



# **INTERNAL AUDIT SHARED SERVICE**

**Blaby District 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 Blaby District 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 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 Blaby District Council consists of the Audit Manager (0.2 FTE), an Internal Auditor (0.8 FTE), an Internal Audit Assistant (0.14 FTE) and an Internal Audit Apprentice (0.33 FTE). Table 1 shows a calculation of the available audit days for 2023/24.

**Table 1: Resources Available**

<b>Available Days</b>	<b>288</b>
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit/ Audit related meetings	49
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	8
<b>Available Audit Days</b>	<b>231</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 and Corporate Governance Committee.

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

Risk Based Audit Work 2022/23 (see Appendix A)	185
Completion of 2021/22 Outstanding Audits	10
Follow up reviews	10
Advisory – Ad hoc	10
NFI, Fraud	6
Public Sector Internal Audit Standards	4
Stock takes/Strong Room Records	2
Contingency	4
<b>Total Audit Days</b>	<b>231</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 audit days against actual and for ad-hoc or fraud investigations that may arise during the year. The quarterly progress reports to Audit and Corporate Governance 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.

## APPENDIX A

## 2023/24 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	PLANNED AUDIT DAYS
<b>HR</b>				
Workforce Planning	Advisory	As required	4	4
ITrent	Advisory	As required	4	2
			<b>Subtotal</b>	<b>6</b>
<b>NEIGHBOURHOOD SERVICES &amp; ASSETS</b>				
Asset Management	Audit	Q4	All	10
Parks & Open Spaces	Audit	Q3	All	10
			<b>Subtotal</b>	<b>20</b>
<b>BUSINESS, PARTNERSHIPS &amp; HEALTH IMPROVEMENT</b>				
Disabled Facilities Grant Determinations	Grant	Q2	1	4
Building Control	Audit	Q4	1,2,3	10
Sport & Physical Activity	Audit	Q4	1,3	7
Lightbulb	Advisory	Q3	1	5
			<b>Subtotal</b>	<b>26</b>
<b>ENVIRONMENTAL HEALTH, NET ZERO &amp; COMMUNITY SAFETY</b>				
Community Triggers	Audit	Q1	1	10
Temporary Accommodation	Audit	Q2	1	10
			<b>Subtotal</b>	<b>20</b>
<b>FINANCE</b>				
Key Financial Systems	Audit	Q2/Q3	All	44
Budget Monitoring & Reporting	Audit	Q2	5	8
			<b>Subtotal</b>	<b>52</b>

<b>SERVICE TRANSFORMATION</b>				
IT Asset Management	Audit	Q1	All	8
Transformation projects	Advisory	As required	All	5
Corporate Project Management	Audit	Q3	All	10
			<b>Subtotal</b>	<b>23</b>
<b>CORPORATE SERVICES</b>				
Service Planning including Performance Management	Audit	Q1	All	10
Democratic Services	Audit	Q3	All	10
			<b>Subtotal</b>	<b>20</b>
<b>CROSS CUTTING</b>				
UKSPF	Audit	Q3	All	8
Capital Programme Management	Audit	Q2	5	10
			<b>Subtotal</b>	<b>18</b>
			<b>Total</b>	<b>185</b>

### **Key - Priorities**

- 1.Live
2. Work
3. Visit
4. People Strategy
5. Medium Term Financial Strategy