

Subject	Internal Audit Plan Report 2022/23	Status	For Publication
Report to	Audit Committee	Date	03/03/2022
Report of	Head of Internal Audit, Anti-Fraud and Assurance		
Equality Impact Assessment	Not Required		
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1. Purpose of the Report

The purpose of this paper is to present to members of the Audit Committee (The Committee) the draft Internal Audit Plan for 2022/23.

2. Recommendations

2.1 It is recommended that:-

- i. the draft Internal Audit plan for 2022/23 is approved in principle whilst acknowledging the need for the Head of Internal Audit, in consultation with the Director and Treasurer, to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and
- ii. the Audit Committee receive quarterly monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance to demonstrate progress against the plan including information where the Plan has materially varied from the original Plan.

3. Background Information

- 3.1 Internal Audit is an important and influential aid to senior management and corporately aims to help the organisation achieve its objectives and priorities by ensuring there is an appropriate and effective internal control, risk and governance framework. The overall opinion issued each year by the Head of Internal Audit, Anti-Fraud and Assurance is used as a key source of assurance to support the preparation of the statutory Annual Governance Statement. Internal Audit also supports the Authority's statutory officers in discharging their responsibilities.
- 3.2 The audit plan is important because it sets out the components of the governance, risk and internal control environment that need to be audited. In addition, it provides a statement of intent and a performance target for Internal Audit and subsequent accountability to the Director, Treasurer, the Senior Management Team (SMT) and the Audit Committee. It is also important that the resources of the Internal Audit Service are utilised effectively. This paper sets out the methodology to demonstrate how this will be achieved.
- 3.3 Internal Audit adopts a risk-based approach to identifying areas to be included in the plan, the performance of its work and to ensure that the Internal Audit service assigns its resources to the

key areas of risk and priority facing the organisation in achieving their objectives and therefore where the greatest value can be added.

- 3.4 This risk-based framework aims to provide a logical basis to compile the annual audit plan, inform likely priorities for future audit plans and ensure that the scope of work enables the service to provide appropriate and sufficient evidence in support of the assurance opinion provided on the adequacy, effectiveness and reliability of the organisation's risk management, governance and internal control processes.
- 3.5 The process outlined complies with the requirements of the Public Sector Internal Audit Standards (PSIAS) which require the plan to be risk-based and informed by the organisation's risk management, performance management and other assurance processes.

4. Basis of the Draft Internal Audit Plan 2022/23

4.1 Risk Management Arrangements

Risk Maturity: The approach has taken into account the risk maturity of the organisation to consider whether reliance can be placed on the organisation's risk management and other governance processes for identifying areas for audit coverage. Risk maturity has been assessed as "risk managed" which confirms that there is an enterprise-wide approach to risk management which is developed and communicated. The Internal Audit approach therefore provides for an independent audit of the risk management process to be undertaken and the application of risk management to be challenged on an ongoing basis as part of each audit review.

Risk Registers: Internal Audit aims to provide assurance to management, Members and other stakeholders that the organisation's risks are being effectively identified and adequately mitigated. Risks have been identified and assessed through reviews of the strategic and operational risk registers.

4.2 Corporate Governance Framework:

The Governance Assurance Framework underpins every organisational function and activity, and it is therefore essential that this is reviewed in order that assurances can be given regarding its adequacy and effectiveness.

The Internal Audit plan contributes to this process and specific governance reviews are undertaken in order to provide assurance in respect of the organisation's framework. Examples include financial management, contracts / procurement, information security / governance, risk management and HR. Other important elements of the governance framework include health and safety/wellbeing and safeguarding.

4.3 Governance 'Themes':

All risks, review work, audit findings and implications are governance "themed" for the purposes of linking Internal Audit coverage to risks and assurances. These themes have been based on the key areas of a governance assurance framework. Functionality within the Audit Management System will enable reports covering the defined themes to be produced on audit work completed during a given period.

4.4 Treasurer (Section 73 Officer):

Mandatory work supports the fulfilment of statutory responsibilities in ensuring the proper administration of the organisation's financial affairs. This work also enables the Head of Internal

Audit, Anti-Fraud and Assurance to form his opinion on the adequacy and effectiveness of the governance, risk and internal control environment. This work includes:

- On a risk basis, a review of core financial systems to ensure there are adequate controls in place to produce reliable financial information and accurate and complete statutory annual accounts. This internal audit work is considered by External Audit when carrying out their audit of the Authority's statement of accounts.
- Review of the financial administration and arrangements for safeguarding cash, assets and financial interests. This includes work which is targeted towards areas with a high risk of misappropriation, misuse, fraud or error. The selection of areas for review in any one year is made following an assessment identifying the areas of greatest risk.
- Ensuring that data matches identified through the National Fraud Initiative (NFI) have been investigated and resolved and reviewing the organisation's risk management arrangements.

4.5 Cumulative Audit Knowledge and Experience

An important element of audit planning is the application of audit knowledge and experience through the review of key plans, reports, press coverage and national issues.

In addition, the knowledge of existing management and internal control environments, including information relating to any system changes and a professional judgement on the risk of fraud or error has been taken into account along with the outcome of the National Fraud Initiative.

Other considerations have included the following:

- Business plans and the significance / impact of the changes on the control framework;
- Previous audit assurance opinions;
- The results of the follow-up of agreed management actions;
- The elapsed time since any previous audit coverage;
- External assurance provided in relation to a particular risk or risks as part of external inspection, intervention and audit activity. Internal Audit is mindful to avoid any possible duplication of effort in this regard.

4.6 Follow-up Work:

Targeted follow-up work is designed to maximise the benefit of the original work, by ensuring that the agreed management actions in response to findings and implications have been completed and the appropriate outcomes achieved.

4.7 Responsive Work:

An allowance is made within the plan to deal with requests for advice and unplanned audit work which arise throughout the year. The work usually follows requests from SMT/Treasurer for support and advice, and specific issues arising during the course of individual audits. Internal Audit's flexibility to respond promptly to issues of this nature is highly valued and can often highlight some of the more significant items of concern and areas for improvement.

Careful consideration will be given to ensure the right balance is struck between allocating resources to planned work and maintaining a contingency of days in order to respond to any request for advice and support as outlined above.

4.8 Allocated Days

The number of planned days in the indicative Plan for 2022/23 is 227 (including 17 days to complete reviews that commenced in quarter 4 of 2021/22). This is a slight reduction of 14 planned days, the plan being 241 days in 2021/22.

4.9 Consultation

The Director, SMT and the Treasurer have been consulted in terms of the approach, risk assessment process and content of the plan.

5. **Emerging Risks and Revisions to the Plan**

5.1 Following approval of the draft Audit Plan by the Audit Committee, it is subject to on-going review throughout the year. This is to ensure that it remains relevant and linked to the Authority's strategic objectives.

5.2 Progress against the plan is regularly monitored as part of Internal Audit's performance management arrangements and is reported quarterly to the Audit Committee. Any amendments to the plan in terms of unplanned, deleted or deferred work will be agreed with the Director and Treasurer and reported to the Audit Committee.

6. **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	The cost of the services of the Internal Audit Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

Rob Winter FCPFA
Head of Internal Audit, Anti-Fraud and Assurance

Background Papers	
Document	Place of Inspection
Background papers and other sources of reference include: Internal Audit Charter 2021-24, MK Insight (Audit Management System), Public Sector Internal Audit Standards 2017	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

APPENDIX A

Draft Internal Audit Plan 2022/23

Job Title	Indicative Scope	Governance Areas
C/fwd Reviews	To complete the planned work that commenced in Q4 of 2021-22 financial year.	All
Advice	Provision of advice, as and when requested.	All
Advice and Support - HoIA	Provision of advice and support from the HoIA, as and when requested.	All
Planning & Feedback	Day to day management of annual audit plan, including scheduling of resources and incorporating any revisions. Research across the sector.	All
Follow Up of Agreed Management Actions (AMAs)	Follow up and update of the status of agreed management actions (AMAs) from audit assignments.	All
Annual Audit Planning	To discuss and develop an agreed annual audit plan for 2023/24	All
Audit Committee	Preparation of reports and attendance at the Audit Committee meetings. Liaison with the Chair of the Audit Committee.	All
Client Liaison	To prepare for and attend client plan update meetings, periodic attendance at SMT etc.	All
AGS Process	To provide advice, support and guidance to management during the transition to the new enhanced Governance Compliance Statement.	All
Risk Management	To provide assurance that the Risk Management Framework is fit for purpose and that risks are being effectively and efficiently managed / monitored.	All
NFI	To undertake the required data matching exercises.	DQ; EI; FM
Procurement Compliance	To follow up on the lessons learned arising from the procurement of insurance provision review undertaken in 2020/21, providing assurance that these have been considered and factored into future procurement processes.	CP; PP; PM; LG; FM
Business Continuity Planning	To provide assurance that the lessons learned / innovative working practices arising from the reactive phase to the pandemic and also the revised arrangements following the office move have been considered and factored into BAU (where required). The BCP Plans have been revised/updated and tested.	DM; DQ; ER; HR; IG

Job Title	Indicative Scope	Governance Areas
Programme / Project Management	To provide advice, support and guidance to the newly appointed Project Manager, during the development and implementation of a programme/project management framework. In addition, to provide assurance with regards to the project management arrangements of one project to be delivered during 2022-23 to ensure lessons learned are identified and considered for future projects.	DM; DQ; IG; EQ; FM; HR; PM; PP
Management Information / Reporting	To provide advice, support and guidance to management during the design phase of management information / reporting from the newly implemented systems (Finance, Pensions Admin, HR/Payroll) to ensure that reporting is consistent, accurate, timely and efficient.	DM; DQ; IG; PM
DPO Audit Assurance	Time allocated for IA to undertake reviews commissioned by the Data Protection Officer.	IG; LG; DQ
Annual Benefits Statement	To provide assurance that the processes to complete the statement are effective and efficient. This is a statutory function, and processes are being revised following a system upgrade. Statement due to be completed in August 2022.	IG; LG; DQ
Pensions Savings Statement	To provide assurance that the processes to complete the statement are effective and efficient. This is a statutory function, and processes are being revised following a system upgrade. Statement due to be completed in September 2022.	IG; LG; DQ
Revaluation of Actuaries	To provide assurance to management that the feedback received following the revaluation of the Actuaries has been considered, with agreed management actions/ owners/ timescales to address.	IG; LG; DQ
Core Financial Systems	To provide assurance that systems and controls are robust and operating effectively and efficiently. Risk based strategy, systems to be determined.	FM; DQ; AM
Budget Management / Monitoring	To provide assurance that the revised budget management arrangements are robust, effective and efficient with clearly defined processes to be adopted, roles and responsibilities.	FM; DM; DQ; IG
Staff Payroll and HR System - Design and Implementation	To provide advice, support and guidance to management during the design and implementation stages of the Payroll and HR System(s). Currently Flexipay and T&A. The systems and processes need modernising incl. workflows e.g. online expenses claims, and better interfacing with the Internet site for recruitment.	DM; DQ; IG; FM; AM; CP; IS; PM; PP
General Contingency	Small unallocated provision of days to accommodate changes in the scope of work, ad hoc requests beyond advisory and general unplanned work.	All

Governance Areas – Key:

AM	Asset Management
CP	Procurement, Commissioning and Contract Mgt
DM	Governance / Decision Making Arrangements
EI	Ethical Standards and Conduct Mgt
EQ	Equalities and Inclusion
ER	Business Continuity and Emergency Resilience
FM	Financial Management
HR	Workforce / HR Management
HS	Health and Safety
IG	Information Governance/ Security
IS	Information Systems Management
PM	Performance Management and Data Quality
PP	Project / Programme Management
PS	Partnership, Relationship & Collaboration Governance
RC	Regulatory Compliance
RM	Risk Management