

REDDITCH BOROUGH COUNCIL

Date: 28th May 2024

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

THE 2024/25 INTERNAL AUDIT PLAN

Relevant Portfolio Holder	To be confirmed
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, Governance and Standards 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, Governance and Standards 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 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 is brought before the Audit, Governance and Standards 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, Governance and Standards Committee which had been formulated with the aim to ensure Redditch Borough

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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 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, Governance and Standards 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 328 chargeable days, an allocation which has been agreed with the council's s151 Officer. The Head of Internal Audit has reassessed the level of management time required and reduced it by 24 days (40%), reallocating this to productive 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.

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

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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 2024/25

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APPENDIX 1

SUMMARY OF INTERNAL AUDIT PLAN

Audit Area	Planned Days
Financial	50
Corporate Risks including Governance	85
Service Delivery and Operational Risks	74
Sub total	209
Plan management, advice and support	42
Completion & finalisation of audits which were in progress as at 1 st April 2024	77
Sub total	
Total Audit Days	328

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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	Value for Money	Cost of living crisis Reduced collection rates	10		September 2024
Benefits	Value for Money	Cost of living crisis Failure to resource the service to meet demand Benefits subsidy Failure to meet audit requirements	15		November 2024
NNDR	Value for Money	Cost of living crisis Reduced collection rates	10		September 2024
General Ledger	Value for Money	Failure to provide adequate support to managers to manage their budgets	15		March 2025
Sub Total - Financial			50		

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Corporate Risks including Governance					
Risk Management Embedding	Links to achievement of all Council Plan priorities	Underpins effective management of risk throughout the organisation	10		November 2024
Cyber & Data Security including Disaster Recovery	Links to achievement of all Council Plan priorities	Protection from Cyber attack Failure to identify, maintain and test adequate Disaster Recovery arrangements	12		November 2024
Workforce Planning	Links to achievement of all Council Plan priorities	Adequate workforce planning	10	Consultancy review, examining arrangements for delivery of the 82-point plan and comparison with other local authorities.	January 2025

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Insurance	Value for Money	Avoidable damage to fleet Non compliance with Health & Safety legislation	15	Including review of claims prevention & mgmt, and the strategic approach to minimising the costs of cover.	November 2024
Constitution Compliance – Decision Making	Links to achievement of all Council Plan priorities	Underpins effective management of risk throughout the organisation	12	Assurance that decisions made by Officers are in accordance with the Constitution & Scheme of Delegation.	March 2025
Business Continuity and Emergency Planning	Links to achievement of all Council Plan priorities	Failure to identify, maintain and test adequate management and recovery arrangements	12		March 2025
Fraud Investigations including NFI	Links to achievement of all Council Plan priorities	No direct links	10		N/A
Statements of Internal Control	Links to achievement of all Council Plan priorities	Underpins effective management of risk throughout the organisation	4		N/A
Sub-Total – Corporate Risks including Governance			85		

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Service Delivery and Operational Risks					
Statutory Inspections	No direct linkages	Non compliance with health & safety legislation and with Statutory Inspection policy	12		January 2025
Corporate Credit Cards including Petty Cash	Value for Money	No direct links	15		January 2025
Housing Repairs	Value for Money Reducing void costs Increasing energy efficiency of the housing stock	Failure to effectively manage housing repairs and maintenance	20	To include assurance that the new scheduling system is operating efficiently and effectively.	September 2024
HR Processes	Links to achievement of all Council Plan priorities	Adequate workforce planning	12		March 2025
Follow up reviews	Links to achievement of all Council Plan priorities	Underpins effective management of risk throughout the organisation	15	Assurance that agreed actions from previous audits have been implemented.	May 2025
Sub-Total – Service Delivery and Operational Risks			74		

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Other Areas of Support					
Advice and Consultancy including Bus Operators' Grant			16		
Audit Management Meetings			8	4 day reduction compared with 2023/24	
Corporate Meetings & Reading			6	13 day reduction compared with 2023/24	
Annual Plans, Reports and Committee Attendance			12	7 day reduction compared with 2023/24	
Sub-Total – Additional Areas of Support			42		
Completion of previously agreed audits which are already in progress	Accounts Receivable & Payable – 13 days Payroll – 10 days Treasury Mgmt – 5 days Procurement & Contract & Project Mgmt – 13 days Anti Fraud & Corruption – 7 days Data Quality & Usage – 10 days Housing Revenue Account & Right to Buy – 19 days		77		July 2024
Total Resource Requirement – 2024/25			328		

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.