

Audit Services Unit

Audit Plan 2024-25

(Q1 & Q2)

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The Council's Audit Charter recognises the Mission of Audit Services set out in PSIAS as:

“Audit Services aspires to enhance and protect organisational value by providing risk based and objective assurance, advice and insight”



Introduction

The purpose of this document is to provide the Audit Committee with the proposed 2024/25 (Q1 & Q2) Audit Plan for consideration and approval. In considering the document, the audit committee are asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether we have captured key areas that would be expected; and
- whether there are any significant gaps.

Scope and Purpose of Internal Audit

<p style="text-align: center;"><u>Role of Internal Audit</u></p>	<p style="text-align: center;"><u>Objective</u></p>
<p style="text-align: center;"><u>Internal Audit Plan</u></p>	<p style="text-align: center;"><u>Audit Charter</u></p>

The PSIAS define internal auditing as *‘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.’*

The purpose of internal audit is to provide independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Councils agreed objectives

Government accounting standards require Accounting Officers to make provision for internal audit in accordance with UK Public Sector Internal Audit Standards (PSIAS), as produced by the Internal Audit Standards Advisory Board.

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. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Audit Services recognise the requirement to provide Members and Senior Management with assurance on the operation of core financial systems. To enable this, we will continue the programme of compliance reviews and Audit of other services, systems and processes according to an assessment of risk and business need.

Completion of the internal audits proposed in the 2024/25 Plan should be used to help inform the Council’s Annual Governance Statement.

The work of Audit Services in completing the audit plan will be carried out in conformance with the UK Public Sector Internal Audit Standards (PSIAS). These are recognised under the Accounts and Audit Regulations (2015) as the relevant, best practice benchmark for the provision of an adequate and effective internal audit service.

The Council’s updated Audit Charter approved by Cabinet on 23 February 2023, outlines the legal basis of operation for Audit Services, the agreed mission, position within the Council and Auditor compliance with the Code of Ethics. The Internal Audit Service is delivered in accordance with the Audit Charter.

Audit Services Plan 2024/25 (Q1 & Q2)

Approach

The recent External Quality Assessment of the Audit Services Team noted *“Many Internal Audit teams have moved away from traditional annual planning to a more frequent, agile and rolling programme of work. The CAE could engage with key stakeholders to consider how best to implement a more modern, risk-based approach to planning.”* Following discussions with key stakeholders it has been agreed that 2024-25 Audit Plan will be split into two halves to recognise the need of an audit service to be flexible, focused and adopt a continuous planning approach that is able to react to the risk landscape that can evolve and change quickly. Therefore, the audit committee are being presented with the first half of the overall audit plan for 24-25 that covers the first two quarters of the financial year.

This approach continues the transition away from the more traditional ‘fixed’ annual Audit Plan to a more agile approach based upon the Council’s key risks, value added reviews and further developing the use of Audit Assurance Mapping and Continuous Audit techniques driven with enhanced use of the Council’s IT current data sets and external information.

The Audit Services Plan is designed to provide assurance that the significant risks identified as part of the risk assessment process are being managed effectively and, where appropriate, to make recommendations for improvements in overall control, efficiency and effectiveness. As part of this process Audit Services will also examine risk management frameworks, control and governance arrangements. Moreover, the plan includes contingency time for the service to be adaptable to the needs of the Council and provide the critical friend role in supporting the Council meet its current challenges.

Throughout 2024-25 the Audit Services Plan will be continually reviewed to ensure that it remains aligned with significant risks whilst flexible to respond to changes in risk, operations, systems and controls. Ongoing amendments to the Plan will be identified through Assurance Mapping, Audit Services’ liaison and discussions with the Audit Committee, Corporate Management Team, Executive Directors, Directors and Senior Managers. Progress against the approved Audit Plan will be regularly reported to the Audit Committee with a key focus on the output of audit work being reported.

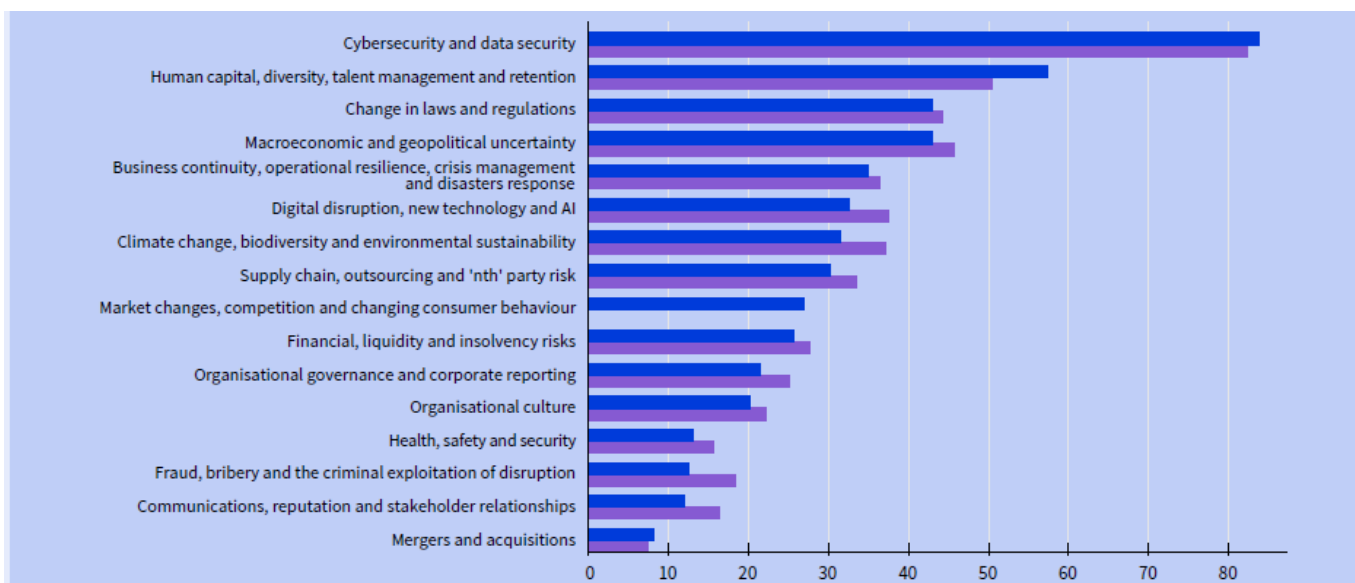
The benefits of this continual audit planning approach will ensure the plan remains focused on addressing the needs of the organisation and factor in key streams of work that happen at different times in the year, such as the completion of the Executive Director Assurance Statements and the Annual Governance Statement.

Risk Based Focus

As highlighted by the Institute of Internal Auditors. *“All organisations face risk. The key to an organisation’s success is to manage those risks effectively”*. The Audit Service therefore will support management in evaluating how well risks are being managed. Therefore, the Audit Plan needs to be focused on the risks being faced by the organisation and therefore Plan has been formulated from a wide range of sources including: -

- Council Plan
- Council’s Strategic & Departmental Risk Register
- Meetings with Corporate Management Team, Executive Directors and Directors
- Previous cyclical Audit work, knowledge of systems, controls and follow up of previous Audit recommendations
- Sector knowledge and emerging risks.

Looking forward the Council faces a number of challenges with financial resilience being the most immediate focus but other areas of high risk have been identified and the *Chartered Institute of Internal Auditors 2024 Risk in Focus* survey has categorised these as:



The Audit Plan has been developed to align with the risks being faced by the organisation and provide assurance that the risks in these areas are being effectively managed. A balance audit plan covering a wide range of risk areas will enable management to get a broad understanding of risk management across the Council.

Balanced Approach

The Audit Service supports the Council above and beyond the delivery of individual audits and time is allocated within the audit plan to support other key work streams including Corporate Governance, Anti-Fraud and Corruption as well as sitting on a number of key meetings such as Governance Group, Information Governance Group and Finance Officers Group to provide guidance on risk and controls.

The Audit Services contributes to the Council's governance framework and routinely evaluates the Council's governance processes, as required by the PSIAS supports the work of the Council's Corporate Governance Group and assists in the development and completion of the Annual Governance Statement (AGS), Local Code of Corporate Governance, Executive Director Matrices and lessons learnt exercises, liaises with External Audit, contributes to the development and updates to documents and policies, which form part of the Council's governance framework and evaluates governance arrangements of the service area or functions under review.

The Anti-Fraud and Anti-Corruption Strategy details the Council's approach to the prevention and detection of fraud and corruption and highlights its approach to fraud and corruption in all its forms. This Strategy sits within the Council's wider governance framework which includes the Financial Regulations, Standing Orders relating to Contracts, Codes of Conduct for Employees and Members, the Fraud Response Plan and Whistleblowing Policy. This framework provides a coordinated counter fraud environment designed to protect public funds and has a number of proactive works streams that audit service deliver and regularly report back to the audit committee.

Audit Services investigate instances of potential fraud and irregularities which are referred by managers and members of the public. The Unit undertakes anti-fraud and corruption testing of systems that may be vulnerable to fraud or abuse. The 2024-25 Audit Plan has allocated resources to assist in the identification and prevent fraud as part of routine Audits. The Unit will also maintain the Council's Counter Fraud arrangements by completing the National Fraud Initiative (NFI) exercise, undertaking Audit Investigations, Collating and distributing intelligence received from the National Anti-Fraud Network (NAFN), Managing Regulation of Investigatory Powers Act 2000 (RIPA) applications and liaising with External Audit and other external bodies including Derbyshire Police.

All of the above work, supports the Head of Audit (HIA) to form their opinion on the Council's governance risk and control framework within the Derbyshire Audit Services Annual Report, as required by the PSIAS.

Delivery of Audit Work

The scope and timing of Audit work is discussed with Senior Management prior to the commencement of fieldwork, with all Audit assignments reported to the appropriate levels of Management on completion. Based on the results of our work and findings from the review, Audit Services will provide an opinion and a level of assurance, which Management may draw from the adequacy and effectiveness of the overall control framework in operation in the area subject to Audit.

Audit Services will continue to support Management improve the effectiveness, efficiency and adequacy of governance, risk and internal control frameworks, by making prioritised recommendations based on our findings. All findings are risk based, with a corresponding implication that outlines a potential outcome in the event that the finding materialises. Audit Services have systems in place to routinely follow up the status of agreed recommendations with Executive Directors and Directors.

As the Council continues to face significant budget challenges and restrictions upon service delivery, Audit Services resources are not immune from these pressures and the focus of the unit will be to ensure efficient and effective use of the units resources to ensure that sufficient assurance and compliance work is completed, to enable the Head of Internal Audit (HIA) to form an opinion in the 2024-25 Annual Audit Report.

The revised Audit staffing structure (see Appendix 2) will deliver **2,192** Audit days in total across 2024-25, therefore anticipated to be **1,096** delivering the Q1 & Q2 Plan presented. The audit days have been calculated using current and estimated resources. Several assumptions have been made in calculating the number of available Audit days including allowance for sickness, leave, training and other non-audit work that staff must completed as employees of the Council. Therefore, the number of days is prone to fluctuations but will be reported at each progress report in terms of the input of audit days and the output delivered.

The Unit remains committed to providing a wide range of Audit services, including the specialist areas of investigative and IT Audit work and as part of the Unit's continual improvement process, it is essential that all Audit staff are not only provided with the right skills and tools to deliver the service, but also build resilience into the team. The Audit Strategy is being revised in light of the recent External Quality Assessment findings but time is being dedicated for the unit to upskill its use of data analytics and develop continuous audit techniques that will add value for the Council and provide a more efficient and effective audit service.

Audit Plan Coverage 2024-25 (Q1 & Q2)

The key elements of the Audit Services Plan for 2024-25 is split over the following activity areas. Further detailed analysis is included within **Appendix 1**.

Core Assurance	Corporate Activities	Key Financial Systems	IT & IS Reviews	Governance
	Workforce Development	Budget Savings Plans	IT Assurance Map	Audit Committee Governance Group Information Governance Group Data Protection Group Assurance Mapping Continuous Audit Data Analytics
	Partnership Working	Human Resources Management	Shaping Cloud	Counter Fraud
	Inductions	Accounts Payable	Compliance with NCSS	
	Contract Management	Corporate Purchasing	Data Protection	Audit Investigations National Fraud Initiative National Anti-Fraud Network RIPA Management
	Contract Extensions	Accounts Receivable		
	External Grants Certification	Accountancy, Budgetary Control & Financial Resilience		

Categorisation	Audit Plan Reviews by Department			
	Corporate Services & Transformation	Children's Services	Adult Social Care & Health	Place
Priority Reviews	Discretionary Grants	Thematic School Reviews	Mosaic PO Numbers	Disposal of Materials
	Registrar Service	Personal Budgets	Waiting List Management	Review of Waste Management (incl. System)
	Property Valuations	Special Education Needs	Peer Group Discussions	Concessionary Fares
	Property Contractor Management	Complaints Management	Public Health	
	Property Maintenance			
Future Considerations	Health & Safety			
	Mobile Device Management	Looked After Children Management of S106 Income	Derbyshire Discretionary Fund	Countryside Equipment Hire
	SharePoint Storage Agency Follow Up Third Party Arrangements		Derbyshire Shared Care Record	Property Consultancy Services

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q1 & Q2)

The following tables set out the Audit Services detailed planned work for the period 1 April 2024 - 30 September 2024.

Dept	Area	Audit	Risk Type	Council Plan Priority
Corporate	People	Workforce Development	People & Organisation (M)	2
Corporate	People	Partnership Working	People & Organisation (M)	1, 2
Corporate	People	Inductions	People & Organisation (H)	2
Corporate	Procurement	Contract Management	Financial, Legal & Reputational (H)	2
Corporate	Property	Contract Extensions	Financial, Legal & Reputational (H)	2
Corporate	Grants	External Grants, Certifications and Assurance Work	Financial (M)	3
CST	Digital	IT Assurance Map	Data Security (H)	2
CST	Digital	Shaping Cloud	Organisation & Financial (H)	2
CST	Digital	Compliance with National Cyber Security Centre	Cyber Security (H)	2
CST	Digital	Data Protection	Data Security (H)	2
CST	Finance	Budget Savings Plans	Financial (H)	2
CST	Finance	Human Resources Management	Financial (H)	2
CST	Finance	Accounts Payable	Financial (H)	2
CST	Finance	Corporate Purchasing	Financial (H)	2
CST	Finance	Accounts Receivable	Financial (H)	2
CST	Finance	Accountancy, Budgetary Control and Financial Resilience	Financial (H)	2
CST	Property	Property Contractor Management	Financial, Legal & Reputational (M)	1,2
CST	Property	Property Valuations	Financial & Reputational (H)	1,2
CST	Property	Property Maintenance	Financial, Legal & Reputational (H)	2,3
CST	Property	Health & Safety	People & Organisation (H)	1
CST	DS	Registrar Service	Legal & Reputational (M)	1,3
CST	DS	Discretionary Grants	Financial & Reputational (M)	3

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q1 & Q2)

Dept	Area	Audit	Risk Type	Council Plan Priority
CS		Special Education Needs	Financial & Legal (H)	3
CS		Personal Budgets	Financial, Legal & Reputational (H)	2,3
CS		Complaints Management	Legal & Reputational (M)	2
CS		Thematic School Reviews	Legal & Reputational (M)	1,3
ASCH		Mosaic PO Numbers	Financial (H)	3
ASCH		Waiting List Management	Legal & Reputational (H)	3
ASCH		Peer Group Discussions	Legal & Reputational (H)	3
ASCH		Public Health	Financial, Legal & Reputational (M)	1,4
Place		Disposal of Materials	Financial, Legal & Reputational (M)	2,4
Place		Review of Waste Management (incl. System)	Legal & Reputational (H)	4
Place		Concessionary Fares	Financial, Legal & Reputational (M)	4
Audit Services Management				
Strategic Management (Audit)			Data Protection Group & Support	
Continuous Audit			Audit Committee & Support	
Assurance Mapping			Governance Group & Support	
Audit Data Analytics			National Fraud Initiative	
Embedding Corporate Governance			National Anti-Fraud Network	
Information Governance Group & Support			Ripa Management & Admin	
Cyber Security Group & Support			Counter Fraud and Audit Investigations	
Audit Contingency			Guidance & Advice	

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q1 & Q2)

Key to Level of Risk: H - High, M - Medium, L – Low

Council Plan Priority

1	Resilient, healthy and safe communities
2	High performing, value for money and resident focused services
3	Effective early help for individuals and communities
4	A prosperous and green Derbyshire

Appendix 2 – Audit Services Staffing Structure

