


Internal Audit Plan 2023 24

Report to Audit and Standards Committee

 Burnley .gov.uk	DATE	27/07/2023
	PORTFOLIO	Resources and Performance Management
	REPORT AUTHOR	Ian Evenett
	TEL NO	01282 477175
	EMAIL	ievenett@burnley.gov.uk

PURPOSE

1. To inform on the audit planning process and seek approval from members on the proposed Internal Audit plan for 2023-24.

RECOMMENDATION

2. Members consider the report and provides comment on any changes for approval of the proposed Internal Audit Plan.

REASONS FOR RECOMMENDATION

3. Audit and Standards Committee are 'the Board' in respect of the Public Sector Internal Audit Standards (PSIAS). As part of this role, they should consider approval of a risk-based internal audit plan.
4. To ensure that the service is delivered effectively in accordance with proper practices.
5. To ensure delivery of an audit opinion for 2023-24.

SUMMARY OF KEY POINTS

Internal Audit Plan 2022/23 (Appendix 1)

6. The PSIAS requires to have a risk-based audit plan for a period of no longer than one year. In order that the committee has a better understanding of the process of Audit planning I have provided an increased detail below.

Resources

7. The first stage is to establish the available Audit Days from the Internal Audit team. This year we have establishment of 4 staff members – Internal Audit Manager and 3 Auditors. Two of the Auditors are part time, so the resources are approximately 3 FTE. We agreed with management to carry forward an element of staff budget from last financial year which was unspent into this year which was agreed to be spent on additional hours from one of the part-time auditors. This gave a resource of about 808 days or 270 per FTE.
8. There is an adjustment for leave which include carry forwards from previous years. This when making deductions for estimated sick leave, other leave local leave etc gave 625 days or 208 per FTE. Because of specific individual circumstances this was higher than normal.
9. It is important that Internal Audit staff are suitably qualified and capably to undertake a wide range of technical audits and are suitably qualified. We have two officers part way through the CIPFA professional qualification which require both course and training at work. There are also training requirements from the Council which members or staff are encouraged or required to attend to get a better understanding of processes which they are required to Audit. This leaves approximately 562 days or about 187 days per FTE
10. To ensure that the team is effectively managed and to comply with the requirements of the Council in terms of its management requirements there is a provision for various aspects of Audit Management this includes areas like forming the Audit plan, time management, quality control, service improvement, personal development reviews, budget management, Lancashire Peer Review. Audit and Management Team Reporting. This leaves 406 days or 135 days per FTE.
11. There are various non-audit duties which are undertaken, in the internal Audit Managers role this includes risk management support, Data Protection Officer, and business continuity. This reduces the available days total to 354 days or 118 per FTE which is the available days total.

Risk Assessment

12. At the same time we review corporate records like the Capital Programme and Executive reports are to identify any new auditable activities. For example, we have agreed to provide a reciprocal audit arrangement with another Lancashire council to provide a homeless grant certification. I consult with heads of service on the list of their auditable activities for 2023/24 and to discuss key areas of risk and potential audits within their area of activity.
13. For this year there are 333 auditable areas across services. These are split into services below.

Service	Auditable areas	Examples
Corporate	11	Fraud, Best Value, Partnerships, NFI, Partnerships.
Economy and Growth	22	Business Support, Shared Prosperity Funding, Markets, Pioneer Place, Local Plan
Finance and Property	87	Accountancy, Payroll, Building Repair, Council Tax, Benefits

Green Spaces and Amenities	23	Townley Hall, Parks, Cemetery and Crematorium, Burnley Leisure and Culture Partnership
Housing Development and Control	35	Homeless, Planning Applications, Building control, Selective Licensing
Legal and Democracy	30	Elections, Insurance, Town Hall, Legal Advice, Member Services
People and Development	21	Recruitment, Health and Safety, E-Learning, Time and Attendance.
Policy and Engagement	62	Information Services, Performance indicators, Communications.
Streetscene	42	Waste Contract, Food Safety, Parking, Community Safety
	333	

14. The audit universe, which contains all elements identified for audit, was subsequently updated with the new risk scores following these discussions. The risk scoring matrix contains several factors such as size, volume and value of transactions, levels of control and time since the last audit. Using this range of factors allows the separation of the large audit universe.
15. The proposed Internal Audit Plan 2023/24 is based on the result of this risk assessment exercise, whilst also maintaining audit coverage across all services of the Council. Where possible audits maybe combined. The audits that have been delivered so far are those that were carried over from the 2022/23 plan. We will attempt to consider the whole of the Council and get involved in a range of services. However, it should be noted that some activities of the Council will not register as a high enough risk to require an audit.
16. The service like other parts of the Council has a service level agreement with Burnley Leisure and Culture so there is a provision to provide this.

Flexibility

17. An additional requirement is that the plan needs to be flexible – this is accommodated by providing provision to deal with risk areas which may crop up during the year. These may be risk areas which become issues during the year this is the Emergent Risk allocation.
18. The plan includes an allocation to investigate and report on any areas of irregularity which the Council refers to the team. When a report is made, we will conduct a preliminary review of the problem and recommend a course of action depending on the risks identified. The overall responsibility for the prevention and detection of fraud rests with management. Audit's role is to support and advise management in instances when this is identified and, in some instances, assist in the investigation. However, it is important that the service is made aware of frauds so that internal controls are effective against fraud.
19. There is a provision (Follow-up) to ensure that recommendations from earlier Audits have been implemented – we will check that actions have been implemented as agreed and if not then we report this to the relevant director to ensure that they are implemented.

ITEM NO	[AgendaItem]
--------------------	--------------

20. Finally there is an allocation to provide advice and guidance to services when they are developing new, making changes or have issues with their existing services.

Other Observations

21. There is an estimate of the time allocated to each audit within the plan, however it is a target for the Auditor to plan their audit within this allocation. However, once the officer starts an audit it may require greater allocation of days or occasionally it can be delivered in a shorter time.

22. A frequent question is 'Can the Audit and Standards Committee request an audit of a particular area or topic?' The answer is yes Internal Audit will listen to any request for an audit and we will risk assess the request and if it is a high risk then it will be incorporated into the plan. Time may be allocated from emergent risks or this may be at the expense of a lower risk audit. This is part of the plan to be flexible and maintain a risk-based approach.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

23. None

POLICY IMPLICATIONS

24. None

<p>FURTHER INFORMATION: PLEASE CONTACT: ALSO:</p>	<p>Ian Evenett (Internal Audit Manager) Ext 7175</p>
--	---

Appendix 1

Service	Audit Activity	Audit Days	Total	Priority
Corporate	Annual Governance Statement	8		23
	NFI	10		24
	Procurement	15		3
	Elections	3		25
	Fraud Risk Review	6		26
	Strategic Partner Performance Indicators	10		6
				52
Finance & Property	Payroll	10		9
	NDR	15		5
	Energy Rebates	12		14
	Energy	10		7
	Bank Reconciliation	10		4
	Fees and Charges	6		19
	Medium Term Financial Strategy	10		13
	General Ledger	15		2
	Benefits	20		1
				108
Information Governance	Desktop Software	12		15
	Security Policies	8		18
			20	
Housing & Development Control	Vacant Properties Initiatives	15		21
	Landlord Selective Licencing	16		12
			31	
Streetscene	Trade Waste	10		8
	Taxi Licencing	10		11
	Out of Hours Response	8		10
			28	
Economy & Growth	Charter Walk Procurement	10		22
	Markets	15		16
			25	
People and Development	Health and Safety	10		27
	Attendance	10		17
			20	

Service	Audit Activity	Audit Days	Total	Priority
External Clients	Burnley Leisure – Service Level Agreement	12	12	
	Frauds and Investigations	15		
	Emergent Risks	15		
	Follow-Up	10		
	Advice and Guidance	8		
			58	
	Total Available Days		354	

