

Subject:	Internal Audit Annual Audit Plan 2024/25	Status:	For Publication
Report to:	Audit & Accounts Committee	Date:	06/03/2024
Report of:	Head of Internal Audit (Internal Audit Service)	Lead Member:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required: No	Attached:	No
Biodiversity Impact Assessment:	Required: No	Attached:	No
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1. RECOMMENDATION

The Committee are asked to consider and approve the Internal Audit Annual Plan 2024/25.

2. EXECUTIVE SUMMARY

The attached report sets out the planned audits for delivery in 2024/25.

3. BACKGROUND

The Audit and Accounts Committee's terms of reference require it to advise the council on the planned activity and results of internal audit.

4. DETAILS

The report describes the context and purpose of the annual audit plan, how delivery contributes to the Head of Internal Audit's annual assurance opinion and lists the audits to be delivered.

5. RISK

The issues raised and report recommendations involve risk considerations as set out below:

- The responsibility for implementing, maintaining and reviewing the system of internal control rests with the council, but the process by which the effectiveness of its system of internal control is reviewed and the governance statement is made includes obtaining assurances on the effectiveness of key controls. In practice, these will be substantially drawn from internal audit assurances delivered through audit plan to the chief executive and leader of the council who are jointly required to sign the annual governance statement.

6. FINANCE

Any financial implications are commented upon in the report.

7. LEGAL

Any legal implications are commented upon in the report.

8. POLICY AND EQUALITIES IMPLICATIONS

Reported findings have been discussed and agreed, including management responses to the recommendations, with respective Service Managers and Heads of Service prior to reporting.

9. REASON FOR DECISION

To support the Audit and Accounts Committee in fulfilling its responsibility to deliver an annual programme of audits to support the annual assurance opinion.

No background papers.

Rossendale Borough Council
Internal Audit Service
Internal Audit Annual Plan 2024/25



1. Introduction

- 1.1. This report sets out the internal audit plan for 2024/25, which we have discussed and agreed with the council's senior managers. The Audit and Accounts Committee is now asked to consider and approve it under its terms of reference.
- 1.2. The Audit Plan for 2023/24 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all Internal Audit Service providers in the public sector. In accordance with PSIAS, the mission of Internal Audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.' The PSIAS requires the Internal Audit Service to be delivered and developed in accordance with the Internal Audit Charter. The Internal Audit Charter provides the functional and organisational framework in which Internal Audit operates to best serve the council and to meet its professional obligations under the PSIAS.
- 1.3. The Internal Audit Service aims to achieve the core principles set out by the Chartered Institute of Internal Auditors and reiterated in PSIAS, which are that the service:

Demonstrates integrity

Demonstrates quality and continuous improvement

Demonstrates competence and due professional care

Communicates effectively

Is objective and free from undue influence (independent)

Provides risk-based assurance

Aligns with the strategies, objectives, and risks of the organisation

Is insightful, proactive, and future-focused

Is appropriately positioned and adequately resourced

Promotes organisational improvement

2. The purpose of the internal audit plan

- 2.1. The council is responsible for a wide range of services across the borough, and its members and senior managers should be aware of the risks to achieving their service objectives inherent in their work. These should be managed by controls to reduce them to a corporately acceptable level. The Chief Executive, Audit and Accounts Committee and the council need assurance that these controls are adequately designed and operate effectively. At the end of the financial year the Chief Executive and Leader of the Council will jointly sign the annual governance statement (AGS) published with the council's financial statements.
- 2.2. The Head of Internal Audit is required by professional standards to provide an opinion addressing the council's frameworks of governance, risk management and control and thereby to provide assurance that the risks to the council's objectives are being adequately and effectively controlled. The Audit and Accounts Committee is required by its terms of reference both to consider the Head of Internal Audit's annual report and opinion and to review the council's annual governance statement. The committee should therefore consider and approve an Internal Audit Plan designed to provide the assurance that the council, committee, Leader and Chief Executive require.

2.3. Because the overall opinion covers a twelve-month period, the evidence to support it must relate to the controls in operation for that period. The plan therefore chiefly addresses work for just one year, but projections may be made into audit requirements for future years. The work in any annual plan will rarely be fully complete at the end of the year but will be sufficient to inform the council's annual governance statement shortly after the year end.

3. Obtaining the evidence to support an overall opinion for 2024/25

- 3.1. An Internal Audit Plan designed to provide the evidence necessary to support an opinion on governance, risk management and control should arguably encompass the following:
- Coverage of the key components of each part of the opinion: aspects of the council's governance; risk management; and control.
 - Sufficient coverage of controls across all council's operations, so that a fair assessment may be made across the organisation.
 - Coverage of the controls that serve to mitigate the council's most significant risks to an acceptable level, and particularly those that operate most widely across the council.
 - Assessment of the actions being taken to develop improved controls in the areas of greatest unmitigated risk.
- 3.2. It will therefore be necessary as a minimum to audit aspects of the council's governance and risk management processes, as well as a range of control processes. However, information will also be available from less formal sources than planned audit engagements and this will also inform the overall opinion.
- 3.3. The control framework below applies to the council's governance, risk management and control. The Internal Audit Plan is designed to address, proportionately, the coverage required across this framework for the whole organisation. It addresses each of the areas of the overall opinion, each of the areas of control set out in the control framework, and each of the major areas of service delivery. Some individual audits address common themes, such as recruitment and procurement, which may also inform a more corporate view. The plan also includes work to follow up implementation of audit actions agreed by managers in the previous year and allocates time to support the council's work on the National Fraud Initiative and counter-fraud activity.

A framework for governance, risk management and control				
Governance and democratic oversight				
Corporate governance framework			Democratic processes	
Business effectiveness				
Risk management	Performance monitoring and management		Organisational design	Working in partnership
Service delivery				
Customer services		Operations and environmental health		Business
Benefits administration	Revenue collection	Refuse collection and recycling	Parks and open spaces	Housing Regeneration
Leisure services		Street sweeping	Planning	Licensing
Service support				
Contract monitoring and management			Public interface	
Business processes				
Financial processes	ICT	Facilities management	Human resources	
Investment	Payroll	Procurement	Business continuity	

4. The context of the audit work for the year

- 4.1. Planned audit work in 2024/25 will be sufficient to provide assurance over the council's frameworks of governance, risk management and control, supporting activity across governance, operations, services, systems and processes. We will inform the committee of any significant changes in planned work as we report progress during the year.

5. Internal Audit Service resources

- 5.1. This audit plan is based on a best estimate of audit resources required and, as in previous years, we have agreed an allocation of 200 days for the year. We will deploy resources as effectively as possible, focussing on key areas of risk to achieve maximum benefit. The council are currently reviewing the provision of specialist IT audit, sourced through Lancashire County Council's contract with Mersey Internal Audit Agency (MIAA), and the nature and scope of IT audit work has not yet been agreed. While the plan enables managers and members to see the scope and value of the audit work, a small number of audits may need to be worked on into the following year.
- 5.2. Section 8 below lists the planned audits and how they fit into the framework. It should be noted that the plan will need to be flexible and will almost certainly be subject to change during the year as council priorities alter and as the planned work set out here in outline is scoped in more detail. The committee will be informed of any significant changes in regular progress reporting.

6. The assurance we will provide

- 6.1. The assurance we will provide falls into four categories: substantial, moderate, limited and no assurance.
- Substantial assurance: the framework of control is adequately designed and/ or effectively operated.
 - Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.
 - Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.
 - No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

7. The Internal Audit Service's responsibilities in relation to fraud and investigations

- 7.1. In addition to our audit work, the Internal Audit Service provides some support to the council in managing fraud risk, specifically through the provision of advice in respect of instances of suspected fraud or impropriety and supporting the council's response to the National Fraud Initiative.

8. Proposed 2024/25 audit plan

8.1. This table below lists the audits we are planning to carry out in the first six months of 2024/25, including the type of audit and the number of days allocated.

Controls Assurance	Audit Scope	Audit Type	Audit Days	Total Days
Governance and democratic oversight				
Procurement Act 2023	Readiness for implementation of the requirements of the new Act.	Full audit	10	25
Subject Access Requests and Freedom of Information	Arrangements for ensuring compliance with statutory requirements for processing and administering FOI and SAR	Full audit	15	
Business effectiveness				
Risk Management	Operation of the risk management framework and policy, including identification, ranking risks and mitigating actions.	Full audit	10	25
IT Audit <i>to be confirmed</i>	Scope and coverage to be confirmed.	Full audit	15	
Service delivery				
Public Protection Unit	Policy and compliance	Full audit	15	25
Waste, Cleansing and Recycling Improvement Plan	Implementation of actions to deliver the plan	Full audit	10	
Service support				
Expense claims	Policy and compliance with travel and expenses policy including tax efficiency and management oversight	Full audit	15	30
Recruitment	Policy and compliance	Full audit	15	
Business processes				
Council tax	Annual audit of policy compliance	Compliance	8	64
Business rates/ NNDR	Annual audit of policy compliance	Compliance	8	
Housing benefits	Annual audit of policy compliance	Compliance	8	
Payroll	Annual audit of policy compliance	Compliance	8	

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Accounts payable	Annual audit of policy compliance	Compliance	8	
Accounts receivable	Annual audit of policy compliance	Compliance	8	
General ledger, budget setting and monitoring	Annual audit of policy compliance	Compliance	8	
Income collection/ banking	Annual audit of policy compliance	Compliance	8	
Follow up of previous year's actions				
Contract procedure rules		Follow up	1	5
Flexible working from home		Follow up	1	
Project management		Follow up	1	
Land charges		Follow up	1	
Customer contact		Follow up	1	
Counter fraud and investigations				
Operation of the National Fraud Initiative			4	5
Support to the council's whistleblowing and counter fraud work			1	
Other work				
Internal Audit management including planning, managing delivery, liaison with management team, committee reporting and scheduling resources.			15	21
Contingency (including grant certifications)			6	
Total resource for the council				200