

BROMSGROVE DISTRICT COUNCIL

Date: 21st JULY 2022

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THE 2022/23 INTERNAL AUDIT PLAN

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, Interim Head of Finance and Customer Services
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
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. RECOMMENDATIONS

1.1 The Audit, Standards and Governance Committee recommend the:-

- 1) 2022/23 Audit Plan is approved subject to any comments / proposed changes.**

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 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;

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- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- 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 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 2022/23, which is included at Appendix 1, is a risk-based plan which takes into account the adequacy of the council's risk management, 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. Large spend budget areas have also been considered, along with direct association to the organisational objectives and priorities. The Internal Audit Plan for 2022/23 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 was 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.

We recognise there are other review functions providing 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 we will seek to place reliance on such work thus reducing the internal audit coverage as required.

To try to reduce duplication of effort we understand 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

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audit work programme for 2022/23 and make suggestions as to where they feel audit resources 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.

2.3 Resource Allocation

The Internal Audit Plan for 2022/23 has been based upon a resource allocation of 230 chargeable days, an allocation which has been agreed with the council's s151 Officer. 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. The 230 day allocation is based on transactional type system audits.

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 that the Services need to deliver (e.g. the customer journey impacts on the majority of service areas so the audit review will consider this). 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.

Due to both external and internal audit findings the financial systems have been included as audit areas as it is considered certain risks remain in these areas. It is hoped that in time a 'watching brief' approach can be adopted when there is a confidence in the new financial system, an embedded process of control and anti-fraud measures thus leading to a reduction in the allocated days. However, during 2022/23 this will not be the case due to the challenges encountered in the system implementation. Operational support days are included to give a little flexibility and

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contingency in the plan, e.g. consultancy, but are necessary to support the delivery of the plan as a whole.

The Internal Audit Plan for 2022/23 is set out at Appendix 1.

2.4 Monitoring and reporting

Operational progress against the Internal Audit Plan for 2022/23 will be closely monitored by the Head of Internal Audit Shared Service and will be reported to the Shared 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.

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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

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 2022/23

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APPENDIX 1

SUMMARY OF DETAILED PLAN

Planned Days	2022/23
Financial	77
Corporate Work	42
Service Delivery and Operational	75
Sub total	194
Audit management meetings	36
Corporate meetings / reading	
Annual plans, reports and Audit Committee support	
Sub total	36
TOTAL Audit Days	230

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Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority			Resource 2021/22 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
SERVICE DELIVERY								
Environmental & Housing Property Services								
Workshop Licensing Compliance	Statutory and Regulatory Requirement	HoS	Medium				15	2
Refuse Service scalability	Keep my place safe and looking good	Env 24	Low/ Medium			7	0	
Planning, Regeneration & Leisure								
Leisure Strategy	Help me run a successful business	HoS	Medium				6	3 - 4
Worcester Regulatory Services								
Focus to be confirmed	Statutory and Regulatory Requirement	HoS	Medium			15	12	2
Sub TOTAL						22	33	
Other Operational Work								
Advisory, Consultancy & Contingency	Operational support	N/a	N/a			10	10	
Fraud & Investigations incl. NFI	Operational support	N/a	N/a			10	10	
Completion of prior year's audits	Operational support	N/a	N/a			8	8	
Report Follow Up (all areas)	Operational support	N/a	N/a			10	10	
Statement of Internal Control	Operational support	N/a	N/a			4*	4*	
Sub TOTAL						42	42	
Audit Management Meetings	Operational support	N/a	N/a			15	36	
Corporate Meetings / Reading	Operational support	N/a	N/a			5		

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Audit Area	Corporate Link (Corporate Priority / Strategic Purpose)	Risk Register Reference	Plan Priority		Resource 2021/22 Comparison	Proposed Resource 2022/23	Indicative Planned Qtr.
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a		16		
Sub TOTAL					36	36	
TOTAL CHARGEABLE					230	230	

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Explanatory Notes:

*As part of the increasing 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.

The customer journey will be considered overall as part of the service audits.

Note 1: New financial system therefore audit budget increase.

Note 2: Risk management relaunch reviewing ongoing progress against action plan and reporting.

Note 3: Procurement is to be revisited as part of the follow up process. Consideration of a full review will be given at the time of follow up depending on the outcomes.

General:

- Climate change was considered but not included at this time. It will be reconsidered for 2023/24.
- Levelling up and Towns Fund remains under consideration for inclusion in the 2022/23 plan.