

Audit Services Unit

Audit Plan 2024-25

(Q3 & Q4)

17 September 2024

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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 (Q3 & Q4) 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

| <u>Role of Internal Audit</u> | <u>Objective</u> |
|---|--|
| <p>The PSIAS define internal auditing as <i>‘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.’</i></p> <p>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</p> <p>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.</p> | <p>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.</p> <p>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.</p> |
| <u>Internal Audit Plan</u> | <u>Audit Charter</u> |
| <p>Completion of the internal audits proposed in the 2024/25 Plan should be used to help inform the Council’s Annual Governance Statement.</p> <p>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.</p> | <p>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.</p> |

Audit Services Plan 2024/25 (Q3 & Q4)

Approach

Following on from the Audit Services Plan 2024/24 (Q1 & Q2) paper presented to the committee on 19th March 2024, this is a continuation of the new approach whereby the audit service 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 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 Continuous Auditing, 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. This is reflected in the Q3 & Q4 Plan which reflects audits that have been deferred, added or cancelled from the Q1 & Q2 Plan, demonstrating the agile nature of the Audit Plan.

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 in the Audit Services Plan 2024/24 (Q1 & Q2) paper presented to the committee on 19th March 2024, this second half of the year plan has been developed to ensure the plan is 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.

*It should be noted that due to the timing of the audit committee directly after the summer period some planning meetings have been unable to take place. These meetings will take place and as noted in the section above, any updates to the plan will be presented to the audit committee in line with progress reporting, in line with the Continuous Planning Approach.

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 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 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 (Q3 & Q4)

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 Continuous Audit Data Analytics |
| | Inductions | Human Resources Management | Shaping Cloud | Counter Fraud |
| | External Grants Certification | Accounts Payable | Mosaic System | |
| Third Party Arrangements | Corporate Purchasing | | Audit Investigations National Fraud Initiative National Anti-Fraud Network RIPA Management | |
| | | Accounts Receivable | | |
| | | Accountancy, Budgetary Control & Financial Resilience | | |

| Audit Plan Reviews by Department | | | | |
|----------------------------------|-------------------------------------|-----------------------------------|--|---|
| Categorisation | Corporate Services & Transformation | Children's Services | Adult Social Care & Health | Place |
| Priority Reviews | Property Valuations | Thematic School Reviews | Minimum Staffing Levels in Care Establishments | Equipment Hire |
| | Property Contractor Management | Personal Budgets | Community Equipment Service | Countryside |
| | Procurement Act Framework | Special Education Needs | Automating Care Records | Library Strategy |
| | | Complaints Management | Public Health – Ring Fenced Grant | |
| Future Considerations | Procurement Act Compliance | Capital Expenditure in Care Homes | Transformation Programmes | Water Bodies Project Transfer Conservation, Heritage & Design |
| | | Spend in Residential Homes | | |

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q3 & Q4)

The following tables set out the Audit Services detailed planned work for the period 1 October 2024 - 31 March 2024.

| Dept | Area | Audit | Risk Type | Council Plan Priority |
|-----------|------------|---|-------------------------------------|-----------------------|
| Corporate | People | Workforce Development | People & Organisation (M) | 2 |
| Corporate | People | Inductions | People & Organisation (H) | 2 |
| Corporate | Grants | External Grants, Certifications and Assurance Work | Financial (M) | 3 |
| Corporate | DS/Finance | Third Party Arrangements | Legal & Reputational (M) | 1,3 |
| CST | Digital | IT Assurance Map | Data Security (H) | 2 |
| CST | Digital | Shaping Cloud | Organisation & Financial (H) | 2 |
| CST | Digital | Mosaic Case Management System | 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 |
| 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 |
| CS | | Capital Expenditure in Care Homes | Financial, Legal & Reputational (H) | 2, 3 |
| ASCH | | Minimum Staffing Levels in Care Establishments | Financial, Legal & Reputational (H) | 2, 3 |
| ASCH | | Community Equipment Service | Legal & Reputational (H) | 1, 3 |

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q3 & Q4)

| Dept | Area | Audit | Risk Type | Council Plan Priority |
|--|------|-----------------------------------|-------------------------------------|-----------------------|
| ASCH | | Automating Care Home Records | Legal & Reputational (H) | 2, 3 |
| ASCH | | Public Health – Ring Fenced Grant | Financial, Legal & Reputational (M) | 1,2 |
| Place | | Equipment Hire | Financial (M) | 2 |
| Place | | Countryside | Financial, Legal & Reputational (M) | 4 |
| Place | | Library Strategy | Financial, Legal & Reputational (M) | 4 |
| Audit Services Management | | | | |
| Strategic Management (Audit) | | | Data Protection Group & Support | |
| Continuous Audit | | | Audit Committee & Support | |
| Embedding Corporate Governance | | | Governance Group & Support | |
| Information Governance Group & Support | | | National Fraud Initiative | |
| Cyber Security Group & Support | | | National Anti-Fraud Network | |
| Counter Fraud and Audit Investigations | | | Ripa Management & Admin | |
| Audit Contingency | | | Guidance & Advice | |

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

