

20TH MARCH 2024

INTERNAL AUDIT – AUDIT PLAN

SUMMARY:

This report is to set out the annual Audit Plan for 2024/25.

RECOMMENDATIONS:

Members are required to:

- Approve the annual Audit Plan, which will be monitored and updated on a rolling basis and progress reported to this Committee.

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 level on the Council's 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 2024. 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/ Directors

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
4 March 2024	CGG	Internal Audit Plan	<ul style="list-style-type: none"> • Present the audit plan for 2024/25 • Set the work for quarter 1 & quarter 2 (subject to change if required for the needs of the organisation.) • Report on the work carried out to date.
12 March 2024	ELT		
20 March 2024	CGAS Committee		
29 April 2024	CGG	Internal Audit Assurance Opinion	<ul style="list-style-type: none"> • Present the audit opinion for 2023/24 • Present compliance towards the PSIAS and plan of work towards the standards in 2024/25. • An overview of the work completed in 2023/24. Including
7 May 2024	ELT		
23 May 2024	CGAS Committee		

		Annual Governance Statement (AGS) and The Local Code of Corporate Governance	<p>an update on audits not reported in March.</p> <ul style="list-style-type: none"> Present the AGS and update to the Local Code of Corporate Governance
2 September 2024	CGG	Internal Audit update	<ul style="list-style-type: none"> Report on the work carried out to date. Report any changes required to the plan. Set the work for quarter 3.
10 September 2024	ELT		
25 September 2024	CGAS Committee		
11 November 2024	CGG	AGS update on actions	<ul style="list-style-type: none"> Report on the work carried out to date towards the actions defined within the AGS Report on the implementation of audit recommendations to date.
19 November 2024	ELT	Update on outstanding audit recommendations	
27 November 2024	CGAS Committee		
6 January 2025	CGG	Internal Audit update	<ul style="list-style-type: none"> Report on the work carried out to date. Report any changes required to the audit plan. Set the work for quarter 4.
14 January 2025	ELT		
29 January 2025	CGAS Committee		
10 March 2025	CGG	Internal Audit Plan	<ul style="list-style-type: none"> Present the audit plan for 2025/26 Set the work for quarter 1 & quarter 2 (subject to change if required for the needs of the organisation.)
18 March 2025	ELT		
2 April 2025	CGAS Committee		
		Internal Audit update	<ul style="list-style-type: none"> Report on the work carried out to date.

4 Resources

- 4.1 Due to being unsuccessful at recruiting to the two vacant Audit and Investigation posts, a further review has been carried out. To enable a more stable resource availability, the delivery of the internal audit plan will be carried out by contract auditors on a 5-year agreement. The work will be carried out by the Southern Internal Audit Partnership (SIAP).

5 2024/25 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 services availability. An update will be provided at the Committee meeting in September.

AUTHOR: Nikki Fleming, Service Manager - Audit
01252 398810
nikki.fleming@rushmoor.gov.uk

HEAD OF SERVICE: Peter Vickers, Executive Head of Finance and S151 Officer
01252 398440
peter.vickers@rushmoor.gov.uk

Table of Audit expected deliverables for 2024/25

Service	Audit	Scope indication*
Property & Growth	Building Control	A review of the implementation of the new building control requirements.
Operations	Disabled Facilities Grants	To review the DFG process
ELT – Agree scope with Finance as Lead	Capital Programme	To review the capital programme process
Operations	Princes Hall	To review the financial processes in place.
Finance	Effectiveness of financial rules and processes & compliance with financial regulations	To review the effectiveness of processes in place and compliance.
Democracy	Elections	To review the implementation of the new election’s legislation and data security.
ACE	Local Authority Housing Fund	To review the spending of the fund to ensure in line with requirements.
Finance	NNDR Billing, Collection & Recovery	Key financial system reviewed on a 3-year cycle.
Finance	Sales Ledger	Key financial system reviewed on a 3-year cycle.
Finance	FMS & Bank Reconciliation	Key financial system reviewed on a 3-year cycle.
Regeneration	Union Yard	A review of the Union yard project.
IT	Pay 360	To review the implementation of the upgraded pay 360 system.
Property & Growth	Biodiversity	To review the implementation of the mandatory Biodiversity net gain requirement.
Various	Follow up of all recommendations made.	Review the status of recommendations made in previous audits.

* 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.

Consultancy

Planned consultancy will be provided in the following areas to assist with ensuring controls/ processes suggested appear to be appropriate:

- UK Shared Prosperity Fund
- Disposals Process