Subject	**Internal Audit Plan Report 2023/24**	Status	For Publication
Report to	**Audit Committee**	**Date**	**02/03/2023**
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 2023/24.

2. **Recommendations**

2.1 **It is recommended that:-**

   i. **the draft Internal Audit plan for 2023/24 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 2023/24

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 2023/24 is 220. This is a slight reduction of 7 planned days, the plan being 227 days in 2022/23.

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.

Draft Internal Audit Plan 2023/24

Job Title	Indicative Scope	Governance Areas
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 2024/25	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; RC
Business Continuity Planning	To provide assurance that the lessons learned and 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; RC
Cybersecurity	To provide independent assurance that the cyber security, backup and disaster recovery arrangements are robust, comply with UK GDPR requirements and mitigate the risks of accidental loss, destruction, manipulation and damage of data.	DM; ER; IG; IS; RC
Data Protection / GDPR	To provide independent assurance that the Authority is complying with the Data Protection and UK GDPR regulatory requirements.	DQ; IG; IS; RC
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 2023/24 to ensure lessons learned are identified and considered for future projects.	DM; DQ; IG; EQ; FM; HR; PM; PP
Performance Management	To provide advice, support and guidance to management during the design and implementation of the	DM; DQ; EI;

Job Title	Indicative Scope	Governance Areas
Framework	Performance Management Framework.	HR; PM
Pentana Risk System - Design & Implementation	To provide advice, support and guidance to management during the design and implementation stages of the internal control framework for the risk management system.	All
Customer Services including Contact Centre	To provide independent assurance regarding the compliance with GDPR when receiving, recording and managing / reporting personal information within the Customer Contact Centre. In addition, that the processes are providing for an effective and efficient service.	DQ; DM; IG; LG; PM
Core Financial System - Main Accounting	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Purchase to Pay	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Accounts Receivable	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - UPM Payroll	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Staff Payroll	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System – Fund Contributions	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Investment Income	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
Core Financial System - Accounting for Deals	To provide assurance that systems and controls are robust and operating effectively and efficiently.	FM; DQ; IG; AM
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
Training & Development - Appraisal Process	To provide independent assurance that the appraisal process is being undertaken in accordance with the approved policy, is consistent and also effective and efficient.	DM; EI; EQ; IG; HR; PM
Border to Coast	To provide independent assurance that on the governance and performance management arrangements following transfer of responsibilities to Border to Coast.	AM; CP; DM; ER; PM; PS
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