



# **INTERNAL AUDIT SHARED SERVICE**

**Charnwood Borough Council**

**2023/24 Internal Audit Annual Plan**

## 1. INTRODUCTION

1.1 The Public Sector Internal Audit Standards require the Chief Audit Executive (the Audit Manager for this Council) to develop a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. This document sets out the background and the approach to producing the annual plan, with the 2023/24 annual plan attached at Appendix A.

## 2. BACKGROUND

2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.

2.2. Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems are designed and working, with consulting or advisory activities available to help to improve those systems and processes where necessary. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

2.3. The Internal Audit Charter sets out the purpose, authority, and responsibilities of Internal Audit. The Charter:

- establishes Internal Audit's position within the organisation;
- authorises access to records, personnel, and physical properties relevant to the performance of engagements; and
- defines the scope of Internal Audit activities.

2.4 The Three Lines of Defence Model (below) is a valuable framework that explains Internal Audit's role in providing assurance that the management arrangements over governance, risk and internal control are adequate and effective.



Source: Chartered Institute of Internal Auditors

### 3. INTERNAL AUDIT PLAN

#### 3.1. Overall Strategy

- 3.1.1 The key aim of the service is to provide an independent, objective assurance and advisory function which is designed to add value and improve the Council's operations. This supports Charnwood Borough Council in the achievement of its priorities and helps services to provide good value for money, as it brings a systematic disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.
- 3.1.2 The Audit Manager has produced a risk-based annual audit plan for 2023/24. This is informed by a risk assessment which is based on a combination of:
- consulting with key stakeholders including the existing audit team and senior management;
  - reviewing the strategic risk register and committee minutes;
  - reviewing reports from external agencies (for example external audit) and legislative updates;
  - factors such as changes in staffing, systems and processes; and
  - the Audit Manager's professional judgement.

This approach enables the finite resources of the team to be focussed on areas where it can add value and conforms to the Public Sector Internal Audit Standards.

- 3.1.3 The outcomes from each audit engagement undertaken as part of the annual audit plan underpin the Audit Manager's annual opinion on the Council's internal control environment. This opinion feeds into the Council's Annual Governance Statement.

- 3.1.4 It should be noted that the Public Sector Internal Audit Standards state that

*"The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls."*

The Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2023/24. In practice this may mean that audits are added to or removed from the plan, with details included in the quarterly progress reports.

#### 3.2. Resources Available

- 3.2.1 The Audit Team who will deliver the 2023/24 annual audit plan at Charnwood Borough Council consists of the Audit Manager (0.4 FTE), an Internal Auditor (1 FTE), Internal Audit Assistant (0.86 FTE), Internal Audit Apprentice (0.33 FTE) and an IT audit contractor. Table 1 shows a calculation of the available audit days for 2023/24, this does not include the days for the IT Auditor. The Internal Audit Assistant post is currently vacant and, therefore, the number of days has been

adjusted to reflect this, and further contingency is in place to postpone some audits if the vacancy cannot be filled.

**Table 1: Resources Available**

<b>Available Days</b>	<b>478</b>
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit	52
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	34
<b>Available Audit Days</b>	<b>392</b>

3.3. Internal Audit Annual Plan 2023/24

3.3.1 The proposed 2023/24 Annual Audit Plan is shown in Table 2 below and the detailed plan is shown in Appendix A. The Plan will be subject to ongoing review to ensure that it remains aligned with the Council’s objectives and the risks identified by management and the audit team. Any changes will be reported to the Senior Leadership Team and the Audit Committee.

**Table 2: 2023/24 Annual Audit Plan**

Risk Based Audit Work 2023/24 (see Appendix A)	392
Completion of 2022/23 Outstanding Audits	20
Follow up reviews	11
Advisory – Adhoc	12
Public Sector Internal Audit Standards	5
NFI, Fraud	36
Contingency	14
<b>Total Audit Days</b>	<b>294</b>

3.3.2 The timings shown within the Internal Audit Annual Plan are estimates based on time taken on previous similar audits and a high-level consideration of the scope and existing arrangements. As part of the set-up process for each audit engagement the scope of the audit will be agreed in detail and a more accurate budget for audit days will be set. A contingency has been included in the plan to allow for variances in planned audits days against actual and for ad-hoc or fraud investigations that may arise during the year, 14 days have been included at this time. The quarterly progress reports to Audit Committee will include a comparison of planned to actual days for each audit undertaken.

3.4 Limitations

3.4.1 The matters raised in the audit reports will only be those which come to our attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or all the improvements that may be required. Whilst every care will be taken to ensure that the information contained in audit reports is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained therein. Our work does not provide absolute assurance that material errors, losses or fraud do not exist.

2023/24 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	RISK REGISTER (WHERE APPLICABLE)	CORPORATE SIGNIFICANCE	PLANNED AUDIT DAYS
<b>HOUSING &amp; WELLBEING</b>						
Disabled Facilities Grants	Certification	Q2	Theme 2		Medium	3
Disabled Facilities Grants	Audit	Q2	Theme 2	SR11	High	9
Selective/ HMO Licensing	Audit	Q4	Theme 2	SR11	High	10
Housing Standards Service	Audit	Q1	Theme 2		Medium	8
Planned & Cyclical Maintenance	Audit	All year	Theme 2	SR11	High	35
Responsive Repairs	Audit	All year	Theme 2	SR11	High	35
Gas & Asbestos Compliance	Audit	Q4	Theme 2	SR5	High	10
Mould & Damp	Audit	Q2	Theme2	SR5	High	10
Community Grants	Audit	Q3	Theme 2		High	6
SUBTOTAL						<b>126</b>
<b>TRANSFORMATION, STRATEGY &amp; PERFORMANCE</b>						
Performance Monitoring	Audit	Q3	All	SR8	Medium	8
Mandatory Training	Audit	Q3	All		Medium	8
Transformation Projects	Advisory	All year	All		Medium	5
SUBTOTAL						<b>21</b>
<b>FINANCE, GOVERNANCE &amp; CONTRACTS</b>						
Key Financial Systems	Audit	Q3/Q4	Theme 4		Medium	55
Benefits Subsidy	Assurance	Q2	Theme 4	SR3	Medium	40
SUBTOTAL						<b>95</b>
<b>CUSTOMER EXPERIENCE</b>						
IT Asset Management	Audit	Q1	Theme 4		Medium	8
SUBTOTAL						<b>8</b>

<b>CROSS CUTTING</b>						
Contract Monitoring	Audit	Q3	Theme 4	SR5	High	9
Corporate Policy Management	Audit	Q1	Theme 4	SR5	High	8
Corporate Project Management	Audit	Q4	Theme 4	SR5	Medium	9
Safeguarding	Audit	Q2	Theme 4	SR5	High	10
Protect Duty	Audit	Q4	All	SR2	Medium	8
<b>SUBTOTAL</b>						<b>44</b>
<b>TOTAL 'INHOUSE' DAYS</b>						<b>294</b>
<b>OUTSOURCED IT AUDITS – not included in audit days.</b>						
Remote Support & Data Exchange	Audit		Theme 4	SR1	High	10
Itrent Application Review	Audit		Theme 4	SR1	High	10
<b>SUBTOTAL</b>						<b>20</b>
<b>TOTAL</b>						<b>314</b>

The areas detailed below are audits that will be brought on to the plan if time allows, if not they will be included on the 2024/25 plan.

Town Hall  
Complaints  
Street naming & numbering  
Procurement  
Data protection

**Key**

Theme 1 - Caring for the Environment  
Theme 2 - Healthy Communities  
Theme 3 - A Thriving Economy  
Theme 4 - Your Council