



## **GOVERNANCE AND AUDIT COMMITTEE – 16<sup>TH</sup> APRIL 2024**

**SUBJECT: INTERNAL AUDIT SERVICES: ANNUAL AUDIT PLAN 2024/25**

**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 2024/25 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 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 2024/25.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to consider and endorse the Internal Audit Services Annual Audit Plan for the 2024/25 financial year.

### **4. REASON 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, 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 Audit Plan is based on a rolling plan of establishment audits, key high risk areas, strategic issues, other systems reviews, contract audits, grant certifications, other specific areas requested by Directors and Heads of Service, together with a contingency for unplanned audit work and emerging risks. The plan is also able to be flexed and audits brought forward, delayed at management request, or new pieces of work substituted as appropriate.

5.2 The Internal Audit available staffing resource for the 2024/25 financial year is shown in the table in paragraph 5.3. There are currently 8 staff in post, with the Deputy Internal Audit Services Manager post being held as a vacancy for the time being as a result of the substantive postholder acting up in the Internal Audit Services Manager role.

5.3 The table below shows a forecast for the available audit staffing resource days for the year taking account of known staffing vacancies and an estimate for overheads or non-productive time.

|                            | <b>Q1</b>  | <b>Q2</b>  | <b>Q3</b>  | <b>Q4</b>  | <b>Total for year</b> |
|----------------------------|------------|------------|------------|------------|-----------------------|
| <b>Direct Audit days</b>   | 200        | 244        | 208        | 234        | <b>886</b>            |
| <b>Indirect Audit time</b> | 146        | 152        | 146        | 140        | <b>584</b>            |
| <b>Overheads</b>           | 170        | 120        | 163        | 143        | <b>596</b>            |
| <b>Net Available days</b>  | <b>516</b> | <b>516</b> | <b>517</b> | <b>517</b> | <b>2066</b>           |

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 estimations have been made for other overheads such as sickness, leave of absence etc. Several staff are undertaking professional qualifications and have been granted time off in line with the Council's training and development policy and this time is included in the overheads figure above.

5.5 A member of staff has been enrolled into a suite of CIPFA accredited Fraud courses which are due to be completed during 2024/25 and they will gain a recognised qualification. This will enhance the knowledge and skills within the team in relation to counter fraud work and will allow some specific counter fraud work to be undertaken during 2024/25. The time allocation for this training is a one-off and is included in the overheads figure above.

5.6 In addition, time has also been allocated to supervisory review of the audit work being performed and the associated reports that are generated, other direct supervision, and general advice and guidance, and this has been identified as indirect audit time in the table above.

5.7 Direct audit days as shown in the table relates to the time taken to undertake audit assignments i.e. pre-audit planning and preparation, the actual testing, and the report drafting up to the point of review by the Service Auditor / Internal Audit Manager.

- 5.8 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.
- 5.9 Regularity work such as establishment visits will continue in line with a pre-set cycle. The cycle has been developed to cover most establishments on a 5 to 6 year basis, however some low risk locations will receive more infrequent visits unless managers request it. It is also intended to supplement this with some short half day light touch reviews in the interim. Also, "In need of improvement" audits will generate an additional follow-up visit within the cycle.
- 5.10 Unplanned and unscheduled work is also performed each year such as 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 and the council's Financial Regulations and Standing Orders within the contract process.
- 5.11 Other unplanned work may also arise for example participation in working groups, one-off audits, and investigations. There is one police investigation that is still ongoing, and some audit time will almost certainly be needed to support that process to completion.
- 5.12 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. Specific audits will be agreed with the Head of Financial Services & S151 Officer and Managers as appropriate.
- 5.13 A number of strategic areas have been identified for Internal Audit coverage in 2024/25 and these are Risk Management, Counter Fraud, Fraud Risk Management/Fraud Risk Assessment, and IT/Cyber security. A detailed appendix of audit timings and the number of days allocated is shown in Appendix 1.
- 5.14 As in previous years it is impossible to finish all audit work by the 31<sup>st</sup> 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. An allowance has also been made for contingencies which may impact the planned work.
- 5.15 It should be noted that any changes in available staffing such as sickness absences, unplanned training etc. will affect the forecast plan. However, the plan can be flexed as needed and high risk audits added or brought forward in the plan as needed or by management request.

## **Conclusion**

- 5.16 The report provides details of the proposed Internal Audit Services Annual Audit Plan for the 2024/25 financial year.

## **6. ASSUMPTIONS**

- 6.1 Assumptions have been made regarding forecast staffing resources for the 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 council 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 personnel implications arising from this report

## **10. CONSULTATIONS**

10.1 Any comments received from consultees have been included within the report.

## **11. STATUTORY POWER**

11.1 Local Government and Elections Act 2021

Author: D. Gronow, Acting Internal Audit Manager

Consultees: Corporate Management Team  
S. Harris, Head of Financial Services and S151 Officer

Appendices

Appendix 1 – 2024/25 Planned Audit Work

## Appendix 1

### 2024/25 Planned Audit Work

| <b>Audit title</b>                                     | <b>Description</b>   | <b>Q1</b>  | <b>Q2</b>  | <b>Q3</b>  | <b>Q4</b>  | <b>Total</b> |
|--------------------------------------------------------|----------------------|------------|------------|------------|------------|--------------|
| Completion of 2023/24 audits                           |                      | 50         |            |            |            | 50           |
| <b>Core financial systems</b>                          |                      |            |            |            |            | 0            |
| VAT                                                    |                      | 10         | 10         | 10         |            | 30           |
| Payroll (detail to be confirmed)                       |                      | 15         |            |            | 15         | 30           |
| Council Tax/NNDR                                       |                      |            | 25         | 5          |            | 30           |
| Debtors and income collection                          |                      |            | 26         |            |            | 26           |
| Housing benefits inc NFI match follow up               |                      | 10         |            | 10         | 25         | 45           |
| Housing /rents                                         |                      |            |            | 30         |            | 30           |
| NXG system data analytics                              |                      |            |            | 10         |            | 10           |
| <b>Cross cutting / strategic</b>                       |                      |            |            |            |            | 0            |
| Risk Management                                        |                      | 30         |            |            |            | 30           |
| Fraud Risk assessment                                  |                      |            | 15         |            |            | 15           |
| IT/Cyber security (high level overview)                |                      |            |            | 15         |            | 15           |
| <b>Other</b>                                           |                      |            |            |            |            | 0            |
| Comprehensive schools (4)                              | Full audit visit     |            | 5          | 19         | 24         | 48           |
| Primary schools (9)                                    | Full audit visit     |            | 4          | 25         | 25         | 54           |
| Primary schools (22)                                   | High level SAQ visit | 46         | 8          |            |            | 54           |
| Follow up audit (3)                                    | Follow up            | 15         |            |            |            | 15           |
| Other business units / establishments (4)              | Full visit           |            | 15         | 15         | 12         | 42           |
| Education Improvement Grant                            | Certification        |            |            | 2          |            | 2            |
| Pupil Deprivation Grant                                | Certification        |            |            | 2          |            | 2            |
| Supporting people grant                                | Certification        |            | 2          | 4          |            | 6            |
| Social Services establishments (22)                    | Short Visits         |            | 104        |            | 30         | 134          |
| Social Services systems ( details to be confirmed)     | System Audit         |            |            | 11         | 50         | 61           |
| Business grants                                        | System Audit         |            |            | 10         |            | 10           |
| Car parks                                              |                      |            |            |            | 15         | 15           |
| AGS process                                            |                      |            |            |            | 5          | 5            |
| NFI 2025 matches                                       |                      |            |            |            | 15         | 15           |
| Contract final account audits                          |                      | 10         | 10         | 10         | 8          | 38           |
| Project bank account compliance                        |                      |            |            | 10         | 0          | 10           |
| Counter fraud including roll out of Awareness training |                      | 4          | 10         | 10         |            | 24           |
| Contingency                                            |                      | 10         | 10         | 10         | 10         | 40           |
| <b>Total direct audit days</b>                         |                      | <b>200</b> | <b>244</b> | <b>208</b> | <b>234</b> | <b>886</b>   |
| <b>Indirect audit days</b>                             |                      | <b>146</b> | <b>152</b> | <b>146</b> | <b>140</b> | <b>584</b>   |
| <b>Over heads</b>                                      |                      | <b>170</b> | <b>120</b> | <b>163</b> | <b>143</b> | <b>596</b>   |
| <b>Total</b>                                           |                      | <b>516</b> | <b>516</b> | <b>517</b> | <b>517</b> | <b>2066</b>  |