

WIRRAL INTERNAL AUDIT SERVICE

INTERNAL AUDIT PLAN

2020 - 2021

Internal Audit Service
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Section One

INTRODUCTION

- 1.1 This document summarises the results of Internal Audit's planning work. It sets out details of the:
- Responsibilities and scope of internal audit
 - Resourcing and delivery of the Council's internal audit service
 - Arrangements for reporting internal audit work
 - Proposed programme of work for 2020/21 (the Audit Plan)
- 1.2 The Audit Plan for 2020/21 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all internal audit service providers in the public sector.
- 1.3 The Council has adopted the PSIAS definition of internal auditing:

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.

- 1.4 In accordance with PSIAS, the mission of internal audit is to:

Enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

- 1.5 The work of internal audit is a key element in delivering the Council's strategic priority of corporate effectiveness and business efficiency, but also supports the Council in achieving all the aims and objectives set out in the Wirral Council Plan: A 2020 Vision.
- 1.6 The PSIAS require that the internal audit service is delivered and developed in accordance with the internal audit charter. The Council has formally agreed provisions relating to internal audit as detailed in the Financial Procedure Rules of the Council's Constitution in accordance with the Internal Audit Charter.

Section Two

INTERNAL AUDIT – RESPONSIBILITIES AND SCOPE

2.1 *Responsibilities of internal audit*

The internal audit function is responsible for:

- Reviewing and developing the Council's governance processes. Specifically, this includes:
 - Promoting appropriate ethics and values within the Council
 - Supporting effective organisational performance management and accountability
 - Communicating risk and control information to appropriate areas of the organisation
 - Coordinating the activities of, and communicating information among, Audit and Risk Management Committee, external audit, internal audit and management
- Evaluating the effectiveness of the Council's risk management processes and contributing to their improvement
- Assisting in the maintenance and development of an effective control environment by providing robust independent assurance over its operation.

2.2 *Responsibilities of management*

The establishment and maintenance of adequate control systems is the responsibility of management. Recommendations made by internal audit can reduce risk and improve systems of control. However, the implementation of audit recommendations cannot eliminate risk entirely.

2.3 *Responsibilities of the Audit and Risk Management Committee*

In regard to internal audit, the Audit and Risk Management Committee is responsible for:

- Approving, but not directing, internal audit's strategy, plan and monitoring performance
- Reviewing summary internal audit reports and the main issues arising, and seeking assurance that action has been taken where necessary
- Receiving and considering the Chief Internal Auditors annual report.

2.4 *Responsibilities for fraud prevention and detection*

The primary responsibility for the prevention and detection of fraud rests with management. Management's responsibilities include creating an environment where fraud is not tolerated, identifying fraud risks, and taking appropriate actions to ensure that controls are in place to prevent and detect fraud.

It is not the role or responsibility of internal audit to detect fraud. However, internal audit will evaluate the potential for the occurrence of fraud in each assignment and how the Council manages the risk of fraud.

2.5 *Scope of internal audit activities*

The scope of internal audit work includes:

- The entire control environment of the Council, comprising financial and non-financial systems.
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an involvement.

Internal audit may also provide assurance services to parties outside the Council as appropriate and with the agreement of the Council.

Section Three

RESOURCING & DELIVERY OF INTERNAL AUDIT

3.1 *Resource requirements*

The level of resource required to deliver an effective internal audit service to the Council has been assessed based on the need to provide adequate audit coverage of the Council's:

- Key financial systems
- Risk management and governance arrangements
- Front line services
- Support services
- Merseyside Pension Fund Administering Authority activities
- Procurement and contract management activity
- Information management arrangements
- Anti-fraud and corruption arrangements
- Schools

Account has also been taken of the need to be able to resource:

- Unplanned work which may arise during the year
- Follow up work to provide assurance that previously agreed recommendations are implemented
- Provision of advice and consultancy to internal customers

3.2 *Delivery of the internal audit service*

The 2020/21 Internal Audit Plan will be delivered by a highly experienced and suitably qualified in-house team of 11 FTE auditors. The level of available internal audit resource is considered sufficient to deliver a robust annual internal audit opinion to the Audit and Risk Management Committee.

As in recent years, where opportunity arises, the internal audit team will also collaborate with internal audit colleagues from other local authorities in regard to the approach and delivery of particular audit assignments.

3.3 *Independence and objectivity*

The internal audit team is managed by the Chief Internal Auditor reporting directly to the Director: of Finance and Investments, the Council's statutory Section 151 Officer and with direct unfettered access to the Chief Executive Officer and Chair of the Audit and Risk Management Committee. These arrangements are designed to prevent any potential impairment to independence and objectivity in regard to the provision of an effective internal audit.

3.4 *Approach to placing reliance on other sources of assurance*

When planning specific audit assignments, other sources of assurance may be taken into consideration in order to ensure the best use of the audit resource. Any work that is necessary in order to place reliance on other sources of assurance will be determined as required for each assignment.

3.5 *Assurance services to other organisations*

Wirral Internal Audit Services provide assurance work to a number of external organisations via SLA's that include the Wirral Growth Company, Evolutions and a number of Academy Schools. Time has been included within the Audit Plan for 2020/21 to accommodate income generating work of this nature as detailed below:

| External Assurance | No Audit Days |
|-----------------------|---------------|
| Wirral Growth Company | 50 |
| Evolutions | 17 |
| Academy Schools | 25 |
| | |

Section Four

INTERNAL AUDIT REPORTING ARRANGEMENTS

4.1 *Distribution of internal audit reports*

At the conclusion of each audit assignment, a draft report and action plan is discussed with the manager responsible for the area which has been audited. A final report containing management responses to any issues identified is subsequently distributed to:

- The relevant Senior Managers for the area reviewed,
- The Strategic Directors responsible for the area reviewed,
- The Council's external auditor, Strategic Leadership Team and ARMC in summary bi-monthly activity report format.

4.2 *Overall assurance opinion*

In each audit report, an overall opinion on the organisational risk presented is provided for the area audited. The opinion is based on the information obtained in the course of the audit and represents an assessment of the effectiveness of the risk management, control and governance processes in the area audited.

| Organisational Risk Rating | Explanation |
|----------------------------|---|
| Major | This opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to major risk of a fundamental or material nature. This opinion suggests that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and or corporate objectives if not addressed. |
| Moderate | This opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise would leave the Council open to moderate risk of a fundamental or material nature. This opinion suggests that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of the systems and/or corporate objectives. |

| | |
|-------------------|--|
| Minor | This opinion indicates that the likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to minor risk. |
| Negligible | There were no weaknesses identified during the review |

4.3 *Reporting to elected members*

On a regular scheduled basis throughout the year internal audit update/progress reports are presented to the Audit and Risk Management Committee Members summarising the outcomes of internal audit work and any significant matters identified. Such matters may include risk exposures, governance weaknesses, performance improvement opportunities and value for money issues and include those matters escalated to Members for action.

In addition to this, Members are emailed a bi-monthly Internal Audit Activity Summary report throughout the year identifying audits completed, opinions provided, summary findings and a RAGB rating indicating the status of actions being taken by officers in response to audit recommendations. Information is provided in this manner to ensure that the timeliness of data provided is maintained effectively on an ongoing basis.

4.4 *Annual Audit Opinion*

An annual report is presented to the Audit and Risk Management Committee which includes the Chief Internal Auditor's overall opinion on the Council's risk management, control and governance processes. This opinion forms one of the sources of assurance in support of the Council's Annual Governance Statement. The opinion is based upon the collective findings from the internal audit work completed during the year.

Section Five

INTERNAL AUDIT PLAN - METHODOLOGY

5.1 *Requirements of the Public Sector Internal Audit Standards*

The PSIAS 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'.

5.2 *Development of the Audit Plan*

In developing the Audit Plan, account has been taken of:

- The Council's risk management processes
- Senior management's views on risk in their areas of responsibility
- The results of previous internal audit work
- Other existing sources of assurance, including the work of external audit
- New or emerging risks affecting the Council or local government as a whole
- Known changes to the Council's business, operations, programs, systems, and controls
- The requirement to ensure sufficient and wide-ranging coverage in order to provide a robust annual audit opinion
- Any planned work deferred from the 2019/20 Audit Plan that is still considered a priority

5.3 *Alignment of the Audit Plan to the Council's Corporate Priorities*

The Audit Plan has been prepared in a way that aligns each piece of planned work with the key risks presented to the Council whilst also taking account of corporate priorities. Some planned reviews clearly contribute to more than one risk or priority. For presentational purposes the reviews have been listed in a manner that is considered most closely linked to the relevant directorate.

5.4 *Budgeted time allocations*

A budgeted time allocation has been set for each area included in the Audit Plan. It is accepted that the exact resource requirement for each assignment cannot be forecast with certainty at this stage. The plan therefore represents the best estimate of the way in which the Council's internal audit resources will be deployed.

5.5 *Timing and prioritisation of audit work*

The intention is to complete all planned work within the year. However, the timing and respective prioritisation of work will take account of:

- The need to finalise any work from 2019/20 that remains incomplete at year-end
- The requirement to provide assurance over the Council's key financial systems
- The views of management of the service areas in regard to the timing of work
- Any other factors that may be relevant to the timing of a particular piece of work
- Any urgent unplanned work arising
- Changes in the level of audit resources available

5.6 *Significant interim changes to planned work*

The Audit Plan will be kept under review during the year and it may be necessary to make revisions to planned work in order to respond to changes in priorities or changes in the level of internal audit resources. Minor changes will be agreed with the relevant operational Directors. Any significant interim changes will be reported to the Audit and Risk management Committee.

Section Six

SUMMARY INTERNAL AUDIT PLAN

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|----------------------------------|--|--|---|
| ADULT CARE & HEALTH | | | |
| Demand Management | Failure to improve the quality of health and care services through integrated commissioning and delivery arrangements, could lead to demand, particularly in the winter period, continuing to increase, leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need. (Corporate Risk). | Assessment of risks and mitigating controls in respect of integrated commissioning and delivery of health & care. | <i>Initial review undertaken to consider latest position for each of the risk mitigations. No further detailed work planned for the present until the Corporate Risk Register has been updated.</i> |
| Upstream / preventative activity | Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing. (Corporate Risk). | Assessment of risks and mitigating controls to help ensure the Council has appropriate arrangements in place to manage the risks in respect of improving outcomes and reducing demand for reactive services for vulnerable people. | <i>No further work planned for the present until the Corporate Risk Register has been updated. (Envisaged that this risk will likely move to the departmental risk register)</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|---|--|--|
| Partnership working | Inability to take advantage of collaborative opportunities locally and nationally, limiting improvement in economic conditions for the community and the Council's funding position. (Corporate Risk) | Assessment of risks and mitigating controls to help ensure the Council has sound overarching arrangements to manage the corporate risk, including in respect of the Wirral Plan and LCR. | <i>No further detailed work planned for the present until the Corporate Risk Register has been updated. A follow-up of the Wirral Health & Care Commissioning review, reported January 2020, will be undertaken.</i> |
| Significant Safeguarding Incident (Adult's & Children's) | The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny. (Corporate Risk) | Assessment of risks and mitigating controls to ensure safeguarding issues are correctly identified, actioned appropriately and outcomes monitored. | <i>Work still scheduled to be completed this financial year.</i> |
| Wirral Evolutions | Important Local Authority Trading Company delivering services regarding day centres and day opportunities. Essential that governance arrangements are robust. | Delivery of service agreement covering key governance, performance and financial aspects of service, including ongoing consultancy advice on control environment within Centre and specific sites. | <i>Work still scheduled although limited coverage as Centres not currently open and reduced staff at Centre.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|---|---|--|
| CORPORATE OFFICE | | | |
| Business Planning & Performance Management | Effective business planning and performance management arrangements remain key to ensuring Council activity is geared to the achievement of Council objectives. | Review of aspects of the business and service planning and performance management arrangements in a sample of Council departments. | <i>In the light of restructuring and some interim arrangements during 2020/21, this review will be undertaken in quarter 1 of the 2021/22 plan.</i> |
| CHILDREN'S SERVICES | | | |
| Schools | Appropriate financial control arrangements and sound governance procedures are essential to ensuring effective financial management in school. | An audit programme focussed on financial and governance risks is undertaken at all schools over a four-year programme, with phasing planned based on risk assurance rating. Ongoing support and guidance on effective control environments provided as requested. | <i>Current plan for 2020/21 is to undertake reviews at 12 schools, rather than the 24 schools originally planned. School audits will be undertaken remotely.</i> |
| Troubled Families | Need to maximise income and prove details claimed accurate and valid. | Verification of grant claim details including appraisal of outcomes. | <i>Work still scheduled to be completed during 2020/21 financial year.</i> |
| Brexit | Uncertainty caused by Brexit adversely affects public and market confidence, impacting demand for housing and the | Assessment of risks and mitigating controls to ensure full awareness on an ongoing basis of the potential implications of Brexit as | <i>Work still scheduled to be completed during 2020/21 financial year.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|------------------------------|--|--|--|
| | level of investment in the Borough. Other Brexit implications include, e.g. lack of workers available for care type work; withdrawal and/or reduction in external funds impacts ability to sustain investment in local programmes (Corporate Risk) | negotiations continue and outcomes become clearer. | |
| Academies | Continuing to explore alternatives for wider Internal Audit service development. | Agreeing SLAs with a small number of Academies to undertake their internal scrutiny role. | <i>2019-20 audits completed August – October 20 for the five schools with agreed SLAs. Work on 2020/21 SLAs to commence January – March 2021.</i> |
| NEIGHBOURHOODS | | | |
| Climate Emergency Response | Failure to respond effectively and develop plans/adaptations leads to legal challenge, reputation damage, increased costs, lack of resilience, public. (Corporate Risk) | Assessment of risks and mitigating controls to ensure appropriate arrangements in place to manage this corporate risk. | <i>Audit review will be deferred until 2021/22.</i> |
| Health and Safety Management | If health and safety/compliance policies and procedures are not sufficiently developed, tested or adhered to by officers, members or contractors, this | Assessment of risks and mitigating controls to ensure full compliance with legislative requirements and policies agreed with Council's partners. | <i>Scheduled involvement with developments taking place will continue during 2020/21, advising on risks and controls to ensure legislative compliance.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|-----------------------------|---|--|---|
| | could lead to an incident resulting in harm to employees/Members/members of the public, legal challenge and reputational damage. (Corporate Risk) | | |
| Commissioning | Important for organisation to maintain effectiveness of identifying outcomes to meet needs through efficient market intelligence and stakeholder involvement. Risk of interruption to the delivery of vital services from the failure of a critical supplier | Support and guidance plus compliance work regarding: - Breach notices - Highways - Partnership working - Procurement Assessment of risks and mitigating controls. | <i>Scheduled audit work will largely be completed, with the exception of work on Highways which will be undertaken in 2021/22.</i> <i>Some risks in this area will have increased due to Covid19 and consequently will be subject to more targeted work.</i> |
| Contract Management testing | Effective contract management essential in the efficient delivery of services and the achievement of best financial value. | Programme of tests focusing on specific existing contracts to ensure roles and responsibilities clear, payments are accurate and required outcomes satisfactorily delivered. | <i>Scheduled work will be completed this financial year.</i> |
| Commercialism | Impact on future income flows of any failure to develop and deliver commercial culture and processes. | Annual review of governance, specifically efficiency and effectiveness of decision-making regarding commercial ideas and the actual improvements in income as a result. | <i>Scheduled work in this area will be completed in early 2021/22</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|---|--|---|
| Leisure and General Establishments reviews, Income Maximisation and Policy | Need to ensure expected income streams are fully maximised and key corporate policies and procedures are followed across the Council. | Review of income from a sample of establishments plus confirmation of compliance with a range of established policies and procedures. | <i>New generic audit programme designed including a section on Covid19 risk arrangements at Centres, seeking assurances that operating correctly. Work will be performed once Centres reopen.</i> |
| RESOURCES | | | |
| Financial Resilience | Failure to effectively manage changes to the way that the Council is funded could lead to poor decisions on service reductions, unplanned efficiencies and in year overspends, resulting in the Council being unable to deliver priority services to vulnerable communities. (Corporate Risk) | Assessment of risks and mitigating controls to ensure the Council's has robust arrangements in place for ongoing financial resilience. | <i>Scheduled review will be undertaken in line with original audit plan.</i> |
| Risk Management | A robust risk management framework is essential to ensure the range of risks to service delivery and achievement of Council priorities are effectively managed. | A peer audit review of the adequacy and effectiveness of the Council's risk management arrangements. | <i>Scheduled peer audit review will be deferred to 2021/22.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|---|---|--|
| Financial Systems <ul style="list-style-type: none"> • Transactional Management - Collection Fund • Payroll • Accounts Receivable • Accounts Payable • Income Control | These systems provide material disclosures for the financial statements. (s151 requirement). | High level reviews evaluating and testing the effectiveness of the key controls within each financial system and focused on any emerging key risks areas. | <i>A generic audit programme has been developed in accordance with the best practice guidance issued by both CIPFA & IIA. This will be utilised during 2020/21 as the method for reviewing the risks and impacts of the current Covid19 situation on the operation of the key financial systems. The audit objective is to determine the key impacts on the effective operation of the system emanating from the Covid19 situation and provide managers with reasonable assurance that the risks have been considered and mitigated where appropriate.</i> |
| Transactional Management - Benefits | These systems provide essential financial support to vulnerable clients. | Provision of assurance to s151 Officer on a cyclical basis in respect to the various Benefit systems. i.e. HB, CTSS, DHP's, IHM & LWASS | <i>An audit programme has been developed in accordance with the best practice guidance issued by both CIPFA & IIA. This will be utilised during 2020/21 as the method for reviewing the risks and impacts of the current Covid19 situation on the operation of the key financial systems. The aim objective is to determine the key impacts on the effective operation of the system emanating from the Covid19 situation and provide managers with reasonable assurance that the risks have been considered and mitigated where appropriate.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|---------------------------------|--|--|--|
| Client Finance Support Team | These operations provide essential support to vulnerable clients. | Assurance on effectiveness of the client finance support systems reviewed on a cyclical basis. i.e. Direct Payments, Court of Protection. | <i>Scheduled work will be completed the 2020/21 financial year.</i> |
| Personal Finance Unit | Prompt financial assessment, billing and recovery of client financial contributions is essential to fund the Council budget. | Provision of support in respect to service development. | <i>Scheduled Involvement on working group to look at most efficient practices with awareness of vulnerable nature of service users at this time will continue during 2020/21.</i> |
| Treasury and Capital Management | These systems provide material disclosures for the financial statements. | High level reviews evaluating and testing the effectiveness of the key controls within the Capital Programme, Assets and Treasury Management operations focused on any emerging key risks areas. | <i>Planned work has been re-focussed for 2020/21 to evaluate the progress made in implementing the previously agreed (pre-Covid19) audit recommendations and to evaluate the current operational risks including Covid19 risks..</i> |
| Financial Accounting System | These systems provide information and disclosures for the financial statements. | Provision of information and assurance to s151 Officer in respect to the production and external audit of the financial statements. | <i>Audit Completed – Work to facilitate the provision of assurance to the External Auditors (Grant Thornton) on key areas affecting the financial statements in order to comply with the International Auditing Standards. Assurances were provided on the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|---|---|---|--|
| Financial Control | Provision of assurance to the S151 Officer on the supporting financial management systems. | Reviews evaluating and testing the effectiveness of the key controls within the financial systems that support the Council's business and focused on any emerging key risks areas. | <i>Audit work to provide advice and guidance on developing financial controls will continue during 2020/21. In addition, audit assurance on post Covid19 system changes and evaluation of impacts on the control environment will be undertaken during 2020/21</i> |
| Regularity Testing | A risk of non-compliance with Council financial policies and procedures. | Focussed sample testing of transactions, including Direct Payments, using IT assisted sampling approach and agreed exception parameters to determine sample, to identify any significant instances of non-compliance. | <i>Scheduled work in this area is likely to be deferred until the 2021/22 financial year.</i> |
| Grants | Essential to maximise income and prove details claimed are accurate and prompt. | Responsive work prior to despatch of claims | <i>Scheduled work will be completed this financial year with greater emphasis on Covid19 related risks presented.</i> |
| Cultural Change for an Effective and Efficient Organisation | Failure to implement the cultural change necessary to become an efficient and effective organisation, which is financially sustainable in the long term. A risk that insufficient capacity or expertise, cultural resistance from staff or ineffective | Assessment of risks and mitigating controls to ensure the Council has appropriate arrangements in place to overcome potential barriers to the delivery of the Wirral Plan, including capacity, cultural and partner engagement. | <i>No further work planned for the present until the Corporate Risk Register has been updated.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|--|---|--|
| | engagement with partners means that the ambition of the Wirral Plan is not realised, perpetuating inefficiencies and preventing required outcomes from being achieved. (Corporate Risk) | | |
| Compliance with Policies and Procedures | Non-compliance with corporate policies and procedures across disciplines such as HR, finance, information, procurement, health & safety, put the reputation of the Council and the health and safety of our staff and residents at risk, and may lead to financial penalty and ultimately loss of life. (Corporate Risk) | Assessment of risks and mitigating controls to ensure the Council has appropriate arrangements in place to ensure compliance with policies and procedures. | <i>Assurances required covered within other scheduled audit work such as Procurement Fraud and Corruption review, Health and Safety board input and Finance Consultancy involvement.</i> |
| LAW, GOVERNANCE & ASSURANCE | | | |
| Corporate Governance / Annual Governance Statement (AGS) | Statutory requirement for the Council to produce an Annual Governance Statement. Failure to maintain effective | Undertake work to support and assist in the preparation of the Annual Governance Statement, ensuring it aligns with knowledge and understanding of structures | <i>Reviews and support will be provided in line with original audit plan to ensure that statutory obligations complied with.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--------------------|--|--|--|
| | corporate governance could result in poor decision-making, malpractice and breach of legislation, leading to regulatory intervention and significant cost, both in financial terms and to the reputation of the Council. (Corporate Risk) . | and processes in place. Provide support and challenge to development of governance arrangements, including attendance and support for Corporate Governance Group and review of the Code of Corporate Governance. Assessment of risks and mitigating controls to ensure the Council maintains effective corporate governance. | |
| Ethical framework | Robust ethical procedures will help ensure good governance and protect the Council's reputation. | Review of risk areas within the Council's Ethical Framework. Evaluate the effectiveness of the processes supporting compliance with ethical governance principles. | <i>Detailed audit work no longer deemed to be a priority for 2020/21 (previous review reported March 2020). Follow-up review will be undertaken in Q4 (2020/21).</i> |
| Constitution | Essential to overall good governance that the Council's Constitution is current, relevant and functions effectively. | Annual review and feedback to Monitoring Officer regarding assurance on effectiveness and corporate compliance. | <i>Audit work will now be undertaken early in 2021/22 financial year. When new Constitution and working arrangements have been in operation for a reasonable time.</i> |
| Mayor's Charity | Failure to comply with Charity Commission requirements. | Undertake Independent Examination of the Mayor's Charity accounts. | <i>Review will be undertaken in line with original audit plan.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--------------------------------------|---|---|--|
| REGENERATION & PLACE | | | |
| Local Plan | A failure to ensure the Council's arrangements for the consultation, publication and implementation of the Local Plan could result in intervention, a loss of control over future development and missed opportunities to promote economic growth. (Corporate Risk) | Assessment of risks and mitigating controls to review whether the Council has appropriate arrangements for the consultation, publication and implementation of the Local Plan | <i>Audit work will be streamlined and predominately involve overview of progress in comparison to internal and external expectations will be undertaken; together with follow-up of previous audit review.</i> |
| Exposure to Economic and Market Risk | The aggregate level of risk presented by multiple regeneration projects is not recognised, leaving the Council over-exposed in the event of a downturn in the economy and/or markets. (Corporate Risk) | Assessment of risks and mitigating controls to ensure the Council is effectively engaging with relevant partners concerning contingency plans, with full awareness of financing options and contractual requirements. | <i>Planned work will be streamlined and predominately involve provision of advice and assistance on risk and control at various development/working groups.</i> |
| Wirral Growth Company | Failure of the Wirral Growth Company to deliver anticipated benefits undermines the Council budgetary position, economic growth aspirations and public and investor confidence in the authority. (Corporate Risk) | Assessment of risks and mitigating controls to ensure all risks and opportunities effectively covered in agreement with development partner and clear governance processes structure the continuing working arrangements. | <i>Three scheduled audit reviews covering Governance and Finance to be completed this financial year, as approved through Joint Venture Board in Oct 2020.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|---------------------|---|---|--|
| Wirral Waters | Potential failure to deliver on target with commensurate impact on regeneration plans and planned income streams. | Reviews of control environment to ensure satisfactory progression of projects within regeneration scheme and advice regarding operation of Investment Fund. | <i>Scheduled audit work now to be completed in 2021/22 financial year.</i> |
| Housing Services | Lack of delivery of an adequate supply of housing for the community and failure to comply with relevant legislation. | Appraisal of effectiveness of key housing services including waiting lists, dealings with landlords, and actions regarding homelessness situation. | <i>Scheduled audit work now to be completed in 2021/22 financial year.</i> |
| PENSION FUND | | | |
| | The Council as administering authority for the Merseyside Pension Fund (MPF) is required to make arrangements for the proper administration of the financial affairs of the Fund and provide assurance they are managed to secure effective, economic and efficient use of resources and to safeguard its assets. | Provision of an opinion on the MPF control environment based on the outcomes of a separate cyclical MPF internal audit plan. The plan is updated annually to take account of the emerging key risks facing the Fund and is delivered in accordance with the approved service level agreement. The work is split between: Pensions Administration; Investments, Accounting & Compliance; and cross cutting risk areas. | <i>The development of the MPF Audit Plan included discussions on the impact of the Covid19 situation with the Fund managers via the Fund Operating Group (FOG). The view of FOG was that the key operations were still working effectively so following due consideration no amendments to the planned assignments have been identified or requested but the Audit Plan remains fluid should the situation change.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|------------------------|--|---|---|
| ICT | | | |
| Cyber Security | <p>IT security is insufficient to deter, detect and prevent unauthorised access to IT systems, resulting in loss of data and disruption to Council services.</p> <p>(Corporate Risk)</p> | <p>Assessment of risks and mitigating controls to provide assurance that there are robust controls in place to prevent a wide range of Cyber-Attacks.</p> <p>Reviews to include the protection of internet connected systems in the following areas:</p> <ul style="list-style-type: none"> - cyber governance - application of security controls - cloud strategies and controls - threat and vulnerability management - firewall and network security - compliance. | <p><i>Scheduled audit work to be undertaken as planned with the emphasis on any new or emerging risks due to the impact of Covid19.</i></p> |
| Information Management | <p>Council is not compliant with relevant data and information management legislation which may lead to loss or breach of personal data creating security or reputational risk.</p> <p>(Corporate Risk)</p> | <p>Assessment of risks and mitigating controls within aspects of Children's and Adult's services to provide assurance that there are sufficient controls in place to manage key risks in the various aspects of information management including sharing,</p> | <p><i>Scheduled audit work to be undertaken as planned with the emphasis on any new or emerging risks due to the impact of Covid19 and Agile Working.</i></p> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|--|--|--|
| | | recording, storing, security and compliance. To provide assurance that information is managed in line with the LPS Data Handling Guidelines. | |
| ICT Compliance | Significant risks presented the Council by a potential failure of the organisation to comply with established policies and procedures in operation to provide effective governance over its digital operations | A programme of targeted work to assess and evaluate the effectiveness of arrangements in operation and levels of compliance with agreed operations by the workforce. | <i>No further work to be undertaken, consideration for inclusion in the 2021/22 plan once risk registers have been revised.</i> |
| Digital Strategy | Failure of Digital Strategy to achieve established and agreed objectives presents significant risk to the Council. | Assessment and evaluation of the Council's agreed Digital strategy for fitness and purpose including its ability to achieve agreed purpose. | <i>Scheduled audit work to be undertaken albeit a reduced audit programme will be applied due to higher priority risks as a result of Covid19.</i> |
| Business Continuity Planning – Response to a Disruptive Incident | Failure to coordinate and maintain effective business continuity plans leaves the Council unable to respond to an incident, resulting in a major failure in service delivery. (Corporate Risk) | Assessment of risks and mitigating controls to provide assurance that there are sufficient controls in place to manage key risks. | <i>Scheduled audit work now to be completed in 2021/22 financial year as plans are being reviewed as a direct result of Covid19.</i> |
| Digital Projects | Successful delivery of the digital transformation programme is crucial to the delivery of the Council's | To provide assurance that projects are managed and monitored sufficiently to ensure that they are delivered in time, on budget and | <i>Scheduled audit work to undertaken as planned.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|---|--|---|
| | <p>transformation agenda. Key digital transformation projects currently underway include:</p> <ul style="list-style-type: none"> - Access Wirral - Customer Access Solution - Digital Infrastructure (Full Fibre Network) - Microsoft Teams and Sharepoint. | planned benefits are realised. | |
| ERP | Failure to deliver an effective Enterprise Resource Management planning solution across arrange of linked services will present an ongoing risk to the efficient and effective operation of the Council. | Ongoing targeted audit support, consultancy advice and guidance on the ERP project. | <i>Work in this area will continue.</i> |
| Follow-ups | Agreed recommendations not implemented. | Follow up of recommendations made by internal and external assurance providers to provide assurance that actions are implemented in a timely manner. | <i>Scheduled audit work to undertaken as planned.</i> |
| COUNTER FRAUD | | | |
| Counter Fraud Strategies, Fraud Policies | Fraud and corruption are ever present risks to all | Review internal fraud policies and evaluation of awareness and | <i>Scheduled audit work to be undertaken as planned although with</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|---------------------------------|--|---|---|
| and Awareness Training | organisations. It is important therefore that the Council's arrangements to counter fraud reflect best practice. | compliance across the Council and continued delivery of awareness training for all employees. | <i>greater emphasis on Covid19 related fraud risks.</i> |
| National Fraud Initiative (NFI) | NFI matches data across organisations and systems to help public bodies identify anomalies which may signify fraud. The Council is required by law to participate in NFI. | Coordination of the NFI 2018/19 exercise, including the investigation of matches and review of user outcomes. To identify possible cases of fraud and error from data provided through NFI and ensure that corrective action is taken in respect of any identified under/overpayment. | <i>Scheduled audit work to be undertaken as planned although with greater emphasis on utilisation of NFI for Business Grants post assurance checks.</i> |
| Fraud – Reactive | Fraud referrals deemed of sufficient significance to be referred to and accepted by the CIA are investigated by Internal Audit in line with the Counter-Fraud and Corruption Strategy. | Investigations of allegations/referrals to Internal Audit | <i>Scheduled audit work to be undertaken as planned.</i> |
| Fraud – Proactive | Fraud and corruption are ever present risks to all organisations. It is important therefore that a programme of proactive anti-fraud work is undertaken to prevent and detect fraud. | Risk based proactive work to prevent and detect fraud. | <i>Scheduled audit work to be undertaken as planned although with greater emphasis on risks presented as a result of Covid19.</i> |

| Area of Audit Work | Risk Context | Overview of Assurance | Oct 2020 – Covid19 Adjustment |
|--|--------------|--|---------------------------------------|
| ADVISORY | | | |
| Audit Queries | | Time allocation for specific queries that arise from directorates that require audit services. | <i>Work will continue as planned.</i> |
| Corporate Working Groups National/Regional Working Groups | | Time allocation to contribute to Audit Working Groups (in addition to that included under respective risk areas above) | <i>Work will continue as planned.</i> |
| CONTINGENCY | | Time allocation to allow for new emerging risks and unplanned work for example large investigations. | |