporate Activities</b>   | <b>56</b>  |              |
| <b>Staff Management (e.g. team meetings; 1:1s, appraisals and probationary reviews)</b>   | <b>66</b>  |              |
| <b>General Office Admin Duties</b>  | <b>31</b>  |              |
| <b>Total Non-Chargeable Days</b>  |            | <b>548</b>   |
|   |            |              |
| <b>CHARGEABLE AUDIT DAYS</b>  |            | <b>1,200</b> |

- 8.3. At the time of writing this strategy we currently have 1 FTE vacancy. Due to the impact of Covid-19, recruitment to the trainee auditor position has been deferred to the next financial year.
- 8.4. We also have access to a framework agreement for the provision of internal audit services from Mazars as required.
- 8.5. The annual audit plan is prepared using a risk assessment and all audits included in the plan are designated as either high or medium risk. As in previous years if resources do not permit full achievement of the plan we will endeavour to ensure there is sufficient coverage of the plan and will aim to complete all key audits.
- 8.6. The Internal Audit Service is delivered by a range of skilled and experienced staff. Four members of staff within the service are professionally qualified CCAB Accountants or have qualified with the Institute of Internal Auditors. Other staff are actively studying for a qualification with the Institute of Internal Auditors (IIA), Internal Audit Practitioner Apprenticeship or Association of Accounting Technicians (AAT).
- 8.7. Our professional judgement has been applied in assessing the level of resource required to deliver the annual audit plan. The level of resource applied is a product of:
- The complexity of the areas to be reviewed.
  - Factors such as number of locations, number and frequency of transactions.
  - Assurance that can be brought forward from previous audits and other internal and external reviews carried out.
- 8.8. Staff development needs are continually assessed to ensure we maintain the level and mix of skills required to deliver a highly professional and added value internal audit service.
- 8.9. Internal audit resourcing requirements will be reviewed on an annual basis as part of the audit strategy that will match the audit needs assessment against available

internal audit resource. Where there is a significant imbalance, CLMT and Audit and Governance Committee will be informed and appropriate solutions agreed.

## 9. Annual audit plan 2021/22

- 9.1. Table 2 below shows a summary of the annual audit plan for 1,200 days. The detailed plan is attached at Appendix B.

**Table 2 – Summary of annual audit plan 2021/22**

| Thematic Area                                      | Audit Days 2021/22 | Audit Days 2020/21 | Change from 2020/21 |
|--|--------------------|--------------------|---------------------|
| 1. Corporate Governance                            | 40                 | 45                 | -5                  |
| 2. Corporate Cross Cutting Reviews                 | 130                | 110                | +20                 |
| 3. Key Financial Systems                           | 145                | 95                 | +50                 |
| 4. Procurement and Contract Management             | 50                 | 65                 | -15                 |
| 5. ICT and Information Governance                  | 70                 | 55                 | +15                 |
| 6. Work to Prevent and Pursue Fraud and Corruption | 150                | 160                | -10                 |
| 7. Service Specific Reviews                        | 220                | 270                | -50                 |
| 8. Corporate Support                               | 100                | 100                | +0                  |
| 9. Grant Certification                             | 81                 | 75                 | +6                  |
| 10. Other Direct Audit Activity                    | 80                 | 105                | -25                 |
| 11. Third Party Audits                             | 134                | 120                | +14                 |
| <b>Total Days</b>                                  | <b>1200</b>        | <b>1200</b>        | <b>0</b>            |

- 9.2. A small amount of contingency (50 days) has been provided for unplanned or reactive work. This will be used to respond to emerging issues, risks and to requests from senior managers.
- 9.3. We have also identified some additional audits through the audit planning process, which are currently unscheduled within the annual audit plan for 2021/22. We plan to use 10 days from the contingency budget to undertake internal controls self-assessments in these areas, and based on the results from the assessments will undertake further work as required.

## 10. Key issues and priority areas for 2021/22

- 10.1. Having regard to the current risk profile of the council, the following areas have been identified as key issues and priority areas of our work for 2021/22:

### **Covid-19:**

- 10.2. Covid-19 has presented significant challenges and organisational disruption across the world. Consequently since March 2020 the council has had to enact its contingency plans and is continuing to adapt to deal with the impact of Covid-19. This



has included for example; changes to council services and priorities; staff working remotely from home; committee meetings taking place virtually via skype; and the requirement to undertake additional duties. The pandemic has also added unprecedented additional pressures on the council's Budget from 2020/21, with further substantial costs and income losses affecting the council's finances, including the loss of returns from LLAL. All audit reviews will consider the impact of Covid-19 on delivery of services, and post assurance work will be undertaken as required.

**Governance and risk management arrangements:**

- 10.3. The council's governance framework covers all aspects of its business, including risk management, internal control and ethical standards. We have a key role to play in assessing the effectiveness of governance arrangements by comparison with principles contained in the CIPFA/SOLACE Governance Framework (Delivering Good Governance in Local Government 2016). We also provide proactive advice on improving governance arrangements and disseminating best practice information.

**Key financial systems:**

- 10.4. The effectiveness of controls and management of risks within key or fundamental financial systems remains a core part of our audit work. This work is important in providing annual assurance on the effectiveness and adequacy of the council's control environment.

**Procurement and contract management:**

- 10.5. Procurement and contract management is an integral part of business management and fundamental to achieving core aims and objectives, whilst ensuring the provision of cost effective and reliable goods and services to the required standard. Work will be undertaken to assess the appropriateness and effectiveness of the control systems in place to support contracting and procurement activities.

**ICT and information governance:**

- 10.6. Information Technology is fundamental to the delivery of the council's services and an area of rapid change. The threat of a cyber-attack is also elevated during the pandemic. Due to this high risk to the council, providing assurance on the adequacy of systems and controls is a key part of our annual audit plan. Our work recognises the pace of change and adoption of new information technology and as such will be well informed to focus our resources on areas of highest risk and benefit.
- 10.7. The General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) 2018 came into force in the UK in May 2018. With increasing volumes of data being collected, generated and handled by local authorities it is vital that appropriate and effective information governance arrangements are in place. This will not only help to prevent data breaches, but should data breaches occur, help to potentially minimise the size of the fine by the Information Commissioners Office (ICO). Work will be undertaken to assess compliance with GDPR / DPA requirements, and validation of the NHS toolkit submission.

**Schools:**

- 10.8. We will visit approximately 20% of all maintained schools throughout the Borough to verify, by means of testing and review, that good financial control is practised. Regularity of visits will be determined on a risk basis including assessment of

submitted SFVS returns and Internal Controls Self-Assessment. This may be supplemented by thematic reviews across a number of other schools dependent on available resource.

**Counter fraud:**

- 10.9. Since January 2017 the Shared Anti-Fraud Service (SAFS) have been providing the authority with a corporate counter fraud service. We will continue to work closely with SAFS to create an 'anti-fraud' culture within the council and deal with all aspects of fraud from prevention and deterrence to investigation and prosecution. We will also continue to work closely both internally and externally with bodies such as the Police, DWP, and UK Border Agency and will continue our participation in the National Fraud Initiative (NFI) exercise. From 2021/22 the council will also take part in the Cabinet Office's FraudHub system which will allow SAFS Partners to conduct NFI activity throughout the year in a live environment, as part of its anti-fraud arrangements.

## **11. Quality assurance and improvement programme**

- 11.1. Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to its stakeholders that internal audit:

- Conforms with the Definition of Internal Auditing, the Code of Ethics, and the Standards.
- Operates in an efficient and effective manner.
- Adds value and identifies opportunities for improvement.

- 11.2. The Audit Manager is responsible for the QAIP, which covers all aspects of internal audit activities, including consultancy work. The Audit Manager will communicate to CLMT and Audit and Governance Committee on the Internal Audit Service's QAIP, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the council.

**Internal assessments:**

- 11.3. Internal assessments include both ongoing reviews and periodic reviews.

- 11.4. Ongoing reviews provide assurance that internal audit work is undertaken in accordance with the Standards. Quality is assured through:

- Management supervision and review of all files, working papers, recommendations and levels of assurance.
- Standardised working practices. The Progress Review and Report Issue Form lists each stage of the standard audit process, in the order in which they should be completed including sign-off.
- Review and approval of all final reports by the Audit Manager.

- Feedback from audit clients obtained through the issue of post audit questionnaires.
- Monitoring of internal performance targets and quarterly reporting to CLMT and Audit and Governance Committee. The performance indicators and targets are shown in Appendix C for six aspects of our service:
  - Cost and quality of input
  - Productivity and process efficiency
  - Quality of output
  - Compliance with professional standards
  - Outcomes and degree of influence
  - Our staff

11.5. Periodic reviews are designed to assess conformance with the Code of Ethics, and the Standards. The periodic assessments are conducted through:

- An annual self-assessment of conformance with PSIAS.
- Quarterly Internal Audit Plan Update reports to CLMT and Audit and Governance Committee.
- Benchmarking with other unitary authorities to ensure we remain efficient, effective and competitive.

**External assessments:**

11.6. An external assessment will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the council. This external assessment will express an opinion about internal audit's conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards and will include recommendations for improvement as appropriate.

11.7. The Audit Manager will discuss with CLMT and Audit and Governance Committee the form of the external assessment; and the qualifications and independence of the external assessor including any potential conflict of interest.

11.8. The results of the external assessment together with the action plan will be reported to CLMT and Audit and Governance Committee at the earliest opportunity following receipt of the report.

## **12. Annual audit opinion**

12.1. The Audit Manager is required to deliver an annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control environment.

12.2. All audit reports issued include an assurance rating which help determine the overall audit opinion at the end of the financial year. This opinion will be reported to CLMT and Audit and Governance Committee.

12.3. The annual audit opinion provided by the Audit Manager for 2021/22 will be based upon:

- Reviews undertaken during 2021/22.
- Follow up of actions against audit recommendations made.
- Management responses to findings and recommendations.
- Effects of significant changes to the financial systems.
- Assurances received from other sources.
- The extent of resources available to deliver the audit plan.

12.4. The annual audit opinion will be reported in June following the end of the financial year.

### **13. Independence and accountability**

13.1. Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner that facilitates impartial and effective professional judgements and recommendations.

13.2. Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Audit Manager has direct access and freedom to report in her own name and without fear or favour.

## Internal Audit Charter

### Introduction:

The requirement for an internal audit function for local authorities derives from two pieces of legislation. Section 151 of the Local Government Act 1972, requires that authorities “*make arrangements for the proper administration of their financial affairs*”. The Accounts and Audit Regulations 2015 (as amended in respect of the Coronavirus Act 2020) more specifically require that a relevant body must “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*”.

The Chartered Institute of Public Finance and Accountancy (CIPFA) is responsible for setting standards for proper practice for local government internal audit in England. From 1 April 2017 CIPFA adopted revised Public Sector Internal Audit Standards (PSIAS) compliant with the Institute of Internal Auditors’ (IIA) International Standards, which defines internal audit as follows: “*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*”.

This charter sets out how internal audit at Luton Council will be provided in accordance with the standards.

### Purpose and mission:

The purpose of the council’s Internal Audit Service is to provide independent, objective assurance and consulting services designed to add value and improve the council’s operations.

The mission of internal audit is “*to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight*” (PSIAS 2017). The Internal Audit Service helps the council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### Standards for the professional practice of internal auditing:

The Internal Audit Service will govern itself by adherence to the requirements of PSIAS, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The role of the Head of Internal Audit will be fulfilled by the Audit Manager. The Audit Manager will report periodically to CLMT and Audit and Governance Committee regarding the Internal Audit Service’s conformance to the Code of Ethics and the Standards.

**Authority:**

The Audit Manager will report functionally to Audit and Governance Committee and administratively (i.e. day-to-day operations) to the S151 Officer. The Audit Manager will also have a direct reporting line to the Chief Executive and Leader of the Council.

To establish, maintain, and assure that the council's Internal Audit Service has sufficient authority to fulfil its duties, the Audit and Governance Committee will:

- Approve the Internal Audit Strategy and Charter.
- Approve the Internal Audit Resource and Risk-Based Audit Plan.
- Receive communications from the Audit Manager on the Internal Audit Service's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the Audit Manager to determine whether there is inappropriate scope or resource limitations.

The Audit Manager will have unrestricted access to, and communicate and interact directly with, the Audit and Governance Committee, including in private meetings without management present.

Under the council's Financial Regulations, Internal Auditors have the authority to:

- Access authority premises at reasonable times.
- Access all assets, records, documents, correspondence and control systems.
- Receive any information and explanation considered necessary concerning any matter under consideration.
- Require any employee of the authority to account for cash, stores or any other local authority asset under his or her control.
- Access records belonging to third parties, such as contractors, when required.
- Access directly the Head of Paid Service (the Chief Executive) and Audit and Governance Committee.

**Independence and objectivity:**

The Audit Manager will ensure that the Internal Audit Service remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Audit Manager determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year (where resources permit).
- Performing any operational duties for the council or its affiliates.

- Initiating or approving transactions external to the Internal Audit Service.
- Directing the activities of any council employee not employed by the Internal Audit Service, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist Internal Auditors.

Where the Audit Manager has roles and responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Audit Manager will confirm to Audit and Governance Committee, at least annually, the organisational independence of the Internal Audit Service.

The Audit Manager will disclose to Audit and Governance Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

### **Scope of internal audit activities:**

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to Audit and Governance Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the council.

Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the council's strategic objectives are appropriately identified and managed.
- The actions of the council's officers, directors, employees, and contractors are in compliance with the council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the council.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Audit Manager will report periodically to CLMT and Audit and Governance Committee regarding:

- The Internal Audit Service's purpose, authority, and responsibility.
- The Internal Audit Service's plan and performance relative to its plan.
- The Internal Audit Service's conformance with PSIAS and the Code of Ethics, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, CLMT and Audit and Governance Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the council.
- Annual report and audit opinion on the level of assurance that can be given over the council's control environment.

The Audit Manager also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Service may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Service does not assume management responsibility. For any significant additional consulting services not already included in the annual audit plan, approval will be sought from CLMT and Audit and Governance Committee, prior to accepting the engagement.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

### **Responsibility:**

The Audit Manager has the responsibility to:

- Submit, at least annually, to CLMT and Audit and Governance Committee a risk-based internal audit plan for review and approval.
- Communicate to CLMT and Audit and Governance Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the council's business, risks, operations, programmes, systems, and controls.
- Communicate to CLMT and Audit and Governance Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to CLMT and Audit and Governance Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.



- Ensure the Internal Audit Service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure trends and emerging issues that could impact the council are considered and communicated to CLMT and Audit and Governance Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Service.
- Ensure adherence to the council's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to CLMT and Audit and Governance Committee.
- Ensure conformance of the Internal Audit Service with the Standards, with the following qualification:
  - i. If the Internal Audit Service is prohibited by law or regulation from conformance with certain parts of the Standards, the Audit Manager will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

**Quality assurance and improvement programme:**

The Internal Audit Service will maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit Service. The program will include an evaluation of the Internal Audit Service's conformance with the Standards and an evaluation of whether Internal Auditors apply the Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Service and identify opportunities for improvement.

The Audit Manager will communicate to CLMT and the Audit and Governance Committee on the Internal Audit Service's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the council.

## Annual Audit Plan 2021/22

| <b>1. Corporate Governance</b><br><b>To provide assurance on core aspects of governance authority wide.</b> |   |                                  |  |   |                               |
|---|---|----------------------------------|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>  | <b><u>Indicative Days</u></b> |
| Corporate Governance and Risk Management  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | LBC0023                          | Medium (1)                               | Review of the corporate governance and risk management arrangements.<br><br>This will include a review of ethics-related objectives.            | 10                            |
| Governance Statements   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | LBC0023                          | Medium (1)                               | To issue and co-ordinate the returns of the quarterly and annual Governance Statements and to report on any significant issues.                 | 10                            |
| Performance Monitoring / Data Quality   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | BIPH0001                         | Medium (1)                               | This review will examine the effectiveness of controls to manage and monitor the quality of data produced at various levels across the council. | 10                            |
| Declarations of Interests, Gifts and Hospitality  | A strong and empowered community supporting fairness, equality and local pride and speaking with a powerful voice.    | LBC0003                          | Medium (1)                               | Review of arrangements in place over declaration of interests, gifts and hospitality.   | 10                            |
|   |   |                                  |  | <b>TOTAL DAYS</b>   | <b>40</b>                     |

| <b>2. Corporate Cross Cutting Reviews</b><br><b>To provide assurance on core aspects of strategy and financial control.</b> |  |                                  |  |  |                               |
|---|--|----------------------------------|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>   | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| Luton 2040  | Luton 2040 – No-one in poverty.  | -                                | Medium (1)                               | To build on the work undertaken in 2020/21.  | 5                             |
| Climate Change and Carbon Neutrality  | Becoming a greener and more sustainable town, to meet our long-term ambition to be carbon neutral and climate resilient by 2040.                 | LBC0084                          | Medium (1)                               | To build on the work undertaken in 2020/21.  | 5                             |
| Travel Assistance (Children and Adults)   | A strong and empowered community supporting fairness, equality and local pride and speaking with a powerful voice.                               | PTUI0001                         | Medium (1)                               | To ensure there are robust controls over the assessment and provision of transport to children with special educational needs, general home to school transport, and adults. | 20                            |
| Transformation Programme – Future Ready   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.                            | TTI0003                          | Medium (6)                               | Review of the Future Ready Programme, the governance arrangements in place for its delivery and benefits realisation.  | 15                            |
| Delivery of Planned Savings   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.                            | LBC0006<br>CFCE0007              | High (6)                                 | To review the arrangements in place to achieve planned savings.  | 15                            |
| Capital Programme   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.                            | PRI0007                          | Medium (6)                               | A review of the capital programme and benefit realisation.   | 10                            |
| Covid-19 Recovery and Post Assurance Work   | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy. | LBC0006<br>LBC0087               | High (6)                                 | To undertake post assurance work as required.  | 20                            |

| <b>2. Corporate Cross Cutting Reviews</b><br><b>To provide assurance on core aspects of strategy and financial control.</b> |  |                                  |  |   |                               |
|---|--|----------------------------------|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>   | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>  | <b><u>Indicative Days</u></b> |
| Cash Handling   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.                            | -                                | Medium (6)                               | To ensure robust controls are in place over cash handling.  | 10                            |
| Health & Wellbeing / Sickness Monitoring  | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy. | LBC0086                          | High (6)                                 | A review of the council's approach to staff health and wellbeing.<br><br>This will include a review of sickness monitoring and referrals made to occupational health. | 10                            |
| Use of Social Media   | A strong and empowered community supporting fairness, equality and local pride and speaking with a powerful voice.                               | LBC0003                          | Medium (7)                               | To ensure policies are robust, clearly communicated and complied with.  | 10                            |
| Timesheets - Agency Staff   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.                            | -                                | Medium (7)                               | To ensure robust controls are in place over completion and authorisation of timesheets for agency staff.  | 10                            |
|   |  |                                  |  | <b>TOTAL DAYS</b>   | <b>130</b>                    |

| <b>3. Key Financial Systems</b><br><b>To provide assurance on core aspects of key financial systems.</b> |   |   |  |  |                               |
|--|---|---|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>  | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b>                          | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| Benefits & Reliefs Granted   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System<br>LBC0074<br>CERV0001<br>CERV0002<br>CERV0003 | Medium (1)                               | To evaluate and test key system controls.  | 10                            |
| Council Tax & Business Rates   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System<br>CERV0001                                    | Medium (1)                               | To evaluate and test key system controls.  | 15                            |
| Accounts Payable   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System  | High (1)                                 | To evaluate and test key system controls.<br><br>This will include a follow up review of duplicate payments.   | 15                            |
| Accounts Receivable & Debt Management  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System<br>CFCE0008                                    | Medium (1)                               | To evaluate and test key system controls.<br><br>This will include a review of debt recovery processes across various services within the council.                                 | 15                            |
| Housing & Temporary Accommodation Rents  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System<br>HPW0007                                     | Medium (1)                               | To evaluate and test key system controls.  | 10                            |
| Payroll / HR   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System<br>LBC0008<br>HRI0002                          | High (1)                                 | To evaluate and test key system controls for payroll including payment of expenses.<br><br>To review the processes in place for starters and leavers and reconciliation to ITrent. | 20                            |

| <b>3. Key Financial Systems</b><br><b>To provide assurance on core aspects of key financial systems.</b> |   |                                  |  |  |                               |
|--|---|----------------------------------|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>  | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>                             | <b><u>Indicative Days</u></b> |
| Pension Returns  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System                       | High (1)                                 | To evaluate and test key system controls.          | 10                            |
| Financial Regulations  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System LBC0023               | Medium (1)                               | To ensure Financial Regulations are complied with. | 10                            |
| Budgetary Control  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System LBC0006<br>CFCE0007   | High (1)                                 | To evaluate and test key system controls.          | 10                            |
| Bank Reconciliation  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System                       | Medium (1)                               | To evaluate and test key system controls.          | 10                            |
| Treasury Management  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System CFCE0002              | Medium (1)                               | To evaluate and test key system controls.          | 10                            |
| Insurance  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | Key System LBC0009               | Medium (1)                               | To evaluate and test key system controls.          | 10                            |
|  |   |                                  |  | <b>TOTAL DAYS</b>                                  | <b>145</b>                    |

| <b>4. Procurement and Contract Management</b><br><b>To provide assurance that successful outcomes and value for money is achieved from contracts.</b> |   |                                  |  |   |                               |
|---|---|----------------------------------|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>  | <b><u>Indicative Days</u></b> |
| Major Projects and Contracts - Highways Service   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.   | PRIE0001<br>PRIE0002<br>LBC0025  | High (1)                                 | <p>A strategic review of the council's project / contract management and monitoring arrangements.</p> <p>This review will focus on the contract management arrangements in place for highways maintenance and street lighting, and payment of invoices.</p> | 10                            |
| Procurement Processes and Contract Management   | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy.  | LBC0025<br>PROC0018              | Medium (1)                               | A review of procurement processes, achievement of value for money, consideration of social value, and award of contracts.   | 10                            |
| Feeder Systems  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.   | -                                | Medium (1)                               | A review of procurement processes outside of AFP.   | 15                            |
| Commissioning of placements - Adults and Childrens  | <p>Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities.</p> <p>Making Luton a child friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive.</p> | LBC0082<br>PH0041<br>PH0044      | High (1)                                 | A review of the controls in place to commission placements for adults and childrens.  | 15                            |
|   |   |                                  |  | <b>TOTAL DAYS</b>   | <b>50</b>                     |

| <b>5. ICT and Information Governance</b><br><b>To provide assurance that risks in relation to ICT and information governance are being managed appropriately.</b> |   |   |  |  |                               |
|---|---|---|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b>                    | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| Information Governance  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | LBC0075   | Medium (1)                               | Review to ensure compliance with GDPR / DPA requirements and dealing with requests for FOI and SAR.<br><br>This will also include validating the NHS toolkit submission. | 20                            |
| Computer Audits and IT Contract   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | LBC0013<br>LBC0091<br>TTI0002<br>TTI0005<br>TTI0006 | High (1)                                 | To undertake computer audits in line with the Audit Needs Assessment and cyclical IT audit programme.  | 50                            |
|   |   |   |  | <b>TOTAL DAYS</b>  | <b>70</b>                     |



| 6. Work to Prevent and Pursue Fraud and Corruption<br>To provide assurance that fraud risks are being adequately and effectively managed. |   |                           |                                   |  |                        |
|---|---|---------------------------|-----------------------------------|--|------------------------|
| <u>Audit Review / Activity</u>  | <u>Link to Strategic Priority</u>   | <u>Risk Register Ref.</u> | <u>Audit Plan Risk Assessment</u> | <u>Overview</u>  | <u>Indicative Days</u> |
| Whistleblowing  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                         | High (3)                          | To investigate whistleblowing allegations.   | 20                     |
| Agency Liaison and Intelligence Exchange  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                         | High (3)                          | Liaison and information exchange with anti-fraud agencies including Police, DWP, NHS and UK Borders Agency.  | 50                     |
| NFI / FraudHub  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                         | High (3)                          | To lead on the National Fraud Initiative (NFI) exercise for the council and conduct NFI activity throughout the year.<br><br>This will include co-ordinating and investigating significant data matches. | 50                     |
| Reactive Fraud and Corruption   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                         | High (3)                          | Carrying out investigations as and when required into referrals received into suspected cases of fraud and irregularities.   | 30                     |
|   |   |                           |                                   | <b>TOTAL DAYS</b>  | <b>150</b>             |

| <b>7. Service Specific Reviews</b><br><b>To provide assurance on areas in relation to Corporate Objectives.</b> |   |  |  |   |                               |
|---|---|--|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b>         | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>  | <b><u>Indicative Days</u></b> |
| Property Investment - Rent  | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy.              | -  | Medium (1)                               | Annual review of The Mall and Basepoint rent calculation to ensure the council is receiving the correct level of income.  | 20                            |
| Highways - Licences   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.   | -  | Medium (6)                               | A review of the processes in place to charge for highway licences.  | 10                            |
| Parking Services / Enforcement  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.   | -  | Medium (1)                               | To review the systems in place for taking payments within Parking Services.   | 10                            |
| Economic Development  | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy.              | LBC0087                                  | High (6)                                 | A review of the council's approach to business engagement and how this information is shared across other teams within the council.   | 10                            |
| Housing   | Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities. | LBC0071<br>HPW0006<br>HPW0007<br>HPW0008 | High (1)                                 | This will include a review of:<br>- Homelessness and Temporary Accommodation, and Rent Deposits follow up reviews.<br>- The policy for applying civil penalties and rent orders.            | 25                            |
| Housing – Compliance Review   | Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities. | HPW0005                                  | Medium (1)                               | Review to ensure that the council's housing stock and accommodation used for temporary accommodation comply with relevant regulations and appropriate governance arrangements are in place. | 10                            |

| <b>7. Service Specific Reviews</b><br><b>To provide assurance on areas in relation to Corporate Objectives.</b> |   |                                  |  |  |                               |
|---|---|----------------------------------|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| BTS   | Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities.                           | -                                | High (1)                                 | Follow up review and review of BTS processes.  | 15                            |
| Community Centres   | A strong and empowered community supporting fairness, equality and local pride and speaking with a powerful voice.  | -                                | Medium (1)                               | A review of the booking policy and compliance with the council's banking and cash handling procedures.           | 15                            |
| Pre-payment Cards for Direct Payments - Childrens and Adults  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040.   | -                                | High (1)                                 | To ensure robust controls are in place over the implementation and use of pre-payment cards for direct payments. | 15                            |
| Adult Learning  | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy.  | IGR0001                          | High (7)                                 | Review of referral processes for adult learning and apprenticeship levy scheme.                                  | 10                            |
| Youth Offending Service   | Making Luton a child friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive. | LBC0063                          | Medium (6)                               | A review of processes and impact of Covid-19 on patterns of offending.   | 10                            |

| <b>7. Service Specific Reviews</b><br><b>To provide assurance on areas in relation to Corporate Objectives.</b> |   |                                  |  |   |                               |
|---|---|----------------------------------|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b>   | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>  | <b><u>Indicative Days</u></b> |
| Schools Financial Value Standards and Internal Controls Self-Assessment Returns                                 | Making Luton a child friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive. | -                                | Medium (1)                               | Review and assess the returns submitted by schools.   | 10                            |
| School Reviews  | Making Luton a child friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive. | -                                | Medium (1)                               | To review 10 schools on a rolling basis.<br><br>This will also include themed school audit reviews. | 60                            |
|   |   |                                  |  | <b>TOTAL DAYS</b>   | <b>220</b>                    |

| <b>8. Corporate Support<br/>To provide support for the Internal Audit Service.</b> |   |                                  |  |  |                               |
|--|---|----------------------------------|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>  | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| Audit Planning   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | Medium (4)                               | Preparation of annual audit plan and individual assignments.   | 25                            |
| Audit Reporting  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | Medium (4)                               | Reporting on individual assignments, and quarterly reports to CLMT and Audit and Governance Committee. | 25                            |
| Management of Audit  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | Medium (4)                               | Ongoing management of the Audit function including file reviews, etc.                                  | 50                            |
|  |   |                                  |  | <b>TOTAL DAYS</b>  | <b>100</b>                    |

| <b>9. Grant Certification</b><br><b>To review grants as required.</b> |   |                                  |  |   |                               |
|---|---|----------------------------------|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b>                                 | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>  | <b><u>Indicative Days</u></b> |
| Contingency for Certification Work                                    | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | High (2)                                 | Auditing grants as required for certification purposes.   | 11                            |
| Highways Maintenance & Transport Funding                              | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | High (2)                                 | Auditing grants as required for certification purposes.<br><br>This will include a review of the Bus Subsidy Grant, Local Transport Grant, and Flood Resilience Fund. | 15                            |
| Public Health   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | High (2)                                 | Auditing grants as required for certification purposes.<br><br>This will include sample review of Public Health's contract management and monitoring arrangements.    | 15                            |
| Stronger Families   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | High (2)                                 | Auditing grants as required for certification purposes.<br><br>This will include a review of operational processes.   | 15                            |
| TPA Part B  | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | High (2)                                 | Annual review of Teachers' Pension Contributions including visits to schools that do not use the council as their payroll provider.                                   | 25                            |
|   |   |                                  |  | <b>TOTAL DAYS</b>   | <b>81</b>                     |

| <b>10. Other Direct Audit Activity</b>                     |   |                                  |  |  |                               |
|--|---|----------------------------------|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b>                      | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| Follow Ups   | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | Medium (1)                               | <p>To carry out follow up reviews of agreed management actions to previous audit recommendations.</p> <p>This will also include follow up reviews for audits that received a 'limited' or 'no' assurance audit opinion.</p>  | 30                            |
| Contingency for Ad Hoc Reviews, and Consultancy and Advice | A future ready council, delivering modern and efficient services that help to deliver our vision for Luton 2020-2040. | -                                | Medium (1)                               | <p>Contingency for reactive work not planned. This will be used to respond to emerging issues and risks, and management initiated reviews.</p> <p>We have also identified some additional audits through the audit planning process, which are currently unscheduled within the annual audit plan for 2021/22. We plan to use 10 days from the contingency budget to undertake internal controls self-assessments in these areas, and based on the results from the assessments will undertake further work as required.</p> | 50                            |
|  |   |                                  |  | <b>TOTAL DAYS</b>  | <b>80</b>                     |

| <b>11. Third Party Audit Reviews</b>  |   |                                  |  |   |                               |
|---------------------------------------|---|----------------------------------|--|---|-------------------------------|
| <b><u>Audit Review / Activity</u></b> | <b><u>Link to Strategic Priority</u></b>  | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>                    | <b><u>Indicative Days</u></b> |
| Active Luton                          | <p>Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities.</p> <p>Making Luton a child friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive.</p> | -                                | Medium (5)                               | Audits at the direction of Active Luton.  | 30                            |
| Cultural Trust                        | <p>Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities.</p> <p>Making Luton a child friendly town, where our children and young people grow up feeling happy, healthy and secure, with a voice that matters and the opportunities they need to thrive.</p> | -                                | Medium (5)                               | Audits at the direction of the Trust.     | 30                            |
| Foxhall Homes                         | Protecting the most disadvantaged in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities.   | -                                | Medium (5)                               | Audits at the direction of Foxhall Homes. | 10                            |



| <b>11. Third Party Audit Reviews</b>  |  |                                  |  |  |                               |
|---------------------------------------|--|----------------------------------|--|--|-------------------------------|
| <b><u>Audit Review / Activity</u></b> | <b><u>Link to Strategic Priority</u></b>   | <b><u>Risk Register Ref.</u></b> | <b><u>Audit Plan Risk Assessment</u></b> | <b><u>Overview</u></b>   | <b><u>Indicative Days</u></b> |
| LLAL                                  | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy. | LBC0039<br>LBC0077               | High (5)                                 | Audits at the direction of LLAL including the annual review of Concession Fee payments to ensure the council is receiving the correct level of income. | 24                            |
| SEMLEP                                | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy. | -                                | Medium (5)                               | Audits at the direction of SEMLEP.   | 20                            |
| Connect2Luton                         | Securing a strong economic recovery from COVID-19, which protects jobs, incomes and businesses and enables us to build a more inclusive economy. | -                                | Medium (5)                               | Audits at the direction of Connect2Luton.  | 20                            |
|                                       |  |                                  |  | <b>TOTAL DAYS</b>  | <b>134</b>                    |
| <b>TOTAL ANNUAL PLAN DAYS</b>         |  |                                  |  |  | <b>1200</b>                   |

**AUDIT PLAN RISK ASSESSMENT / CATEGORY:**

| <b>Key</b> | <b>Category</b>  |
|------------|--|
| <b>1</b>   | Key Areas for Assurance (i.e. Corporate Governance, Key Financial Systems, Follow Up Reviews, IT, Corporate Procurement) |
| <b>2</b>   | Grant Certification  |
| <b>3</b>   | Anti-Fraud Work  |
| <b>4</b>   | Corporate Support  |
| <b>5</b>   | Third Party Audit Reviews  |
| <b>6</b>   | New Area for Review (i.e. high risk)   |
| <b>7</b>   | Cyclical Review (i.e. every 3 years)   |

### Service Performance Targets

| Aspect of Service                      | Performance Indicator                                       | Target  |
|--|---|---|
| Cost and Quality of input              | Chargeable time as % of total time.                         | 65%   |
| Productivity and Process Efficiency    | Achievement of annual plan by 31 <sup>st</sup> March 2022.  | 90%   |
|  | Issue of draft report after completion of fieldwork.        | Within 10 days                                |
|  | Issue of final report after agreement with client of draft. | Within 10 days                                |
|  | Audit reviews delivered within budgeted time.               | 90%   |
| Quality of Output                      | Client satisfaction levels.                                 | 90% of scores good and above                  |
|  | External audit reliance on work of Internal Audit.          | Reliance placed                               |
| Compliance with Professional Standards | Public Sector Internal Audit Standards.                     | 100% compliant                                |
| Outcomes and degree of influence       | Agreement of recommendations.                               | 100% of high priority recs and 95% other recs |
|  | Implementation of agreed recommendations                    | 75% of all recs                               |
| Our Staff                              | Professionally Qualified (or Training) and undertaking CPD  | 50%   |
|  | Annual Training and Development Received (Minimum)          | Ave 5 days per person                         |