

Internal Audit Planning Approach and Emerging Themes

Audit Committee Consultation Document 2025/26

Appendix A

4.2	APPROACH
4.2.1	Consultation and research are currently underway to determine themes and areas for audit work. This includes consulting with senior management and reviewing risk registers, budgets, plans and strategies, decisions, project and contract registers.
4.2.2	<p>The potential areas for review that this generates will then be subject to an assessment, using our planning tool (see Appendix B for details). The key factors being assessed are:</p> <ul style="list-style-type: none"> • Materiality: The size of a system or process in terms of financial value or numbers of transactions or number of people affected. • Corporate Importance: The extent to which the Council depends on the system to meet statutory or regulatory requirements or corporate priorities. • Stability: The degree of change within the process. • Vulnerability: Extent to which the system is liable to breakdown, loss, error or fraud. • Specific concerns: Arising from management's assessment of risk as well as audit intelligence. <p>The assessment tool is designed to ensure that our work is aligned to organisational objectives and priorities.</p>
4.2.3	<p>The Annual Internal Audit Plan will be compiled using our knowledge of:</p> <ul style="list-style-type: none"> • The prioritised list of potential audit reviews generated by the above assessment. • The number of audit days available for the year. • The skills, knowledge and experience of audit staff. • Assurance available from other sources. • Cambridgeshire County Council Internal Audit plans in relation to our shared services. • An allowance for statutory activities, grant certifications, supporting the democratic process and follow-up reviews.
4.2.4	The Draft Annual Internal Audit Plan will be presented to the Audit Committee at the 24 March meeting. It will show all audits assessed as high priority but will distinguish between those achievable within current audit resources and those which are not.
4.2.5	During the year, there will be new risks and concerns identified, or changes to those already identified and included in the plan. There will be regular review of these changes and a reassessment of priorities in accordance with the approach set out above. This will result in areas of work being added to or removed from the plan.
4.2.6	Co-ordination between Internal Audit and the Risk Management Board/Risk Manager can assist this process in identifying emerging local and national risks and areas that need to be covered in audit work where appropriate. This approach will continue to be developed during 2025.
	THEMES EMERGING
4.3.1	<p>There has been an enormous amount of change occurring within the organisation: during 2024 which is due to continue into 2025. The business has de-coupled from Cambridgeshire County Council and contracts have been brought back in-house; changes to key IT systems; a major improvement programme to transform our services including a People and Culture programme to overhaul how we manage the workforce, all within a continuing challenging financial environment.</p> <p>Our initial stages of planning have included these broad themes, as well as some specific areas of risk. These, and others identified as the planning process continues, will be subject to our planning assessment tool for prioritisation.</p>
4.3.2	Financial Governance

	<ul style="list-style-type: none"> • Arrangements for ensuring that savings proposals are robust and monitored. • CPI Compliance • Income generating activities – charging policy, accurate billing and debt recovery. • Purchase to Pay - to include the use of payment cards • VAT • Compliance with policies including fraud and ethics • Grant activities that require statutory certification by Internal Audit
4.3.3	<p>Information Governance</p> <ul style="list-style-type: none"> • Cyber Security – technical controls and disaster recovery • Information Governance – data management and security • IT governance – strategy, policy, procedure • Major changes in IT systems (further developments in Payroll/HR dependant on implementation timescales and Procurement, use of Artificial Intelligence, implementation of AP/AR provider portals for Childrens and Adult Services) • Attendance at Strategic Information Board
4.3.4	<p>Corporate Governance</p> <ul style="list-style-type: none"> • Risk Management – review of embedded policy/processes • Compliance with our Code of Corporate Governance • Annual Governance Statement • Health and Safety • Emergency Resilience • Performance Management • Attendance at the Risk Management Board
4.3.5	<p>External Organisations</p> <ul style="list-style-type: none"> • Arrangements for governance of external companies and partnerships such as Peterborough Limited • Shared Service agreements
4.3.6	<p>Contracts and Procurement</p> <ul style="list-style-type: none"> • Contract Management framework – development and compliance to include contract monitoring responsibilities and arrangements. • Specific contract reviews • Procurement governance – policies, procedures, monitoring compliance and exemptions
4.3.7	<p>Project and Programme Management</p> <ul style="list-style-type: none"> • Project management and benefits realisation on specific projects • Programme management and transformation
4.3.8	<p>Environment</p> <ul style="list-style-type: none"> • Leased estate management (residential and commercial) • Additional Licensing Scheme • Climate Change/Net Zero (eg Energy plan and PIRI project)
4.3.9	<p>Service Delivery</p> <ul style="list-style-type: none"> • Changes to service delivery following decisions to in-source/outsource or otherwise change the activities of major contracts or companies.

INTERNAL AUDIT PLANNING AND ASSESSMENT TOOL

Category	Weight	Description	Total Possible Category Score
Materiality	2	Value (budgeted income and expenditure; contract values; project costs etc.) and volume (number of transactions, number of individuals affected). 1= up to £100k or 100 transactions 2= £100k-£1m, or 100-1000 transactions 3= £1-10m, or 1000-10,000 transactions 4= £10-£100m, 10,000 or 100,000 transactions 5= £100m plus, or 100,000 plus transactions Score 1 to 5 (1= low, 5 = high).	10
Stability	2	Amount of change within a system or process. Growth in size or responsibilities; staff turn-over; legislative change; new or upgraded IT systems; cultural change; new service delivery models; significant internal policy change. Score 1 to 5 (1= low, 5 = high)	10
Vulnerability	3	Inherent risks (fraud, corruption, error, commercial or sensitive information, health and safety, vulnerable adults and children). Control environment (limited central control or ownership, poor physical security, high turn-over of staff, complexity of systems and processes, poor SoD, lack of expertise) Score 1 to 5 (1= low, 5 = high)	15
Corporate Importance	5	Dependence on the system to meet regulatory requirements or corporate priorities and objectives. Score 1-5 (1= low, 5= high)	25
Specific Concerns	4	Concerns and risk assessment of management and auditors. Review risk registers, specific areas raised by management, audit intelligence. score 1-5 (1= low, 5= high)	20
Total Possible Overall Score			80

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