CORPORATE GOVERNANCE	AUDIT MANAGER
AUDIT AND STANDARDS COMMITTEE	REPORT NO. AUD2302

27 MARCH 2023

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INTERNAL AUDIT – AUDIT PLAN

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SUMMARY:
This report is to set out the annual Audit Plan for 2023/24.

RECOMMENDATIONS:
Members are required to:
- Agree to the annual Audit Plan, which will be monitored and updated on a rolling basis and progress will be reported on to this Committee.

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1   Introduction

1.1   The Audit Plan is produced annually to provide a framework for the use of Audit resources. To ensure that resources are focused on activities that will enable the Audit Manager to provide the Council with an overall assurance of the governance, risk management and internal control (GRC) environment.

2   Purpose of Internal Audit

2.1   The role of internal audit is defined within the Public Sector Internal Audit Standards (PSIAS), as an:

> *'independent, objective assurance and consulting activity designed to add value and improve an organisations 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'.*

2.2   Internal Audit provides the Council with assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working with consulting activities available to help to improve those systems and processes where necessary.

3   Methodology for compiling audit coverage

Audit Risk Universe and Criteria

3.1   The Audit Risk Universe has been updated to show auditable areas as at January 2023. This will be reviewed as appropriate throughout the year.

3.2   The Audit risk criteria has been developed to ensure it captures all relevant areas to be considered in determining the level of risk exposure within an auditable area. The Council Plan, the Corporate Risk Register and the details

within the Annual Governance Statement are also taken into account when developing the Audit Plan.

3.3   The Audit risk criteria includes the following areas:

- **Corporate Priority**
  This looks at the Council's Plan and assesses to what level the auditable area contributes to the Plan. This is included so that areas of high corporate priority are considered more highly than areas of low corporate importance, which are not deemed to risk the Council achieving its overall objectives.

- **Impact on reputation**
  This looks at the potential impact on the Council's reputation if a risk within the auditable area was to transpire. This is included so that areas of high reputational impact are considered more highly for a review to ensure that the reputation of the Council is maintained.

- **Assurance from others**
  This considers whether another body either externally, e.g., External Audit, or internally have reviewed the area. This is included so that if assurance can be provided by others, then Internal Audit would not need to also review the same area.

- **Concerns raised**
  This looks at any concerns, raised by Senior Management or employees, any previous frauds identified and any previous poor controls identified by Internal Audit. This is included as if concerns are raised then this could highlight control weaknesses impacting on the Council in various ways.

- **Laws or Regulations**
  This looks at if the auditable area is enshrined by Laws or Regulations or not. A requirement for high levels of compliance with Laws and Regulations will result in a higher risk to the Council if these are not adhered to.

- **Financial transactions total**
  This looks at the financial value of transactions in the auditable area, as the higher the value of the transactions the more risk of financial loss to the Council. This also looks at the number of transactions, as a small financial value but high frequency of transactions opens the auditable area up to a bigger risk of fraud and error.

- **Vulnerability**
  This looks at whether the area is completely new to the Council or not or if it's a constantly evolving area, e.g., IT. New and evolving areas will present a higher vulnerability than an area that has not changed. This

should also be reflected in the Service Risk Registers and, if significant, then the Corporate Risk Register.

Input from Heads of Service

3.4 Heads of Service were consulted on the areas, which were high risk on the audit universe and highlighted any potential areas of concern within their service which they felt would require further assurance in the year.

Developing the Audit Plan

3.5 Internal Audit reviews key financial systems on a 3-year rolling basis adjusted for any significant system developments or identified weaknesses. Additionally, all other areas of coverage are based on various risk factors developed by Internal Audit described in section 3.3 of this report and input from ELT and Heads of Service.

3.6 The first six months of work will be established based on the auditable areas with a view to risk, suitability of timing and availability of audit resource. This will be agreed with ELT and the Corporate Governance, Audit and Standards (CGAS) Committee. The work for the following quarters will be established at subsequent ELT and CGAS Committee meetings, as laid out in Table 1 below. This will allow Internal Audit to react more effectively to the needs of the Council when required throughout the year providing a more agile plan to meet changes in the auditable environment.

Communication and monitoring of the Plan

Table 1

Date	Meeting	Report	Details
6 March 2023	CGG	Internal Audit Plan	• Present the audit plan for 2023/24
14 March 2023	ELT		
27 March 2023	CGAS Committee		• Set the work for quarter 1 & quarter 2 (subject to change if required for the needs of the organisation.)
		Audit Update	
			• Report on the work carried out to date.
2 May 2023	CGG	Internal Audit Assurance Opinion	• Present the audit opinion for 2022/23
9 May 2023	ELT		
25 May 2023	CGAS Committee		• Present compliance towards the PSIAS and plan of work towards the standards in 2023/24.
		Yearend update report	• An overview of the work completed in 2022/23. Including an update on audits not reported in March.
		Annual Governance	• Present the AGS and update to the Local Code of Corporate Governance

		Statement and The Local Code of Corporate Governance	
4 September 2023	CGG	Internal Audit update	• Report on the work carried out to date.
12 September 2023	ELT		• Report any changes required to the plan.
27 September 2023	CGAS Committee		• Set the work for quarter 3.
30 October 2023	CGG	AGS update on actions	• Report on the work carried out to date towards the actions defined within the AGS
7 November 2023	ELT		
22 November 2023	CGAS Committee	Update on recommendations	• Report on the implementation of recommendations to date.
8 January 2024	CGG	Internal Audit update	• Report on the work carried out to date.
16 January 2024	ELT		• Report any changes required to the audit plan.
31 January 2024	CGAS Committee		• Set the work for quarter 4.
4 March 2024	CGG	Internal Audit Plan	• Present the audit plan for 2024/25
12 March 2024	ELT		• Set the work for quarter 1 & quarter 2 (subject to change if required for the needs of the organisation.)
20 March 2024	CGAS Committee		
		Internal Audit update	• Report on the work carried out to date.

4   Resources

4.1   The resources and service deliverables within the Internal audit service has been reviewed along with the Investigations service. As a result, the two services will now be combined to provide and Audit and Investigation service, whilst providing a saving to the Council the level of deliverables will not be reduced. The combined role provides more resilience for the deliverability of the audit plan, whilst still taking measures to protect the public purse.

4.2   The level of resources required to deliver the audit plan and the Council's current investigation workload has been determined. Within the financial year there will be a period where officers are not in post. However, arrangements will be put in place for contractors to cover the work required during this period until permanent resources are in place.

5   2023/24 Audit Plan

5.1   The first six months' work, as set out in Appendix A, has been selected from the higher risk areas. The list of audits is subject to review due to the changing needs of the organisation or resource availability. An update will be provided at the Committee meeting in September.

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Table of Audit expected deliverables for Quarters 1 & 2

NB: Timing of audits may differ once confirmed with services and contract auditor availability.

Service	Audit	Scope indication*
Property & Growth	H&S of Council Buildings	Review the process for H&S checks and related maintenance of Council buildings, including commercial assets.
Finance	Procurement cards	Review the process for procurement cards.
ELT	Rushmoor Homes Limited	Review the processes in place for RBC involvement with RHL including the process for drawing down funding.
CMT	Financial assistance to organisations – Ongoing grants	Review of the ongoing grants given to organisations and the performance measures in place.
Operations	Serco contract management	A review of the Serco contract to ensure SLAs and additional costs are in line with the contract.
Regeneration/ Finance/ Property & Growth	Capital Programme – Meads	A review of the acquisition of the Meads.
Finance	CIPFA financial code	To review the Council's compliance towards the CIPFA financial code.
CMT (IT/ACE)	Cyber Security within the Supply chain	A review of the internal processes and requirements of suppliers from a cyber security aspect.
ACE	Homes for Ukraine fund	A review of the processes for the Homes for Ukraine funding.

Follow Up of Previous Audits

Service	Audit	Scope indication*
Various	Follow up of all recommendations made.	Review the status of recommendations made in previous audits.

Provisional forward programme of audit work

Service	Audit	Scope indication*
IT	Intune mobile device management	To ensure that the implementation of the Council's new mobile device management is appropriate.
HR	Payroll	Key financial system reviewed on a 3-year cycle.
Democracy	Elections	Review of process and system changes.
Finance	Purchase Ledger	Key financial system reviewed on a 3-year cycle.
Operations/ CSU	Parking	Post transfer review.
IT	Cloud CRM	A review of the implementation of the Council's cloud-based CRM system.

* This is just the potential scope of the audit which can be subject to change as the scope is agreed with the auditee prior to the audit commencing.