

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 30th May 2023

THE 2023/24 INTERNAL AUDIT PLAN

Relevant Portfolio Holder	To be confirmed – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	-
Relevant Head of Service	Peter Carpenter, Interim S151 Officer
Report Author: Andy Bromage	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, Governance & Standards Committee is asked to RESOLVE that:-

1) the 2023/24 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;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;

Audit, Governance and Standards Committee 30th May 2023

- 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 2023/24, which is included at Appendix 1, is a risk-based plan which considers 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 Council Plan 2020-2024. The Internal Audit Plan for 2023/24 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 Redditch Borough 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 Internal Audit will seek to place reliance on such work thus increasing the internal audit coverage without adding additional days to the plan.

The audit plan is available to the external auditors. We understand the importance of working with the external auditors and how their focus has changed leading to duplication of testing in certain areas. We will seek to eliminate duplication of effort by discussing those areas of mutual interest e.g. Benefits and key recommendations from the External Audit Annual Reports.

By bringing a plan of work before the Audit, Governance and Standards Committee which had been formulated with the aim to ensure Redditch Borough Council meets its strategic purposes it allows Members to have a positive input into the audit work programme for 2023/24 and make suggestions as to where they feel audit resources may be required under direction of the s151 Officer and within the finite

Audit, Governance and Standards Committee 30th May 2023

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 2023/24 has been based upon a resource allocation of 359 chargeable days plus Rubicon, 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 359 days plus Rubicon allocation is based on transactional type system audits. This is budgeted for by the Council. When Audits take place there is the need for coordination with Service Departments to release staff to assist in the completion of these audits.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Redditch Borough Council and Bromsgrove District 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 and the Section 24 Notice, the financial systems have been included as audit areas. The budgets were significantly increased last year in this area. No additional days have been included for 2023/24 but budgets have been maintained as 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, for 2023/24 this will not be the case due to the challenges encountered

Audit, Governance and Standards Committee 30th May 2023

in the system. A 'Grants' budget has been maintained due to the increasing certification and sign off requirements of Central Government for certain grants. As numbers of grants increase, assurance is now required from the Chief Internal Auditor and Chief Executive that the grants have been spent in accordance with the requisite terms and conditions. Consequently, additional assurance work is required to provide the certification required. Operational support days are included to give a little flexibility and contingency in the plan, e.g. consultancy. The allocated days may not be used during the year but is good practice to include and are necessary to support the delivery of the plan. The total 'Audit Plan' days are often adjusted during the year which is reflected in the contribution the Authority pays towards the Shared Service overall. A direct comparison of days cannot be taken from the reported days for 2022/23 and 2023/24 in Appendix 1 as not all the audited areas covered during 2022/23 have been listed as there is no requirement to revisit them in 2023/24. Where there is a direct correlation, this has been included for information purposes.

The Internal Audit Plan for 2023/24 is set out at Appendix 1.

2.4 Monitoring and reporting

Operational progress against the Internal Audit Plan for 2023/24 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. The Authority is billed for the number of days that are delivered during the year and contribution adjustments are made to reflect a revised position. The strategic financial position of the Service is monitored as part of the Client Officer Group meetings which take place every quarter.

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

Audit, Governance and Standards Committee 30th May 2023

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

- 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 2023/24

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 30th May 2023

APPENDIX 1

SUMMARY OF DETAILED PLAN

Planned Days	2023/24
Core Financial Systems	115
Corporate Work	71
Service Delivery incl. Other Operational Work	119
Sub Total	305
Audit management meetings Corporate meetings / reading Annual plans, reports & Committee support	54
Sub Total	54
Total Audit Days	359
Rubicon	10

REDDITCH BOROUGH COUNCIL

Date: 30th May 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2023/24 Internal Audit Plan

Audit Area	Corporate Link	Risk Register Reference			Resource 2022/23 Comparison	Proposed Resource 2023/24	Indicative Planned Qtr.
FINANCIAL							
Debtors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			17	17*	3 to 4
Main Ledger/Budget Monitoring Returns/Bank Rec. (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			30	30*	3 to 4
Creditors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			17	17*	3 to 4
Treasury Management	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			6	6*	2
Council Tax	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			8	8*	1 to 3
Benefits	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			10	10*	1 to 3
NNDR	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			8	8*	1 to 3
Payroll	Enabling & Contractual Obligation	COR17 - Resolution of the approved Budget Position in both Councils			19	19	1 to 3
Sub TOTAL						115	

REDDITCH BOROUGH COUNCIL

Date: 30th May 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference			Resource 2022/23 Comparison	Proposed Resource 2023/24	Indicative Planned Qtr.
CORPORATE							
IT Audit	Fundamental to strategic purpose delivery	COR18 – Protection from Cyber Attack			15	15*	3 - 4
Risk Management Embedding (note 2)	Fundamental to strategic purpose delivery	S151 request			10	10*	3 - 4
Corporate anti-fraud and corruption	Fundamental to strategic purpose delivery	COR - Cost of Living			0	5*	2
Procurement and Contract Management (note 3)	Fundamental to strategic purpose delivery	COR16 – Management of Contracts & S151 request			0	8*	4
Corporate Data Quality and Usage (Critical Friend)	Fundamental to strategic purpose delivery	S151 request			0	10*	2
Projects – Towns Fund	Fundamental to strategic purpose delivery	COR22 - Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work & S151 request			0	8*	2
Grants (Various incl. Disabled Facilities Grants)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			20	15	1 to 4
Sub TOTAL						71	

REDDITCH BOROUGH COUNCIL

Date: 30th May 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference			Resource 2022/23 Comparison	Proposed Resource 2023/24	Indicative Planned Qtr.
SERVICE DELIVERY							
Community & Housing Service							
Housing Revenue Account	Finding Somewhere to Live	S151 request			0	20	4
Temporary Accommodation	Finding Somewhere to Live	S151 request			0	10	4
Right to Buy	Finding Somewhere to Live	Local Knowledge/Intelligence			0	10	2
Human Resources							
Organisational Processes	Fundamental to strategic purpose delivery	COR19 – Adequate Workforce Planning & S151			0	5	2
Sub TOTAL						45	
Other Operational Work							
Advisory, Consultancy & Contingency	Operational support	N/a	N/a		20	20	1 - 4
Fraud & Investigations incl. National Fraud Initiative	Operational support	N/a	N/a		15	15	1 - 4
Completion of prior year's audits	Operational support	N/a	N/a		12	12	1
Report Follow Up (all areas)	Operational support	N/a	N/a		15	15	1 - 4
Statement of Internal Control	Operational support	N/a	N/a		6	6*	1 & 4

REDDITCH BOROUGH COUNCIL

Date: 30th May 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference			Resource 2022/23 Comparison	Proposed Resource 2023/24	Indicative Planned Qtr.
Bus Operators Return	Operational support	N/a	N/a		6	6	1 & 3
Sub TOTAL						74	
Audit Management Meetings	Operational support	N/a	N/a		20	54	1 to 4
Corporate Meetings / Reading	Operational support	N/a	N/a		9		
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a		25		
Sub TOTAL						54	
TOTAL							

Rubicon Leisure	Arms-length LA Company	N/a	N/a		10	10	
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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Explanatory Notes:

*As part of the increasing joint and shared service working between Redditch Borough Council and Bromsgrove District 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: Ongoing risk with financial system therefore audit budgets maintained.

Note 2: Risk management relaunched 2022/23 reviewing ongoing progress against action plan and reporting.

Note 3: Procurement - ensuring embedding continues.