

BROMSGROVE DISTRICT COUNCIL

Date: 23rd May 2024

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

B THE 2024/25 INTERNAL AUDIT PLAN

Relevant Portfolio Holder	Councillor S. Colella
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATION

- 1.1 **The Audit, Standards and Governance Committee approves the 2024/25 Internal Audit Plan subject to any agreed amendments.**

2. BACKGROUND

- 2.1 The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control, governance and risk management across the council and recommend arrangements to address weaknesses as appropriate.
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures.
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed.

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- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisation changes, e.g. transformation.

2.2 Formulation of the Annual Plan

WASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2024/25, which is included at Appendix 1, is a risk-based plan which considers the adequacy of the Council's risk management, governance, performance management, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the Corporate and Service risk registers, as reported to the Audit, Standards and Governance Committee in March 2024. Large spend budget areas have also been considered, along with direct association to the Council Plan 2020-2024. The Internal Audit Plan for 2024/25 has been agreed with the s151 Officer, considered by the Senior Management Team, and is brought before Committee in draft form. It has been formulated with the aim to ensure Bromsgrove District Council meet its strategic purposes, delivers its promises and has directly linked the various aspects to identify the 'golden thread' regarding the objectives and risk identification to Service delivery. It is brought before the Audit, Standards and Governance Committee in draft format as the involvement of the Committee is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

Internal Audit recognises that there are other review functions which may provide other sources of assurance, both internally and externally, (e.g. ICT Public Service Network, Cyber Essentials, assurance testing) over aspects of the Council's operations. Where possible internal audit will seek to place reliance on such work thus increasing the coverage without adding additional costs.

To try to reduce duplication of effort internal audit understands the importance of working with the External Auditors. The audit plan is available to the external auditors for information.

By bringing a plan of work before the Audit, Standards and Governance Committee which had been formulated with the aim to ensure Bromsgrove District Council meets its strategic purposes it allows Members to have a positive input into the audit work programme and make suggestions as to where they feel audit resources

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may be required under direction of the s151 Officer and within the finite resource available. Due to the continuing changing environment that exists in Local Government the plan must be seen as a framework for internal audit work for the forthcoming year. There is a need for improved flexibility in the plan due to a constantly changing risk profile. To ensure flexibility there is the possibility that the plan will be updated during the year to address such challenges and any emerging risks. It is planned that a regular review before Senior Management Team will take place to ensure the audit plan remains risk focussed, and any required changes can be considered. This is in line with the requirements of the Public Sector Internal Audit Standards (PSIAS). Any changes will be submitted to the Audit, Standards and Governance Committee for consideration and approval, in line with its role as Gatekeeper.

2.3 Resource Allocation

The Internal Audit Plan has been based upon a resource allocation of 230 chargeable days, an allocation which has been agreed with the council's s151 Officer. This is the same as the resource allocation for 2023/24. The Head of Internal Audit has reassessed the level of management time required and reduced it by 8 days (29%), reallocating this to productive audit work. A summary of the days as well as the detailed plan provision has been included at Appendix 1. Although all areas have been considered an assessment has been made whether to include in the plan based on the overall risk and governance profile. The Head of Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Bromsgrove District Council and Redditch Borough Council the plan continues to be organised in a smarter way to exploit the efficiencies that this type of working provides. Although the audit areas will have an allocation of audit days the reviews will continue to be more cross cutting than before and will encompass the different service perspectives. All or part of the budgeted days will be used on a flexible basis depending on the risk exposure the result being better corporate coverage and ownership of the audit outcomes.

The Internal Audit Plan for 2024/25 is set out at Appendix 1.

2.4 Monitoring and reporting

Operational progress against the Internal Audit Plan for 2024/25 will be closely monitored by the Head of Internal Audit and will be reported to the Shared

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Service's Client Officer Group (which comprises the s151 officers from partner organisations), and, to the Audit, Standards and Governance Committee on a quarterly basis.

3. Financial Implications

3.1 There are no direct financial implications arising out of this report.

4. Legal Implications

4.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that "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".

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

Climate Change Implications

5.2 The actions proposed do not have a direct impact on climate change implications.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 There are no implications arising out of this report.

Operational Implications

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6.2 There are no new operational implications arising from this report.

7. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
- a continuous provision of an internal audit service is not maintained.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ Internal Audit Plan 2024/25

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APPENDIX 1

SUMMARY OF INTERNAL AUDIT PLAN

Audit Area	Planned Days
Financial	44
Corporate Risks including Governance	72
Service Delivery and Operational Risks	42
Sub total	158
Plan management, advice and support	24
Completion & finalisation of audits which were in progress as at 1 st April 2024	48
Sub total	
Total Audit Days	230

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<u>AUDIT AREA</u>	<u>CORPORATE LINK</u>	<u>RISK REGISTER REFERENCE</u>	<u>RESOURCE BUDGET (DAYS)</u>	<u>COMMENTS</u>	<u>INDICATIVE REPORTING DATE</u>
Financial Audits					
Council Tax	Effective & Sustainable Council	Cost of living crisis Reduced collection rates	10		September 2024
Benefits	Effective & Sustainable Council Work & Financial Independence	Cost of living crisis Failure to resource the service to meet demand. Benefits subsidy Failure to meet audit requirements.	12		November 2024
NNDR	Effective & Sustainable Council	Cost of living crisis Reduced collection rates	10		September 2024
General Ledger	Effective & Sustainable Council	Failure to provide adequate support to managers to manage their budgets	12		March 2025
Sub Total - Financial			44		

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Corporate Risks including Governance					
Risk Management Embedding	Effective & Sustainable Council	Underpins effective management of risk throughout the organisation	8		November 2024
Cyber & Data Security including Disaster Recovery	Effective & Sustainable Council	Protection from Cyber attack Failure to identify, maintain and test adequate Disaster Recovery arrangements	12		November 2024
Workforce Planning	Effective & Sustainable Council	Adequate workforce planning	8	Consultancy review, examining arrangements for delivery of the 82-point plan and comparison with other local authorities.	January 2025
Insurance	Effective & Sustainable Council	Avoidable damage to fleet	12	Including review of claims prevention and management, and the strategic approach to	November 2024

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		Non-compliance with Health & Safety legislation		minimising the costs of cover.	
Constitution Compliance – Decision Making	Effective & Sustainable Council	Underpins effective management of risk throughout the organisation	10	Assurance that decisions made by Officers are in accordance with the Constitution & Scheme of Delegation.	March 2025
Business Continuity and Emergency Planning	Effective & Sustainable Council	Failure to identify, maintain and test adequate management and recovery arrangements	10		March 2025
Fraud Investigations including NFI	Effective & Sustainable Council	No direct links	8		N/A
Statements of Internal Control	Effective & Sustainable Council	Underpins effective management of risk throughout the organisation	4		N/A
Sub-Total – Corporate Risks including Governance			72		
Service Delivery and Operational Risks					
Statutory Inspections	Effective & Sustainable Council	Non-compliance with health & safety	10		January 2025

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		legislation and with Statutory Inspection policy			
Corporate Credit Cards including Petty Cash	Effective & Sustainable Council	No direct links	12		January 2025
HR Processes	Effective & Sustainable Council	Adequate workforce planning	10		March 2025
Follow up reviews	Effective & Sustainable Council	Underpins effective management of risk throughout the organisation	10	Assurance that agreed actions from previous audits have been implemented.	May 2025
Sub-Total – Service Delivery and Operational Risks			42		
Other Areas of Support					
Advice and Consultancy			4		
Audit Management Meetings			7	8-day reduction compared with 2023/24	
Corporate Meetings & Reading			5		
Annual Plans, Reports and Committee Attendance			8		
Sub-Total – Additional Areas of Support			24		
Completion of previously agreed audits which are already in progress	Accounts Receivable & Payable – 13 days Treasury Mgmt. – 5 days Procurement & Contract & Project Mgmt. – 13 days Anti-Fraud & Corruption – 7 days Data Quality & Usage – 10 days		48		July 2024

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Total Resource Requirement – 2024/25			230		

Explanatory Note:

As part of the joint and shared service working between Bromsgrove District Council and Redditch Borough Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.