

<b>Classification</b>	<b>Item No.</b>
Open	

<b>Meeting:</b>	Audit Committee
<b>Meeting date:</b>	30 <sup>th</sup> March 2023
<b>Title of report:</b>	Internal Audit Annual Strategy and Plan 2023/24
<b>Report by:</b>	Executive Director of Finance (S151 Officer)
<b>Decision Type:</b>	Council
<b>Ward(s) to which report relates</b>	<b>All</b>

**Executive Summary:**

This report sets out the context of the Internal Audit Service and explains the approach to the compilation of the 2023/24 internal audit annual plan. The annual plan is incorporated at Annex 1 to the report.

**Recommendation(s)**

**That:**

- Members note the contents of the report
- Members approve the annual audit plan for 2023/24

**Key Considerations**

Background information to this report is contained in the main report.

## Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

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### Equality Impact and considerations:

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
25. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
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### Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

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### Consultation:

N/a

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### Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the proposed work of the Council's Internal Audit Service, in ensuring compliance.

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**Financial Implications:**

There are no financial implications arising from this report. The work of the Internal Audit Service supports the governance framework.

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**Background papers:**

Internal Audit Plan 2023/24

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
QAIP	Quality Assurance and Improvement Programme
FOI	Freedom of Information
SAR	Subject Access Request
NNDR	National Non-Domestic Rates

**Internal Audit**

**Annual Strategy and Plan**

**2023/24**

“Providing assurance on the management of risks”



## Internal Audit Plan 2023/2024

### “Providing assurance on the management of risks”

#### 1. Introduction and background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”
- 1.2 The PSIAS note that the internal audit plan should incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter.
- 1.3 The internal audit strategy aims to add value to the Council and stakeholders by providing objective and relevant assurance, and contributing to the effectiveness and efficiency of governance, risk management and control processes. Audit reports will provide audit analyses, findings and recommendations.
- 1.4 The audit plan of work provides the Council with objective opinions on the effectiveness of the organisation’s risk management, control and governance arrangements. These opinions are a key element of the evidence to inform:
  - The Annual Report and Head of Audit Opinion; and
  - The Annual Governance Statement.
- 1.5 The internal audit plan of work for 2023/24 aims to support the Council in making best use of resources and the assets available and takes into account strategic risks
- 1.6 The achievement of the Council’s corporate objectives requires all areas of the Council to work effectively and efficiently in its use of resources whilst demonstrating transparent governance arrangements and effective arrangements for risk management.

- 1.7 The purpose of this document is to put forward a strategy and plan that provide a robust basis for internal audit work whilst acknowledging that we must retain sufficient flexibility to allow us to react to changes in the risk environment. The plan sets out a series of risk based reviews that will support the Council to achieve its objectives.
- 1.8 This document sets out the Internal Audit Plan 2023/2024 for Bury Council. These services are provided by the Internal Audit Service, who are within the Fraud, Audit, Insurance and Risk Team, of Corporate Core - Finance Directorate. This document complements the Audit Charter and the Council's Risk Management Framework. In accordance with current best practice the role of the Audit Committee is to review and approve the internal audit plan.
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## 2. The Role of Internal Audit

- 2.1 All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending, and making the most of their opportunities. The different types of risk are varied and commonly include financial risks, IT risks, supply chain failure, physical risks to people, and damage to the organisation's reputation. The key to the Council's success is to manage these risks effectively.
- 2.2 The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 state that a local authority is responsible for ensuring that its financial and operational management is effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. The Regulations require accounting systems to include measures to ensure that risk is appropriately managed.
- 2.3 The requirement for an internal audit function is also contained in the Regulations which require the Authority to:
- “Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
- 2.4 The Council has delegated its responsibilities for internal audit to the Executive Director of Finance (S151 Officer).



## Definition of Internal Auditing

“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.”

- 2.5 The key word in the definition is assurance. The role of audit is not to identify or investigate alleged irregularities; it is to provide assurance to the organisation (the Chief Executive, Executive Directors, Directors and the Audit Committee) and ultimately the taxpayers, that the authority maintains an effective control environment that enables it to manage its significant business risks. The assurance work culminates in an annual opinion on the adequacy of the Authority’s governance, control and risk management processes which feeds into the Annual Governance Statement.
- 2.6 Different parts and levels of an organisation play different roles in managing risk, and the interplay between them determines how effective the organisation as a whole is in dealing with risk. The Institute of Internal Auditors uses a “three lines of defence” model to explain internal audit’s unique role in providing assurance about the controls in place to manage risk:

**Figure 1: Three lines of defence model**

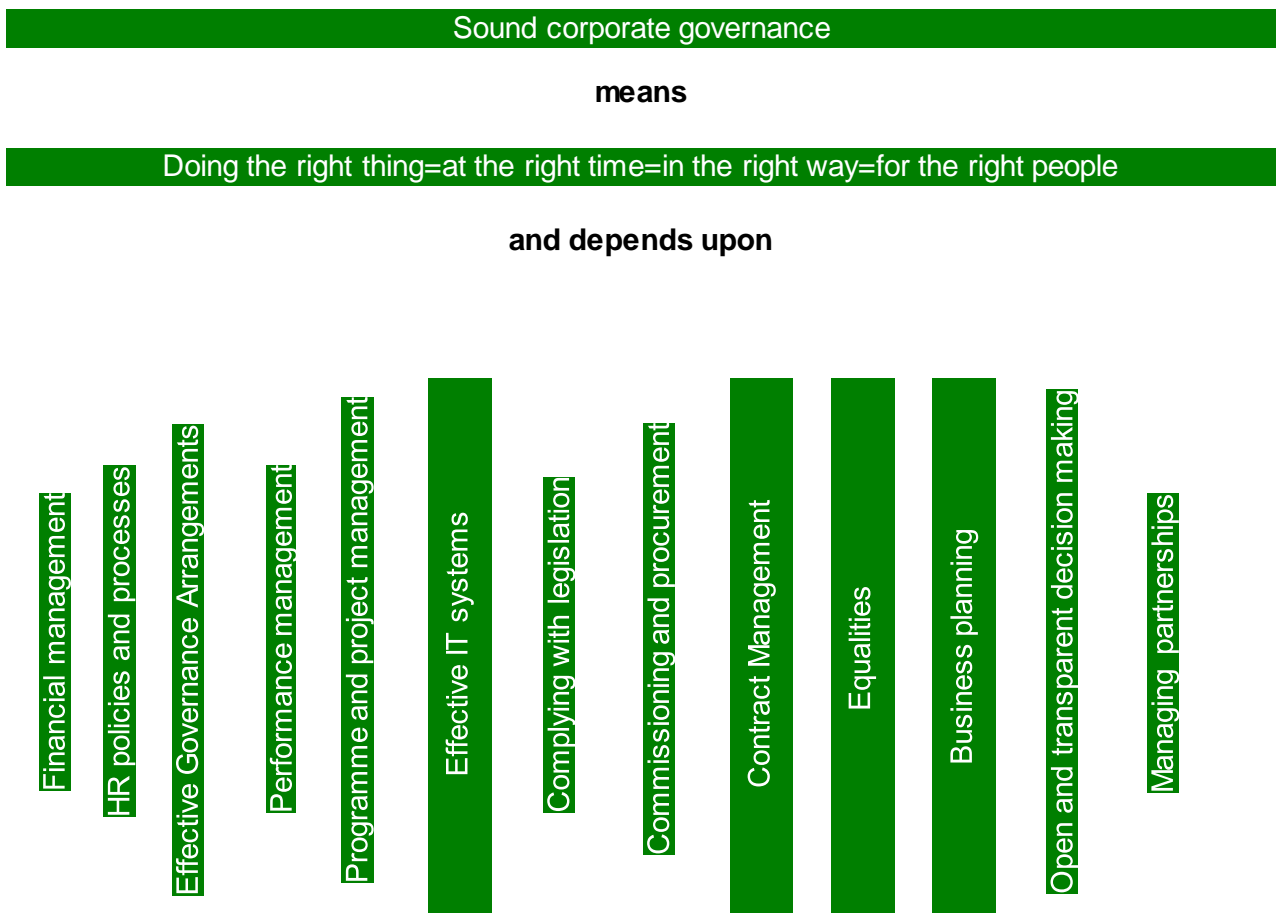


- 2.7 The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of defence. Audit’s main roles are to ensure that the first two lines of defence are operating effectively and advise how they could be improved.
- 2.8 We develop and then deliver a programme of internal audits to provide independent reasonable assurance to senior management and members that significant risks are being addressed. To do this, we will evaluate the quality of

risk management processes, systems of financial and management control and governance processes and report this directly and independently to the most senior level of management. In accordance with regulatory requirements most individual assurance assignments are undertaken using the risk based systems audit approach and are not usually designed to identify potential frauds.

- 2.9 The focus of our work continues to be primarily key corporate processes although the 2023/24 audit plan is being developed to also have a focus on high level risks and change processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the Council that its overall governance, control and risk management arrangements remain effective.

**Figure 2: Key corporate processes**



- 2.10 We give an opinion on how much assurance systems give that significant risks are addressed. We use four categories of opinion: Full, Substantial, Moderate and Limited assurance.

- 2.11 A report, incorporating an agreed action plan, will be issued for every audit. The results of audits are also reported to the Council’s Audit Committee. To assist managers in prioritising areas for improvement, recommendations are classified as: Fundamental, Significant and Merits Attention.



### 3. Vision Purpose and Values

- 3.1 A professional, independent and objective internal audit service is one of the key elements of good governance in local government.
- 3.2 As a modern effective risk and assurance service we aim to:
- Act as a catalyst for improvement and provide insight on governance, control and risk management;
  - Influence and promote the ethics, behaviour and standards of the organisation;
  - Develop a risk aware culture that enables customers to make informed decisions;
  - Be forward looking; and
  - Continually improve the quality of our services.
- 3.3 A key driver of this strategy is the need to meet all our customers' needs, which in the context of the Council are the Audit Committee, Chief Executive, Executive Directors and Directors.
- 3.4 The Council will continue to be affected by a variety of local and national issues:
- Funding pressures faced by local government;
  - Increased growth in partnerships and collaborations, for example with health, other parts of the public sector and the private sector;
  - Ever increasing use of technology to deliver services;
  - Flexible working arrangements to make more effective use of accommodation;
  - The introduction of new ways for customers and the public to access services;
  - Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness;
  - Responding to organisational changes and development
  - The national cost of living crisis and the potential for an economic recession.
- 3.5 These, and other developments, will mean increased pressure on the service to review existing systems and provide advice on new and complex initiatives. We must add value and help deliver innovations in service delivery. To respond to the demands on us we will:
- Continue to develop our staff to ensure we are fully equipped to respond to our customer's demands;
  - Continue to invest in modern technology to improve efficiency and effectiveness;
  - Add value and make best use of our resources by focussing on key risks facing our customers;
  - Increasingly work in partnership with clients to improve controls and performance generally;
  - Continue to buy in specialist help when required– particularly in IT.
  - Review our processes and implement improvements where we can; and

- Ensure our learning and development remains current and reflects best practice.

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## 4. Services

- 4.1 In addition to undertaking audits the Service is developing to support the organisation by also providing the following services:

### Consultancy

- 4.2 The Council will face major changes in culture, systems and procedures over the coming years and we are able to provide advice on the governance, control and risk implications of these changes. The service will act as a critical friend. Particular emphasis is put on project governance and process design.

- 4.3 We are seeking to develop our knowledge and understanding of the management of risk so we are able to **challenge** current practice, **champion** best practice and be a **catalyst** for improvement, so that the Council as a whole achieves its strategic objectives.

- 4.4 So, for example, when a major new project is being undertaken, we can help to ensure that project risks are clearly identified and that controls are put in place to manage them. Where possible this has been reflected in our audit plan for the coming year.

- 4.5 It is more constructive for us to advise on design of processes during the currency of a change project rather than identify problems after the event when often it is too late to make a difference and it is possible to use less resource to identify key points than in a standard audit - timely advice adds more value than untimely. Discussions have been held with Directorate Management teams to identify key projects.

**Challenge**

**Champion**

**Catalyst for  
improvement**

### Irregularities

- 4.6 As a publicly funded organisation, the Council must be able to demonstrate the proper use of public funds. It is the responsibility of every manager to have systems in place to prevent and detect irregularities. However, if an irregularity is identified or suspected managers are required to notify the Internal Audit Service and will need professional support to investigate the matter.

- 4.7 All significant investigations, which potentially have a significant financial impact, will be undertaken by the Internal Audit Service but more minor matters will be referred back to the relevant manager to progress with support from the audit

team. The decision on which cases will be investigated will be made by the Head of Fraud, Audit, Insurance and Risk.

## Counter fraud

- 4.8 Although responsibility for operating sound controls and detecting fraud is the responsibility of management, the Service has a key supporting role. In particular, we are responsible for maintaining and publicising the Council's anti-fraud policy, maintaining records of all frauds and, as a deterrent, publicising proven frauds.
- 4.9 The Service also coordinates the Council's participation in the National Fraud Initiative. Relevant managers are best placed and hence are responsible for investigating matches identified by the NFI but we do maintain an overview of progress.
- 4.10 The counter fraud team focuses on preventing fraud from entering the Council and undertakes investigations relating to application fraud (e.g. Housing Benefits, Council Tax, Direct Payments, Blue badges).
- 4.11 The counter fraud team and the Internal Audit Team have recently amalgamated and are starting to work more closely together. A separate counter-fraud plan is to be developed. Updates will be brought to future meetings of the Audit Committee.

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## 5. Audit Plan 2023/24

- 5.1 To ensure the best use of limited resources, audit work needs to be carefully planned.

We have sought to align our work with the Council's risk base this year, by liaising with senior management and taking into account:

- the overall environment in which the Council has to operate
- its aims, strategies, key objectives, associated risks
- risk management processes, and
- national surveys and intelligence on risk areas along with data on actual frauds at Bury

- 5.2 Our plan also takes into account those topics which have not recently been audited or which feature in the corporate risk register or received a limited opinion when last audited.
- 5.3 We continually review our training and development plan to ensure that auditors have access to various professional networking meetings, which highlight the wider issues affecting public sector internal audit and need to be reflected in the programme of work.

## General context and key themes

- 5.4 Several continuing influences on the Council have also influenced our plan, including:
- the requirement for the highest levels of corporate governance;
  - changes in the operating environment of the Council; in particular:
  - the Council's continued transformation of services
  - the continued changes arising from the funding constraints the Council faces
  - developments in relation to the Greater Manchester Combined Authority and devolution
  - internal audit's cumulative knowledge of the Council and national developments; and
  - the results of investigations and counter fraud initiatives.
- 5.5 Transformation of services throughout the Council continues to result in significant changes to the control framework, and risks can increase as experienced employees leave the organisation and new and innovative ways of working are developed. We need to be aware of the challenges that face the Council and maintain awareness of these risks. The audit plan has been developed to provide assurance that basic governance and control arrangements continue to operate effectively, minimising the risks of misappropriation, loss and error.
- 5.6 We also recognise that in the production and implementation of our plan we need to recognise other sources of assurance that the Council receives and co-ordinate our work accordingly:
- dovetail our work with that of other independent assurers, especially the external auditor;
  - ensure that we optimise value to the council by working closely with other providers of assurance, e.g. Performance team, and IT team;
  - ensure that we continue to provide assurance on the core financial systems and that key systems and processes are operating as intended; and
  - provide support to the Council in producing its Annual Governance Statement (AGS).
- 5.7 Our primary customers remain the Chief Executive, Executive Directors, Directors and the Audit Committee but we will take into account the views of other managers when refining the scope of audits and will accommodate them as long as requests do not divert us from addressing the core scope as agreed with the Audit Committee.
- 5.8 Further significant changes in processes and policies are likely during the coming year and internal audit will need to support this work and provide advice on the governance, risk management and control implications of the changes. Whilst providing advice is good practice and an effective use of resources sufficient audits are required across the Council's risk profile, in order to deliver the annual "Head of Audit" opinion.

5.9 Given the limitations on audit resources there is an increasing need for more reliance to be placed by the Council on second line of defence functions (such as Finance, HR and Procurement) and potentially audit will increasingly need to provide assurance on the effectiveness of those functions especially as budget constraints will inevitably also impact on them and hence on the overall assurance framework. The plan therefore includes more of an emphasis on such functions.



We will avoid undertaking roles that are the responsibility of the first or second line of defence – these managers need to have sound controls and monitoring systems in place rather than relying on periodic internal audits to provide them with assurance. Assurance that these management functions are being properly discharged will be tested as part of the audit work.

5.10 In recent years we did not plan to do any individual schools audits. Instead, we focused on the arrangements that the Council has in place to identify as early as possible, and subsequently support schools that are causing concern or who are in difficulty. Where a potential and significant financial irregularity was suspected at a school, we would investigate. Minor suspected irregularities would not be investigated and we would expect schools to resolve these, albeit with some support from audit as well as other support functions from across the Council including finance and school advisers. This year, the service to the Children's Services Team will continue in the main with this approach, and with cross-cutting reviews taking place of subjects which impact on all schools, however, we have also planned to re-introduce some school audits. The schools to be audited will be agreed with colleagues in Children's Services and will take into account the Schools Financial Value Standard (SFVS) returns submitted by schools at the end of the 2022/23 financial year.

## Delivering the Plan

5.11 The outputs from our plan fall into two main areas:

- Assurance: Audits providing an 'assurance opinion' on the design and effectiveness of the internal control framework over a stated period.
- Advice/Consultancy: Audits in respect of specific requests from the Council that aim to improve governance, risk management and control.

5.12 Based upon discussions with senior managers and our professional judgement, an estimated number of days have been allocated to each potential topic. Demonstrating the assurances planned on each strategic risk and being transparent about auditable topics that cannot be audited are key requirements of internal audit professional standards, and we therefore adopt a top-down approach with the plan being driven by key risks.

5.13 The outline plan in Annex 1 shows those topics that we are planning to audit. This will be further developed as we aim to develop the audit universe for the Council. An update on this will be provided during the year. The plan takes into account the resources available within the audit service, risk and other assurance frameworks that exist from which the Council can gain assurance.

5.14 The main areas of outputs requiring assurance are summarised below under the broad headings of Corporate Governance and Key Business systems:

**Corporate Governance:**

- Governance Arrangements;
- Framework of Assurance and AGS;
- Information Governance including GDPR;
- Risk Management; and
- Business Continuity.

**Key Business Systems:**

- Operational systems and services;
- Fundamental Financial Systems;
- Information Management and Technology;
- Procurement, Capital Schemes and Contracts; and
- Projects, Hubs and Transformation.

**Other Risk Areas:**

5.15 The Council may request our input into specific areas of risk where our assurance or assistance has been deemed necessary. The outcomes from such work will not normally be used to inform the Head of Internal Audit opinion but will be brought to the Council's attention as requiring disclosure in the Annual Governance Statement, if the outcome is sufficiently material.

The following areas are also included in our plan:

**Other Outputs:**

- Grant Audits: Providing assurance as required supporting grant claims or substantiating the use of funding.
- Follow-up: Resources to ensure that previously agreed recommendations have been implemented as planned.
- Contingency for reactive work: This allows us to accommodate audit assignments which could not have been reasonably foreseen and to react to the transformation of services.
- Advice and Guidance: Provided by attendance at working groups; transformation meetings; or by working with managers and staff to develop the control environment.
- Audit Planning and Support: This includes support to the Audit Committee; meetings with the Exec Director of Finance (S151) and other senior managers;

audit planning; collaboration with other councils, general advice; and the Head of Internal Audit Opinion.

### **Review of Information & Communication Technology (ICT):**

- Specialist ICT Auditors will undertake reviews of ICT systems and ICT projects. This element of the plan will be informed by the ICT Strategy, the work required for Information Governance and any changes arising from national ICT developments.

### **Establishments, including Schools:**

- The Plan for 2023/24 includes reviews of individual establishments selected from Bury's Schools.

### **Fraud, Bribery and Corruption:**

- Internal Auditors are alert to potential indicators of fraud and corruption when evaluating controls and the management of risk and will report on any concerns that need addressing.
- The Internal Audit team can undertake fact-finding investigations and provide speciality support to Investigating Officers in potential cases of fraud, bribery and corruption or where their audit skills are required. The service also monitors the whistle blowing referral line.
- The work of Internal Audit is supported by the Fraud Team, which was set up by the Council in response to the transfer of responsibility for the investigation of Housing Benefit and Council Tax Benefit to the DWP's Single Fraud Investigation Service (SFIS). Their role is to investigate potential frauds in council tax support, council tax discount and business rates systems, which remain the responsibility of the Council. The team has also extended investigative work into other areas such as direct payments and tenancy fraud. A separate counter fraud plan of work will be developed for 2023/24 and will be brought to Audit Committee in July 2023.

5.16 After the potential areas have been prioritised, the available days are matched against these risk areas. There will always be some lower priority risks that fall outside of the Audit Plan due to a lack of available days.

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## **6. Flexibility in the Plan**

- 6.1 The plan reflects the assurance need, however it is recognised that priorities are subject to change.
- 6.2 Major changes that affect the Council need to be introduced into the planning process as and when they occur. It is therefore crucial to have a flexible plan capable of allowing auditable areas to be re-prioritised as circumstances and relative risks change, to ensure that internal audit respond appropriately to emerging issues and risks.

- 6.3 The plan includes an element of contingency to enable us to respond by undertaking reactive audit work when called upon.
- 6.4 We accept that there may be a need to amend our planned audits so that we continue to reflect the needs of the Council. We will discuss changes with the Executive Director of Finance, and any significant matters that impact upon completion of the plan or require substantial changes will be reported to the Executive Team and to the Audit Committee.
- 6.5 As in previous years the plan covers one year which is accepted best professional practice. As we strive to improve our service indicative timings of audits have been reflected in the plan. This not only provides a focus for the service in ensuring we are able to monitor and track progress against our plans but enables services to work with us so that audits are not timed at peak time, or in the case of projects, before some of the key activity has taken place. Timings are subject to review during the year e.g. when risks change or a specific project becomes a matter of priority or a significant fraud has to be investigated.
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## **7. Liaison with External Audit and Other Providers of Assurance**

- 7.1 We have a working relationship with External Audit and this is to be further developed in 2023/24 with the introduction of regular meetings and sharing of information so that we avoid unnecessary overlap.
- 7.2 Where our work does overlap then we will ensure that our resources are used in a complementary manner so that the Council receives the optimum benefit from our two plans. We will also map assurances received by the Council to ensure that our work does not duplicate that of other assurers.
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## **8. Compliance with Public Sector Internal Audit Standards Quality Assurance and Improvement Programme**

- 8.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activity.
- 8.2 The QAIP includes internal assessments, periodic self-assessments and external assessments and is not only designed to assess the efficiency and effectiveness of Internal Audits, but also to enable an evaluation of the internal audit activity's conformance with the definition of internal auditing and the PSIAS and an evaluation of whether internal auditors apply the Code of Ethics. We have an



Audit Manual based on accepted professional practice which as well as being compliant with PSIAS builds quality into every stage of the audit process.

- 8.3 An external assessment must be conducted every five years by a qualified, independent assessor or assessment team from outside the organisation. An external review of the Internal Audit Section was undertaken in 2020/21. Some key areas of improvement were identified and these have been addressed and other recommendation made continue to be addressed. This work includes a revision of the QAIP for the service which will be undertaken and provided to Audit Committee, later in the financial year.
- 8.4 The Internal Audit Service is due to be assessed by peer colleagues in May 2023, to ensure that the service complies with PSIAS (Public Sector Internal Audit Standards). There are plans in place to undertake a self-assessment before this review takes place.

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## 9. Planned Work 2023/24

- 9.1 The Audit Plan is stated in terms of the number of days input which is estimated as accurately as possible based on available staff resources and an initial estimate of the time (indicative days) it is likely to take to complete the individual audit engagements. The plan, therefore, is ambitious and represents the best estimate of the audit resources available and the ways in which they will be deployed, but may change as circumstances dictate.
- 9.2 The plan is based upon a full complement of staff and reflects the total number of available audit days in the year after deductions for holidays; an estimate of days for sickness absence; training / apprenticeships; and a minimal number of administration or other time not spent on audit work.

### **Resources, Skills, and Continued Professional Development**

- Internal Audit has been resourced in order to meet its objectives and provide sufficient assurance to meet the needs of the Audit Committee in fulfilling its duties.
- The Internal Audit team has staff with appropriate qualifications, skills and experience, supported by the necessary equipment and software to enable the team to function efficiently and effectively.
- Internal Audit is managed by the Head of Fraud, Audit, Insurance and Risk, who is a member of the Chartered Institute of Management Accountants (CIMA) thereby meeting the PSIAS requirement that the Head of Internal Audit be professionally qualified.
- The audit team consists of two Senior Auditors, and three auditors. The team currently have two auditor vacancies, which are currently being recruited to. We will

therefore start 2023/24 with a temporary shortfall in resource, however both posts have been advertised and it is expected that posts will be occupied from June 2023. For planning purposes, we have made an assumption we will have two new auditors in post from June 2023.

- The internal auditors are 'agile workers', enabled to work within the main office, home, or any location with Bury Council network access or broadband connection. Each auditor has an encrypted laptop and access to software such as Microsoft Teams to support their ability to work from the most appropriate location.
- The auditors are subject to a regular staff appraisal where their skills and experience are evaluated against predefined competencies for internal auditors alongside the Council's annual 'personal development reviews'. Any specific training needs are highlighted and documented through this process and those needs addressed when funding is available.

### **Information Technology Audit**

- It has been recognised that the audit of Information Communication Technology (ICT) presents specific challenges, and many aspects require specialist knowledge of ICT to enable its effective audit and the development of actions to address areas of weakness.
- To meet this need, the Council's buys in IT Audit support from Salford Council. The Salford IT Audit team provides services to Greater Manchester's local authorities and other public sector organisations across the wider northern region.

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## **10. Conclusion**

- 10.1 The Internal Audit Plan has been compiled in accordance with the PSIAS and is linked to the Council's objectives and risks.
- 10.2 Completion of the Audit Plan will enable the Head of Fraud, Audit, Insurance and Risk to form an opinion on the Council's system of internal control, risk management and governance along with assisting the Council to achieve its stated objectives and informing the Annual Governance Statement.
- 10.3 The audits outstanding at the end of each year will transfer into the following year's audit plan, subject to regular consultation with the leadership teams.

## **Annex 1 Internal Audit Plan 2023/24**

CORPORATE GOVERNANCE AND RISK						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core	Complaints Procedures	Failure to comply with Council policy and regulations, potential for reputational damage should a complaint be taken to the Ombudsman.	Review of system for receiving and dealing with complaints.	15	QTR 1	Roll forward from 22/23
Corporate Core	FOI /Subject access	Failure to comply with Council policy and regulations, potential for reputational damage should a complaint be taken to the Ombudsman.	Review of system for receiving and dealing with FOI / SAR requests. Specific request to focus testing on Childrens' Services.	15	QTR 2	Roll forward from 22/23

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core	ROPA	Failure to comply with Council policy and regulations, potential for reputational damage should the Council fail an ICO inspection.	Review of the processes in place to ensure that the Register of Processing Activities is collated and maintained up to date.	10	QTR 4	Risk Register
Corporate Core	Health and Safety	Potential damage to health / wellbeing or loss of life which may result in claims, reputational damage, litigation or corporate manslaughter / Failure to comply with Council policy and regulations, potential for reputational damage should the Council fail a HSE inspection	Review of Health and Safety at Corporate level - CPFA matrix  Review processes in place for the recording and reporting of Health and Safety incidents	20	QTR 2	Previous audit - Limited Assurance

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Operations	Health and Safety	Potential damage to health / wellbeing or loss of life which may result in claims, reputational damage, litigation or corporate manslaughter	Review of Health and Safety arrangements within Operational Services, including the identification of services provided, the risk assessments in place action to address any remedial action identified.	15	QTR 4	Originally planned as a roll forward from 22/23, however HSE enquiries ongoing so allocation to be used for follow up of implementation of recommendation from HSE review.

Financial / HR Systems						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core - Finance	Finance Systems - key controls	Errors and omissions resulting in weaknesses in the integrity of financial data and statements	Routine annual review of high-level controls within the key finance systems, retrospective review looking at transactions in 2022/23, to support closure of accounts process: Council Tax NNDR Housing Benefits Treasury Management Payroll Creditors Main Accounting Debtors Cash Collection and Banking	88	QTR 1 to 4	Annual work required to support statement of accounts

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core - Finance	Budgetary Control	Failure to identify budget variances promptly and take corrective action.	Routine review of the Council's approach to budget development, monitoring/ forecasting and taking action to address significant variances.	15	QTR2	Roll forward from 22/23
Corporate Core - Finance	National Fraud Initiative	Statutory requirements are not complied with	Manage and co-ordinate the NFI including additional checks on data matches where appropriate.	15	Ongoing through-out the year	Annual work.
Corporate Core - Finance	NNDR	Failure to collect NNDR promptly, and failure to apply Business Rates Relief accurately.	Systems review of the processes in place for the billing and collection of National Non-Domestic Rates, including the application of Business Rates Relief	15	QTR 2	Audit knowledge
Corporate Core – Finance	Insurance	Failure to process insurance claims promptly	Review the process in place for the administration of Insurance claims	15	QTR 2	Request from client



Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core - Finance	Capital Programme	Failure to meet corporate objectives and ineffective use of resources	Evaluate the governance, processes and controls, supporting key capital projects and ensure compliance with procurement rules and regulations	15	QTR 3	Risk Register
Corporate Finance/HR.	iTrent - Payroll – Additional hours / overtime payments	Failure to respond effectively and efficiently to any major incident.	Review arrangements to manage and process timekeeping and overtime effectively as the self-serve module is introduced in iTrent. Cover all directorates, and report to each Executive Director with results of findings.	15	QTR 1	2022/23 looked at Operations, select another department for review.
Corporate Finance / HR	iTrent – Expenses Module	Inaccurate / fraudulent claims for expenses may be made.	Review the processes in place for the submission, authorisation and payment of employee's expenses.	15	QTR 4	Request from client

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Finance/HR	Automated Absence Pay	Absence not identified and inaccurate calculations of absence pay	Review the processes in place for the calculation of absence pay	15	QTR 3	Request from client
Children's Services	Recruitment Process	Failure to undertake robust pre-employment checks (right to work in the UK etc.) which may result in reputational damage or financial penalties.	Review of recruitment process – including assurance over the design and operation of the recruitment process including: <ol style="list-style-type: none"> <li>1. completeness and timeliness of pre-employment checks</li> <li>2. completeness, accuracy and timeliness of adding new employees to the payroll</li> <li>3. monitoring by HR of compliance with pre-employment and recruitment processes</li> <li>4. an appropriate division of duties is enforced by the system.</li> </ol>	15	QTR 3	Roll forward from 22/23

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Operations	Procurement of Contractors	Failure to comply with contract procedure rules, and failure to have adequate systems in place, could result in financial loss and additionally in reputational damage should complaints / allegations be received.	Review of processes in place for the selection of contractors, the award of works and subsequent payments.	15	QTR 2	Request from client

Grants and Verification						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Finance	Grant Claims	Failure to comply with grant arrangements.	<p>Certification of those grant claims required to be certified by the Council's Head of Internal Audit.</p> <p>Anticipated during 2023/24: Public Sector Decarbonisation Scheme Bus Operator Grant Pothole Grant Universal Drug Treatment Grant</p>	15	QTR 1 to QTR 4	. Annual work
Children and Young People	GM Supporting Families (TFG)	Failure to comply with grant requirements and failure to deliver programme objectives.	Routine annual review. GMCA have been granted devolved powers over the programme and are collaborating to develop a more traditional / risk- based approach to the annual assurance work. Reviews to be undertaken once / twice a year as directed by GMCA and the devolution agreement.	10	QTR3/4 (in line with GMCA)	Annual work for GMCA

SERVICE AREAS						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core	CCTV	Failure to adhere to the agreement and follow the CCTV Code of Practice could impact on the Council's reputation and reliance placed on the CCTV function in supporting other agencies and community safety.	Annual review as required by CCTV agreement.	5	QTR 2	. Annual review

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core	Members Delegated Funds	Loss of accountability, lack of corporate ownership of decision making and possible failure to deliver the expected level of services to residents.	Routine review to focus on the transparency and compliance of the arrangements in place for administration of payments to Members.	5	QTR 4	Previous audit – limited assurance
Corporate Core – Finance	Cash handling and banking activities	Cash is not handled in a secure manner. Inappropriate reimbursements of expenditure are made.	Review of the processes for reimbursement of petty cash claims, and for the handling of cash and associated banking activities within the Business Support Unit.	15	QTR 3	Request from client
Operations	Stores	Weaknesses in the control of assets and stock may result in losses / increased costs.	Review the arrangements to manage the assets held at the Stores based at Bradley Fold depot.	15	QTR 2	Transport Stores undertaken in 2022/23, look at Building Stores in 2023/24 Auditor knowledge

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
BGI	Estates Property Management	Inaccurate information may be held in the financial accounts and income due may not be collected	Review the management arrangements over the rental estates portfolio to ensure that adequate records are maintained, income due is collected promptly and valuations are regularly undertaken and updated in the Councils accounts.	15	QTR 4	Previous audit – Limited Assurance
BGI	Rent collection from Commercial Tenants	Failure to achieve objectives due to inappropriate or ineffective use of fund	Evaluate the processes and controls over the management of commercial and investment properties to ensure an appropriate return is being generated from the assets and properly accounted for.	15	QTR 1	Risk Register
Operations	Waste Management	Inadequate arrangements in place for the provision of waste services.	Review the management and contractual arrangements in place for the delivery of the Waste Management Service.	15	QTR 4	Request from Monitoring Officer

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Children and Young People	Independent Foster Agency (IFA)	Inability to place "looked after children" with suitable families or promptly as the need arises.	Review of the use of IFA's, including the controls in place to help ensure cost effectiveness and manage quality and quantity of placements.	15	QTR 2	Roll forward from 22/23
Children and Young People	Care Packages	Failure to comply with Council policy and legislation when procuring goods / services / administering contracts with suppliers. Best value may not be achieved, and high-cost care packages may not be challenged.	A review of the process for the calculation and award of care packages for vulnerable children, and the billing and payment processes around care processes to provide assurance that financial risks are mitigated. Review the arrangements in place for ongoing reviews of care packages, to ensure they are still appropriate and consider the financial controls in particular authorisation for changes to rates and providers. Determine if any	15	QTR3	Roll forward from 22/23



			benchmarking processes are in place and review.			
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Children and Young People	Schools	Appropriate financial and operational control is not maintained over school funds.	Provision for undertaking reviews at schools.	45	QTR 1 to QTR 4	Request from client. Programme to be determined, suggest that look at schools forecasting a deficit outturn for the financial year.
Children and Young People	School and College Transport	Children with special educational needs may be excluded from education as they may not have any available transport or other support to enable them to be able to travel to and from school.	Review the management and contractual arrangements over SEN transport to ensure outcomes for service users are achieved and risks to the service users and the Council are mitigated. Ensure VFM is received by planning routes and consider the make use of shared transport.	15	QTR 2	Roll forward from 22/23

One Commissioning Organisation	Integrated Community Equipment Stores	Weaknesses in the control of assets and stock may result in losses / increased costs.	Review the arrangements to manage the assets (equipment) and stock of care equipment.	15	QTR 2	Previous audit – Limited Assurance
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
One Commissioning Organisation	Substance Misuse Commissioning	Inappropriate procurement processes in place. Contract procedure rules and legislation not followed. Value for money not obtained.	Review the arrangements in place for the procurement of goods / services related to the prevention of Substance Misuse.	15	QTR 2	Request from client
Operations	Fleet Management	Vehicles and plant equipment may not be maintained appropriately and may also be mis-used / mis-appropriated	Review to assess the maintenance and security of the vehicle and plant equipment and the arrangements in place to ensure that all items can be accounted for.	15	QTR 1	Roll forward from 22/23
Operations	Car Parking Income	Income due may not be collected, affecting cash flow of the Council. Additionally, errors	Review the processes in place to ensure that income due to the service is collected in line with any	15	QTR 1	Roll forward from 22/23

		and omissions resulting in weaknesses in the integrity of financial data and statements	agreements in place, and that the income is collected and posted to the accounts promptly.			
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Operations	Highways - Potholes	Failure to meet corporate objectives and ineffective use of resources	Evaluate the governance and controls over the use of funds provided to improve highways across the Borough.	15	QTR 3	Request from Monitoring Officer
Operations	Climate Change	Due to the Global increase in energy prices, there will be significant increases in gas and electricity costs for 2023/24.	Review processes in place for the monitoring and targeted reduction of energy costs, including energy audits, building conditions surveys, and rationalisation of the estate.	15	QTR 2	Roll forward from 22/23

CONTRACTS						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Business Growth and Infrastructure	Regeneration Projects	Failure to comply with Council policy and legislation	Identify regeneration projects that have / are taking place. Review a project to ensure that best practice was followed, considering project initiation, procurement of works, ongoing monitoring, and administration of payments, record keeping and post project implementation review.	15	QTR 3	Roll forward from 22/23

SUPPORT / SYSTEMS IMPLEMENTATION						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core – Finance	iTrent	Failure to adequately secure systems could result in a data breach, loss of service / downtime and loss of data.	Provision to support system implementation.	5	Ongoing through the year	Annual Provision - Advice to be given as and when requested.
			TOTAL	623		

<b>OTHER COMMITMENTS</b>		
<b>Activity</b>	<b>Indicative Days</b>	<b>Comments</b>
<b>Completion of audits commenced in previous years:</b> <u>2021/22</u> <b>Housing Development Programme</b> <b>Highways Maintenance</b> <u>2022/23</u> <b>Home Care</b> <b>Care Planning Permissions</b> <b>Six Town Housing Invoice Processing</b>	35	
<b>Audit work for Six Town Housing (STH) and Persona (separate audit plans)</b>	56	STH 36 Provision for Persona 20 – plan to be agreed
<b>Post Implementation Reviews and Action Tracking</b>	35	Following up limited assurance reviews in more depth – so increased provision from 22/23 to allow for additional testing.
<b>Contingency for GMCA Collaboration / reactive GM assurance work</b>	5	

<b>Contingency for Investigations and supporting the council's counter fraud strategy, including revision of whistleblowing policy.</b>	60	Provision increased from 22/23
<b>Contingency for reactive or unplanned work, management request, consultancy work</b>	64	
<b>Audit Service Management and administration, including service development, assurance mapping, Quality Assurance and Improvement Programme, Internal Audit Charter and Strategy, (QAIP), anti-fraud and corruption strategy, audit planning and Committee's support</b>	155	
<b>Provisions for annual leave / training / sickness</b>	284	Increased from 2021.22 – to reflect appointments to vacant posts
<b>Provision of ICT review – by Salford Computer Audit Services (System Licencing)</b>	20	
Total:	714	
Combined Total:	1337	
Audit days to be delivered	<b>898</b>	(Exclude 155+284)

