



GOVERNANCE AND AUDIT COMMITTEE - 18TH APRIL 2023

**SUBJECT: INTERNAL AUDIT SERVICES: ANNUAL AUDIT PLAN
2023/24**

REPORT BY: ACTING INTERNAL AUDIT SERVICES MANAGER

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1. PURPOSE OF REPORT

- 1.1 To seek Governance and Audit Committee approval of the Internal Audit Services Annual Audit Plan for the 2023/24 financial year.

2. SUMMARY

- 2.1 The Governance and Audit Committee is responsible for ensuring that risk and internal controls are adequately managed and monitored, and that the work planned by Internal Audit will achieve the required levels of assurance.
- 2.2 The report provides details of the resources available and planned work programme for Internal Audit Services for 2023/24.

3. RECOMMENDATIONS

- 3.1 The Governance and Audit Committee is asked to approve the Internal Audit Services Annual Audit Plan for the 2023/24 financial year.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The work of Internal Audit Services provides assurance on the robustness of internal controls and the corporate governance arrangements operating within the Authority and identifies areas for improvement.
- 4.2 The Public Sector Internal Audit Standards (PSIAS) and the Council's Financial Regulations require that an annual plan is prepared to ensure that there is an effective and efficient use of audit resources, and that those resources are directed to address areas of risk and to provide assurance for management as part of the Annual Governance Statement (AGS).

5. THE REPORT

- 5.1 The Internal Audit Plan is based on a rolling programme of establishment audits, key high-risk and other systems reviews, contract audits, grant certifications and other specific areas requested by Directors and Heads of Service, together with a contingency of 240 days built in for unplanned audit work and emerging risks that may arise throughout the year.
- 5.2 The Internal Audit available staffing resources for the 2023/24 financial year is shown in the table below. There are currently 8 staff in post with one vacancy that has arisen as a result of the Assistant Manager undertaking the role of Acting Internal Audit Services Manager. However, it is anticipated that a recruitment process will take place early in the new financial year and all positions will then be filled.
- 5.3 The table below provides details of the available staff days for the year taking account of known vacancies: -

	Q1	Q2	Q3	Q4	Total for year
Working days	565	566	565	565	2261
Overheads	227	182	218	191	818
Net available days	338	384	347	374	1443

- 5.4 An allowance has been made for known overheads and unproductive time such as annual leave and bank holidays, study day release time and other training, and estimates are also included for other overheads such as sickness, leave of absence etc. In addition, time has also been allocated to mentoring and supervising newly appointed staff and developing their performance within the team. It should be noted that there are less available days this year due to increased annual leave entitlements and the additional bank holiday for the Coronation of King Charles III.
- 5.5 There is an amount of the Internal Audit Manager's time that will need to be allocated to tasks such as managing the team, supporting the Governance Panel, and reporting to the Governance & Audit Committee. That time has also been allocated to overheads.
- 5.6 There are a number of recurring regular audits relating to establishment locations which will continue, together with grant certifications. In 2023/24 the Council will also be required to undertake the investigation of matches reported by the National Fraud Initiative (NFI). Internal Audit Services also supports the role of Information Governance Steward for Corporate Finance. Time has been allocated to these within the plan.
- 5.7 A number of short duration high level Internal Control Questionnaire Assessments (ICQs) have also been built into the plan. The results of these audits will be used to direct and inform targeted work where risks have been identified or further support may be needed. This will also enable low risk routine operational processes to be assessed more regularly and will also allow audit resources to be concentrated on higher risk areas.

- 5.8 Unplanned and unscheduled work is also performed each year such as the review of final accounts and contract compliance, and the resource demand will vary depending not only on the number of these, but also the level of compliance with best practice, the council's Financial Regulations and Standing Orders within the contract process.
- 5.9 Other unplanned work may also arise for example participation in working groups, one-off audits and investigations and there is an allowance built into the plan for such contingencies.
- 5.10 Finance systems and processes are by their nature high risk, so an element of audit time is required to be allocated to the core financial systems. Some areas such as Council Tax, NNDR and Housing Benefits have experienced significant resource demands in recent years arising from system changes and the processing of a range of cost of living support grant payments. As a result, there has been some backlog in audit coverage in these areas. Specific audits will be agreed with the Head of Financial Services & S151 Officer and relevant Managers as demand and resources in these areas stabilises.
- 5.11 NFI data matches were released in February 2023 and audit staff have traditionally undertaken a significant proportion of the match investigations and subsequent reporting to Service Managers and the follow-up of specific issues identified. Resources required for this will depend on the volume and nature of the matches reported.
- 5.12 The Acting Internal Audit Manager has been working on the update of the Financial Regulations and this work is nearing completion but will extend into 2023/24. The finalised document will then be presented to Governance Panel, Governance and Audit Committee and Council later this year.
- 5.13 As in previous years it is impossible to finish all audit work by the 31st of March, so some audit time will be needed to complete audit work incomplete at the year-end and an allowance has been made for this in the plan.
- 5.14 A forecast audit plan is shown in **Appendix 1** providing details of the planned audits and the quarter in which the audits will be undertaken. It should be noted that any changes in available staffing such as sickness absences, unplanned training etc. will potentially affect the forecast. However, the plan can be flexed as needed and high risk audits added or brought forward in the plan.

Conclusion

- 5.15 The report provides details of the proposed Internal Audit Services Annual Audit Plan for the 2023/24 financial year for the Committee's consideration.
- 5.16 A mid-year progress report will be presented to the Governance & Audit Committee.

6. ASSUMPTIONS

- 6.1 Assumptions have been made regarding forecast staffing resources for the 2023/24 financial year.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment is not required as the Internal Audit Services Audit Plan does not require a change of policy or strategy.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no direct financial implications arising from this report.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no direct personnel implications arising from this report

10. CONSULTATIONS

- 10.1 All comments have been reflected in this report.

11. STATUTORY POWER

- 11.1 Local Government and Elections Act 2021

Author: D Gronow, Acting Internal Audit Manager

Consultees: C Harray, Chief Executive
R Edmunds, Corporate Director for Education and Corporate Services
S Harris, Head of Financial Services and S151 Officer

Appendices:

Appendix 1 – 2023/24 Planned Audits by Quarter

APPENDIX 1 – 2023/24 PLANNED AUDITS BY QUARTER

Audit Title		Q1 Days	Q2 Days	Q3 Days	Q4 Days
Completion of 2022/23 audits		130			
School private funds	Follow up		5	10	
Annual Governance Statement	Support	5			
Lewis School Pengam	Full audit visit	18			
Heolddu Comprehensive	Full audit visit		15		
Hengoed Primary School	Full audit visit	15			
St Gwladys Primary School	Full audit visit		18		
Risca Comprehensive School	Full audit visit		18		
Ysgol Gyfun Cwm Rhymni	Full audit visit				
St Martin's Comprehensive School	Full audit visit			18	
Islwyn High School	Full audit visit			18	
Bryn Awel Primary School	Full audit visit			15	
White Rose Primary School	Full audit visit			15	
Ysgol Gymraeg Bro Allta	Full audit visit			15	
Fochriw Primary School	Full audit visit				11
Graig-y-Rhacca Primary & Nursery	Full audit visit				11
Upper Rhymney Primary School	Full audit visit				11
Ysgol Gymraeg Gilfach Fargoed	Full audit visit				10
Ysgol Gymraeg Cwm Derwen	Full audit visit				10
Rhydri Primary School	Full audit visit				10
Hendre Infants School	Full audit visit				10
St James' Primary School	Full audit visit				10
Penllwyn Primary School	High level Internal Control Questionnaire (ICQ) Assessment visit			3	
Park Primary School	High level ICQ visit			3	
Hendre Junior School	High level ICQ visit			3	
Gilfach Fargoed Primary School	High level ICQ visit			3	
Markham Primary School	High level ICQ visit			3	
Maescwmmer Primary School	High level ICQ visit			3	
Hendredenny Park Primary School	High level ICQ visit			3	
Ysgol Gynradd Gymraeg Y Castell	High level ICQ visit			3	
Tŷnewydd Primary School	High level ICQ visit			3	
Trinity Fields School	High level ICQ visit			3	

St Helen's Primary School	High level ICQ visit			3	
Pantside Primary School	High level ICQ visit			3	
Deri Primary School	High level ICQ visit			3	
Newbridge Comprehensive School	High level ICQ visit			3	
St Cenydd Comprehensive School	High level ICQ visit			3	
Idris Davies	High level ICQ visit			3	
Blackwood Comprehensive School	High level ICQ visit			3	
Phillipstown Primary School	High level ICQ visit			3	
Cŵrt Rawlin Primary School	High level ICQ visit			3	
Bedwas Infants	High level ICQ visit			3	
Libanus Primary School	High level ICQ visit			3	
Tir-y-berth Primary School	High level ICQ visit			3	
Pentwynmawr Primary School	High level ICQ visit			3	
Ynysddu Primary School	High level ICQ visit			3	
Waunfawr Primary School	High level ICQ visit			3	
Plas-y-felin Primary School	High level ICQ visit			3	
Aberbargoed Primary	High level ICQ visit			3	
Ysgol Ifor Bach	High level ICQ visit			3	
Ysgol Gymraeg Cwm Gwyddon	High level ICQ visit			3	
Ysgol Bro Sannan	System Audit			3	
Education Improvement Grant	Grant audit		3	2	
Pupil Deprivation Grant	Grant Audit		3	3	
Supporting People Grant	Grant Audit		3	3	
Blackwood Miners Institute	Full audit visit		25		
Special Guardianships	System Audit		20	10	
IT audit Cyber security	System Audit		20		
Treasury Management	System Audit		20		
Leisure Centres	High level ICQ visits		30		
Contract audits	Final Account Audits	10	10	10	10
NFI match checks	Data Matching	25	25	25	25
Recommendation tracking		5	5	5	5

Risk Management	System Audit		20		
Travel expenses	System Audit		20		
Council Tax	System Audit			20	10
Cashless catering	System Audit	5	10		
Social Services establishments	High level ICQ visits		30		
Residential charging and financial assessments	System Audit		13	7	
VAT	System Audit			20	
Housing Benefits	System Audit				35
Contract compliance and management	System Audit				25
CCTV	System Audit				15
Payment Card Industry (PCI) Security Compliance	System Audit				15
Car parks	System Audit				30
Gym memberships	System Audit				30
Fostering payments	System Audit				30
Additional Fuel Grant (non-audit)	Non audit	64	10		
Information Governance	Non Audit	1	1	1	1
Contingency		60	60	60	60
Total		338	384	347	374