

Council Report

Audit Committee Meeting – 12th March 2024.

Title

Internal Audit Plan 2024/25.

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

Louise Ivens, Head of Internal Audit
Internal Audit, Finance and Customer Services
Tel: 01709 823282 Email: louise.ivenes@rotherham.gov.uk

Ward(s) Affected

All wards.

Report Summary

This report refers to the Internal Audit Plan for 2024/25. The report explains Internal Audit's approach to the development of the plan, as well as detailing the specific activities we plan to review during the year. The plan reflects a comprehensive risk assessment process, which has also included consultation with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage. It is designed to enable the Head of Internal Audit to give their annual opinion at the end of the year on the adequacy and effectiveness of governance, risk management and the control framework. The plan will remain flexible and will be reviewed during the year to ensure it remains relevant.

Recommendations

1. The Audit Committee is asked to consider the Internal Audit Plan and to comment on its content with regards to the areas covered and the level of audit resources.
2. The Audit Committee is requested to approve the Internal Audit Plan for 2024/25.

List of Appendices Included

Appendix 1: Internal Audit Plan 2024/25.

Background Papers

Public Sector Internal Audit Standards.

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No

Internal Audit Plan 2024/25

1. Background

1.1 Internal Audit is required to comply with the Public Sector Internal Audit Standards (PSIAS). The Standards require Internal Audit's plans to be risk based and to take into account the need to produce an annual Internal Audit opinion. It needs to be flexible to reflect changing risks and priorities of the organisation.

2. Key Issues

2.1 In line with the PSIAS the proposed audit plan has been devised adopting a risk based approach using the following sources:

- the Council's risk management processes and the strategic and directorate risk registers;
- reports by management to the Audit Committee on the management of risks and the outcomes of external inspection reports;
- the results of previous Internal Audit work and our ongoing assessment of the auditable entities within the authority;
- planned work deferred from 2023/24;
- Council Plan and Year Ahead Delivery Plan;
- knowledge of existing management and control environments;
- professional judgement on the risk of fraud or error;
- consultation with all Directorate Leadership Teams and the Strategic Leadership Team taking into account feedback from Assistant Directors, Strategic Directors, the Monitoring Officer and the Chief Executive;
- awareness of relevant local and national issues; and
- regular dialogue with authorities within South and West Yorkshire helps to ensure that we are aware of emerging risks within other councils so that they can be considered during audit planning.

2.2 The outputs from the planning process have been prioritised to produce a plan that balances the following:

- the requirement to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
- the time required for anti-fraud and corruption activity;
- the requirement for Internal Audit to add value through improving controls, streamlining processes and supporting corporate priorities; and
- the need to retain a contingency element to remain responsive to emerging risks;

2.3 As well as identifying all of the proposed pieces of work to be carried out during the year, the plan:

- Explains the statutory requirements for Internal Audit
- Describes the approach and methodology adopted in producing the plan
- Shows the level of resources available to deliver the plan is 1005 days
- Includes a contingency for responsive work

2.4 In line with auditing standards, the plan does not become fixed when it is approved. It remains flexible and will be revised to take into account any significant emerging risks facing the Authority. It will be subject to a half year review in consultation with Strategic Directors and Assistant Directors.

3. Options Considered and Recommended Proposal

3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit, in particular to review and approve the risk-based plan.

3.2 The Audit Committee is asked to support the Internal Audit Annual Plan for 2024/25.

4. Consultation on Proposal

4.1 As part of the process for producing this Audit Plan, the Head of Internal Audit has held discussions with the Council's Strategic Directors and their teams to obtain their views of key risks and areas for audit coverage.

5. Timetable and Accountability for Implementing this Decision

5.1 The Audit Committee is asked to receive this report at its 12th March 2024 meeting.

6. Financial and Procurement Advice and Implications

6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. This states:

“A relevant authority must undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector Internal Auditing Standards or guidance.”

7.2 PSIAS state:

“The chief audit executive must establish risk-based plans to determine the priorities of the Internal Audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual Internal Audit opinion.”

7.3 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

8. Human Resources Advice and Implications

8.1 There are no direct Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 This document constitutes a report of the Internal Audit Plan for 2024/25. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People's Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

10.1 There are no direct Equalities and Human Rights Implications arising from this report.

11. Implications for CO2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Corporate Improvement Plan and Children's Services Improvement Plan.

13. Risks and Mitigation

13.1 The following risks have been identified.

Risk	Impact	Probability	Mitigation
Not having/failing to deliver a risk-based Plan. Audit Plan does not reflect current risks/threats to Council. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). Insufficient resources to complete work to support the annual opinion.	Low	Low	Risk-based approach to audit planning, including consultation with management. Robust task/time management process. Audit Plan kept under review to ensure it reflects key risks across Council. As a minimum half-yearly meetings with all Directorate Leadership Teams to ensure plan is up to date. Progress reports provided to Audit Committee.

14. Accountable Officer

Louise Ivens, Head of Internal Audit.
Tel 01709 823282. E mail louise.iven@rotherham.gov.uk



Rotherham Metropolitan Borough Council

Internal Audit Plan 2024/25

1.0 Introduction

1.1 This document provides details of the Internal Audit Plan for 2024/25.

Definition of Internal Audit

1.2 The UK Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as follows:-

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s 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”.

Requirement for Internal Audit

1.3 The requirement for Internal Audit is set out in the Accounts and Audit (England) Regulations 2015:

“A relevant authority must undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector Internal Auditing Standards or guidance.”

PSIAS state:

“The chief audit executive must establish risk-based plans to determine the priorities of the Internal Audit activity, consistent with the organisation’s goals. The risk-based plan must take into account the requirement to produce an annual Internal Audit opinion.”

The overall opinion issued each year by Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

S.151 Officer responsibility

1.4 Internal Audit also has an important role to support the Strategic Director of Finance & Customer Services in discharging her statutory responsibilities, which include:-

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

2.0 Approach to delivery of the plan

2.1 The Internal Audit function will be delivered in accordance with the Internal Audit Charter, as presented to the Audit Committee in November 2023. The Charter defines the role, scope, independence, authority and responsibility of the Internal Audit Service. Audits will be delivered in accordance with that Charter.

3.0 Methodology

3.1 A summary of our approach to the development of the Audit Plan for 2024/25 is set out below. The Plan is driven by the Council's organisational objectives and priorities and the risks that may prevent the Council from meeting these objectives. In line with the PSIAS the proposed audit plan has been devised adopting a risk based approach using the following sources:

- the Council's risk management processes and the strategic and directorate risk registers;
- reports by management to the Audit Committee on the management of risks and the outcomes of external inspection reports;
- the results of previous Internal Audit work and our ongoing assessment of the auditable entities within the authority;
- planned work deferred from 2023/24;
- Council Plan and Year Ahead Delivery Plan;
- knowledge of existing management and control environments;
- professional judgement on the risk of fraud or error;
- consultation with all Directorate Leadership Teams and the Strategic Leadership Team taking into account feedback from Assistant Directors, Strategic Directors, the Monitoring Officer and the Chief Executive;
- awareness of relevant local and national issues; and
- regular dialogue with authorities within South and West Yorkshire helps to ensure that we are aware of emerging risks within other councils so that they can be considered during audit planning.

4.0 Basis of the annual audit opinion for 2024/25

4.1 Internal audit work will be performed in accordance with the Public Sector Internal Audit Standards (PSIAS) and the associated Local Government Application Note (LGAN). The service was externally assessed in early 2021 as Generally Conforming with PSIAS. This is the highest assurance level that can be given.

4.2 Our annual Internal Audit opinion will be based on the Internal Audits we have completed over the year and the control objectives agreed for each individual Internal Audit. Progress against our Plan will be reported to the Audit Committee during the year.

4.3 In producing this plan, we have carefully considered the level of audit coverage required to be able to form an evidenced annual Internal Audit opinion. The outputs from the planning process have been prioritised to produce a plan that balances the following:

- the requirement to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
- the time required for anti-fraud and corruption activity;
- the requirement for Internal Audit to add value through improving controls, streamlining processes and supporting corporate priorities; and
- the need to retain a contingency element to remain responsive to emerging risks;

In line with the PSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides the Council, while ensuring it fulfils its statutory obligation to review and report on the Council's internal control environment, risk management and governance processes.

- 4.4 The work of other assurance providers has been considered as part of the audit planning process, to identify any areas where coverage may be required, and to prevent any duplication of work.
- 4.5 It should be noted that this is an iterative plan that will be kept under review on an ongoing basis, taking into account local and national issues where necessary. A half yearly review will be undertaken in consultation with Directorate Leadership Teams. Any significant changes to it will be reported to the Audit Committee for consideration and approval.

Audits covered within the plan

- 4.6 Outline areas of coverage for each review are given in the table below. The following types of audit work will be completed.

1. Risk based work

This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls to mitigate those risks.

2. Follow up audits

Specific follow up audits will be completed where there has been a partial or no assurance audit opinion.

3. Advisory work

Audit time to take part in specific projects or developments, as already requested / agreed with management.

4. Grant claims

Time has been assigned to carry out reviews of grant claims.

5. Schools

During 2024/25 we will consider the outcomes from the Control and Risk Self-Assessment for all maintained schools in 2023/24 and the audit visits undertaken. The specific approach for gaining assurance on schools will be determined during the year. As a minimum, a sample of schools will be visited as in previous years.

6. IT Audit

The Internal Audit team completes audits of the IT section but does not have the expertise to carry out technical audits of IT systems. Salford City Council Internal Audit Services specialise in this area and provide audit services to councils in Greater Manchester, the north-west and north-east of England and north Wales. These are also shown in the Plan although they will be completed by the Salford team.

7. Counter Fraud work

Time is set aside in the plan to conduct investigations during the year. We have also included a number of days to undertake proactive counter fraud work which will incorporate the use of data analytics, where applicable, to identify areas of potential weakness that may require further investigation. We will also review the matches from the National Fraud Initiative (NFI) in this section of the plan. The NFI matches data across organisations to help identify potentially fraudulent or erroneous claims and transactions.

8. Contingency

There is a contingency of 60 days which allows flexibility in the audit plan to respond to new risks and priorities as they emerge.

5.0 Resources

- 5.1 The audit plan will be delivered by the in-house team with the exception of some specialised IT audits completed by Salford City Council Internal Audit, and has been based on the current complement of the team.
- 5.2 The Internal Audit team comprises 7.72 FTE's. The number of days allocated in the plan for 1st April 2024 to 31st March 2025 is 1005 days and is based on a full establishment for the team. The achievement of the plan depends on maintaining the current level of resource. The plan is considered sufficient to allow the Head of Internal Audit to give the annual opinion at the end of the year.

6.0 Internal Audit Plan 2024/25

- 6.1 The Internal Audit Plan has been derived as shown below to reflect the core areas of our Internal Audit programme determined by our risk assessment and consultation process.

Audit Area	Days in the 2023/24 Revised Plan	Days in the 2024/25 Plan
Assistant Chief Executive	81	85
Adults Housing and Public Health	96	155
Childrens and Young Peoples	115	95
Finance and Customer Services	153	110
Regeneration and Environment	126	85
Asset Management	40	50
Corporate/Crosscutting	15	55
Grants	100	60
Reactive investigations	150	140
Proactive fraud	40	40

Other counter fraud work including policy review and anti-money laundering assurances	0	30
Contingency	60	60
Follow Up	20	20
Project Boards/Groups	*	20
Total	996	1005

*20 days was previously included in Finance and Customer Services directorate for Project Boards and Groups in 2023-24

- 6.2 The full plan is shown in the document below. The work is grouped at directorate level or functional area to align with risk registers and accountabilities. An overview of the assurance that each audit aims to achieve is provided together with the corresponding risks.

Internal Audit Plan 2024-2025

Adult Care, Housing and Public Health					
No	Risk Register Ref	Title	Brief Description	QTR	Days
1	ACHPH-R33 H-R18 HR25	Review of gas servicing compliance in council tenanted properties	Cyclical review of key areas of health and safety compliance to give assurance on the Consumer Standards 2023.		10
2	ACHPH-R33 H-R18 HR25	Review of lift servicing compliance in council tenanted properties	Cyclical review of key areas of health and safety compliance to give assurance on the Consumer Standards 2023.		10
3	ACHPH-R31 H-R11	Temporary Accommodation Management	This will include reviewing controls over the initial triage and acceptance into temporary accommodation and 'move on' actions.	Q2 / Q3	15
4	ACHPH-R36 H-R21	Repairs and Maintenance Contract	Assurance on the performance monitoring of the contract including identification and escalation of issues.		20
5	ACI-R4	Safeguarding	A review of the processes for the receipt, triage and investigation of safeguarding enquiries from all sources including home care support.	Q3 / Q4	20
6	ACSC-R18 & 19	Contract monitoring including contract concerns.	Contract monitoring processes including the contract concerns processes and visits to care homes by staff. Effective liaison with the CQC regarding any adverse inspections.		20

7	ACSC – R21	Customer pathway audit	Decision making pathways for care package approval. Review to assess whether they are clear & applied consistently.		20
8	ACI-R4	Waiting Lists	This will include a review of the use of triage tools.		15
9	ACI-R22	Community Dols	To provide assurance on the management of DoLS cases following the increase in demand.		15
10		Drug and Alcohol partnership working arrangements	Review of drug and alcohol working partnerships including needs assessment and plans.		10
Total number of days					155

Assistant Chief Executive					
No	Risk Register Ref	Title	Brief Description	QTR	Days
1	ACX 32 HR07	Workforce plan (including a focus on workforce engagement)	Review the council's response to the 2023 employee opinion survey including the communication, support and challenge given to services. A wider review of workforce priorities will also be included.	Q2&3	15
2	ACX20 HR01 HR05	Payroll	Specific coverage to be agreed.	Q4	20
3	HR12	HR Policies - Recruitment (pre employment checks including DBS)	Review compliance across the council with the pre-employment checks. Assurance that all staff requiring a DBS check have been identified and renewals are completed in accordance with the policy. Disclosures are appropriately reviewed and actioned.	Q2	20

4	Facilities RE44 & 45	Catering	Traded services and contract management review. Scope to be confirmed.	Q3-4	20
5	ACX 33	Equalities Standard	Compliance with Equalities Framework.	Q3	10
Total number of days					85

Childrens and Young People's Service

No	Risk Register Ref	Title	Brief Description	QTR	Days
1	CYPS06 CPQ42	Looked After Children (LAC) Sufficiency	A review of progress with the LAC Sufficiency Strategy. This would include specific areas where management have requested assurance (TBC).		20
2		S17 payments and reduction in cash payments project	Review of the need, authorisation and delivery of the S17 funds to clients and compliance with the policy.		15
3	CSC 06	Unaccompanied Asylum Seeking Children Follow Up	Follow up of possible partial assurance review.	Q2	5
4	CSC 08	Joint Funding of Care Packages Follow up	Follow up of partial assurance review.	Q1	5
5	EI16	SEND Sufficiency	A review of the progress with the SEND sufficiency Strategy. This would include specific areas where management have requested assurance (TBC).		20

6		Schools assurance	Approach to be determined but will include at least one audit visit to a school.	Q3-4	30
Total number of days					95

Finance and Customer Services					
No	Risk Register Ref	Title	Brief Description	QTR	Days
1		Cash and banking system and reconciliations	Review the timeliness and accuracy of cash and bank reconciliations and key controls. Review the effectiveness of the project management of the switchover of the banking provider.	Q3/Q4	15
2		Purchasing Cards	Assurance regarding compliance with the system controls and confirmation regarding appropriateness of expenditure and that this is supported with receipts.		10
3		Revenues and Benefits Business Continuity and Disaster Recovery Plan	Review of the robustness of the business continuity arrangements and the disaster recovery plan in the event of an IT failure.	Q3/Q4	15
4	FCS 6	Litigation Service	Review of the Legal support provided to Adult Care and Child Protection.	Q4	15
5	FCS15	Record of Processing Activities	Assurance on the arrangements for information security and management (specifically ROPA).		15
6		IT Governance Strategies & Policies	Governance arrangements surrounding the IT strategies & policies.		15
7		Reprographics	Review of reprographics expenditure and assurances regarding value for money.		5

8	Salford ANA	IT Business Continuity / Disaster Recovery	Assurance on IT business continuity and disaster recovery arrangements.	Q1	10
9	Salford ANA	Application Management (HR/iTrent)	Review of maintenance & support controls, access control management, system availability etc.		10
Total number of days					110

Asset Management					
No	Risk Register Ref	Title	Brief Description	QTR	Days
1	PRT 38 RE 25	Fire Safety Follow Up	Follow up of partial audit opinion.		5
2	PRT 39 RE 26	Building Security Follow Up	Follow up of partial audit opinion. This will also include a review of ID card issuing/cancelling and the building security arrangements once the NHS have moved into Riverside House.		15
3		Asset Management Estimates and Capital Programme Follow Up	Follow up of partial audit opinion.		10
4	PRT 10	Review of gas servicing compliance across corporate landlord properties (and LEA schools)	Cyclical review of key areas of health and safety to give assurance on compliance with health and safety legislation.		10
5	PRT 10	Review of lift servicing compliance across corporate	Cyclical review of key areas of health and safety to give assurance on compliance with health and safety legislation.		10

		landlord properties (and any LEA schools if applicable)			
Total number of days					50

Regeneration and Environment					
No	Risk Register Ref	Title	Brief Description	QTR	Days
1	RE52 CST9	Tree Service Review	Review of the implementation of the actions following the 2023-24 audit, to ensure that controls are embedded and they are being complied with.	Q3	10
2		Trading Standards Follow Up	Follow up of possible partial audit opinion.	Q2	5
3	RE56	Hellaby Stores Follow Up	Follow up of partial audit opinion.	Q1	5
4		CCTV Review	Follow up of recommendations.	Q1	15
5	R&E 9 CSS28	Home to school transport	Provide assurance on the effectiveness of the home to school transport service.	Q3	15
6		Music Service	Review of financial controls including receipt, recording and reconciliation.	Q3/4	5
7	CSS 24	Hand Arm Vibration Follow up review	Follow up review to determine implementation of actions.	Q1	5
8	CSS 14	Waste operations health and safety	Compliance of vehicle crews with health and safety requirements.	Q4	10
9	RE51 PRT53	Highway structures	Assurance regarding compliance with the inspection regime and a review of the adequacy of	Q4	15

		the follow up process where issues have been identified.		
Total number of days				85

Counter fraud and other corporate coverage				
No	Title	Brief Description	QTR	Days
1	Investigations	Time set aside for investigation of whistleblowing and other referrals received.		140
2	Anti-Fraud and Corruption Policy Updates	Review and update of Anti Fraud and Corruption Policies <ul style="list-style-type: none"> • Anti-Money Laundering (AML) Policy • Anti-Fraud and Corruption Policy and assessment against best practice 	Q2&3	15
3	Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud including:- <ul style="list-style-type: none"> • Review and investigation of NFI matches • Awareness raising and communication of fraud risks and internal reporting arrangements (International Fraud Awareness Week and World Whistleblowers Day) • Proactive exercise using data analytics to identify/detect fraud 	Q1-4	40
4	Anti Money Laundering Assurances	Testing on key systems/controls to gain assurance on Anti Money Laundering arrangements (Right to Buy, land and property and refunds to customers).	Q3	15
5	Sundry Debtors	Cross directorate review of implementation of recommendations.		15

		This will identify if authority wide debt has reduced and confirm if action is being taken to proactively reduce debt.		
6	Cash controls	Review to identify the controls in place over the use of cash authority wide, to include the receipting, recording and the value being held, including a review of the safe limits.		15
7	Health and Safety	Review directorates implementation of the Council's Health and Safety policy and the support provided by Health and Safety.		15
8	Social Value	Compliance with the Social Value Policy regarding obtaining quotes from suppliers.		10
9	Independent review of grants	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.		60
10	Follow Ups	Time set aside for the follow up of any partial or no assurance opinions completed within the year.		20
11	Project Boards and groups	Internal Audit attendance at project boards or groups to give advice on internal controls. Initially this will include the new financial system project group, Customer Services Efficiency Board and EDRMS Governance Group (Housing).		20
12	Contingency	Time set aside for audit review of any new and emerging risks, unplanned work identified as being required during the year.		60
Total number of days				425
Overall Plan Total				1005 days