

Internal Audit Plan 2024 25

Report to Audit and Standards Committee		
	DATE	20/03/2024
	PORTFOLIO	Resources and Performance Management
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PURPOSE

1. To inform on the audit planning process and seek approval from members on the proposed Internal Audit plan for 2024-25.

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 2024-25.

SUMMARY OF KEY POINTS

Internal Audit Plan 2024/25 (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 four staff members – Internal Audit Manager and three Auditors. Two of the Auditors are part time, so the resources are approximately three FTE. This gave a resource of about 781 days or 260 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 657

days or 220 per FTE. This is higher than last year as the leave adjustments have been reduced.

9. It is important that Internal Audit staff are suitably qualified and capable to undertake a wide range of technical audits and are suitably qualified. We have one auditor who has the CIPFA (Chartered Institute of Public Finance and Accountancy) professional qualification and requires continuity professional development (CPD) to maintain this. Other officers are working on qualifications, and others need to ensure that their audit skills are maintained. 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 604 days or about 201 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, Benchmarking, Audit and Management Team Reporting. This leaves 446 days or 149 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 384 days or 128 per FTE which is the available days total.
Risk Assessment
12. At the same time, we review corporate records, such as the Capital Programme and Executive reports, to identify any new auditable activities. I have consulted with the Chief Operating Officer, Directors, Heads of Service and Service Leads on the list of their auditable activities for 2024/25 and to discuss key areas of risk and potential audits within their area of activity.
13. For this year there are 325 auditable areas across services. The plan provides a split into services below. These are quite detailed activities which should be covered. This incorporates changes in responsibilities because of the Management restructure in August 2023.

Service	Auditable areas	Examples
Corporate	41	Fraud, Best Value, Partnerships, NFI (National Fraud Initiative), Partnerships, Customer Services and Information Governance
Economy and Growth	23	Business Support, Shared Prosperity Funding, Markets, Pioneer Place, Local Plan
Finance and Property	85	Accountancy, Payroll, Building Repair, Council Tax, Benefits
Green Spaces and Amenities	22	Townley Hall, Parks, Cemetery and Crematorium, Burnley Leisure and Culture Partnership
Housing Development and Control	34	Homelessness, Planning Applications, Building Control, Selective Licensing
Legal and Democracy	30	Elections, Insurance, Town Hall, Legal Advice, Member Services

People and Development	22	Recruitment, Health and Safety, E-Learning, Time and Attendance.
Policy and Engagement	26	Policy Development, Communications, Engagement and Graphics
Streetscene	42	Waste Contract, Food Safety, Parking, Community Safety
	325	

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 fourteen factors such as Income and Expenditure, 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 2024/25 is based on the result of this risk assessment exercise, whilst also maintaining audit coverage across all services of the Council. Where possible auditable areas are combined for a single audit. The audits that are still in progress or not started are carried over from the 2023/24 plan. I attempt to consider the whole of the Council and get coverage in a range of services. However, some auditable 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.
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.

ITEM NO	[AgendaItem]
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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 will risk assess the request and, if it is a substantial risk, 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
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23. None

POLICY IMPLICATIONS

24. None

FURTHER INFORMATION: PLEASE CONTACT: ALSO:	Ian Evenett (Internal Audit Manager) Ext 7175
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Appendix 1 Internal Audit Plan 2024-25

Service	Audit Activity	Audit Days	Total	Priority
Corporate	Annual Governance Statement	3		29
	NFI	15		17
	Procurement	5		1
	Elections	5		26
	Fraud Risk Review	8		17
	Data Protection	10		6
	Strategic Partner Performance Indicators	10		16
			56	
Finance & Property	Treasury Management	12		2
	Income Management	14		8
	Energy Rebates	12		11
	Energy	10		4
	Property Repairs	10		9
	Sundry and Periodic Debts	12		23
	Medium Term Financial Strategy	10		3
	Council Tax	15		5
	Website Income Collection	15		19
			110	
Information Governance	Desktop Software	12		25
	Security Policies	8		20
			20	
Housing & Development Control	Planning Applications	14		7
	Landlord Selective Licencing	16		10
			30	
Streetscene	Pest Control	8		21
	Green Waste	8		22
			16	
Policy and Engagement	Strategic Objectives	12		24
			12	
Economy & Growth	Charter Walk Procurement	2		13
	Markets	15		15
			17	
Green Spaces and Amenities	Vehicles and Plant	10		27
	Cemeteries and Crematoria	12		14
			22	

Service	Audit Activity	Audit Days	Total	Priority
People and Development	Health and Safety	10		28
	Attendance	12		11
			22	
External Clients	Burnley Leisure – Service Level Agreement	12	12	
Contingency	Frauds and Investigations	18		
	Emergent Risks	20		
	Follow-Up	11		
	Advice and Guidance	18		
			67	
	Total Available Days		384	

