

Local Members Interest
N/A

Audit and Standards Committee - Tuesday 23 April 2024

Proposed Internal Audit Strategy & Plan 2024/25

Recommendation(s)

I recommend that:

- a. Members review the proposed content and coverage of the Internal Audit Strategy & Plan 2024/25.
- b. To recommend approval of the Internal Audit Plan for 2024/25 to the Director of Finance.

Report of the Director of Finance & Section 151 Officer

Report

Background

1. The Accounts and Audit (England) Regulations 2015 require specifically that relevant authorities 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'. An effective internal audit is demonstrated through the establishment of a risk-based Internal Audit Plan to determine the priorities of the internal audit activity which are consistent with the Council's main priority outcomes. In developing the risk-based Internal Audit Plan, the Internal Audit Service consults with members of the senior leadership team, wider leadership team and operational managers (as appropriate) during the period January 2024 and February 2024 and is being presented to Members for final endorsement. The proposed Internal Audit Plan is attached at **Appendix 1** and will be supported by a PowerPoint presentation.
2. The Internal Audit Plan has been prepared in line with the Audit Strategy detailed in the report on pages 3 and 4 of Appendix 1. All potential reviews have been allocated a risk score, which has been calculated using the risk model and the specific methodology also outlined in the report at Appendix 1. In general, only the high-level risk areas have been included in the Internal Audit Plan as per the Strategy. As stated within the Audit Strategy referred to above, the

agreement process for this year's plan included detailed discussions with members of the Senior Leadership Team and their Assistant Directors to highlight the proposed Internal Audit work for the year ahead to ensure that it has addressed the significant risks facing the Council and assists in the achievement of the main priority outcomes and the delivery of the Council's Corporate Improvement Programme.

3. Certain elements of the plan must be done regardless of risk score, mainly surrounding the work undertaken to support the requirements of grant allocations. In addition, the Internal Audit Plan includes:
 - a) Continued emphasis on strong financial management and controls;
 - b) Continued focus on key digital projects including the Corporate File Plan, Artificial Intelligence and other service digital enhancements as well as on-going transformational projects including the highways transformation programme.
 - c) Allocations of time to provide valuable insights into key processes operating within Childrens Services to assist the Council in its robust response to its latest Childrens Services Ofsted Inspection as well as continuing to undertake audit work within SEND Services to ensure that the control environment is strong and service objectives are being achieved;
 - d) Several audits which are directly aligned to the 2024/25 Delivery Plan, Corporate Improvement Commissions and pipeline activities which make up the new Corporate Improvement Plan;
 - e) Delivering Good Governance – continued work to give assurance over the Council's prevailing culture and values and decision-making arrangements;
 - f) Continued focus on the Council's procurement and contract management activities including assurance over compliance with the New Procurement Act 2023.
 - g) Attention given to key partnerships including Nexxus Care, Entrust, Infrastructure +, S75 Agreements with the NHS and Midland Engine; and
 - h) Full Programme of ICT audit reviews including a suite of cyber assurance work in year.

4. Furthermore, emphasis will continue to be placed on fraud and corruption work, particularly in relation to developing the proactive elements of the plan and our continuous controls monitoring (CCM) programme of work as well as developing further communications in-year to raise awareness of fraud and controls to mitigate the risk of fraud across all business operations including schools. Compliance work within Schools will continue to focus on the key risk areas of governance, income, procurement and payroll controls and will be complimented by a programme of CCM specific to Schools as well as

enhanced communications to schools focusing on fraud awareness and best practice controls.

5. A general level of contingency time has been included, which is comparable with the previous year. It is recognised that the Internal Audit Plan needs to be reviewed continuously and remain sufficiently flexible to ensure that it is focused fully on the Council's principal risks (both current and emerging); hence it may change throughout the year. Any major revisions will be reported to future meetings of the Audit & Standards Committee.
6. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed by Internal Audit as being:
 1. **New Care System** – Initialisation, Procurement & Project Support
 2. **Highways Transformation Programme** including Asset Management & Inspection Services.
 3. **SEND** including Enhanced Access-Plan-Do-Review (EAPDR); SEND Transport; SEND Governance & SEND Ofsted Framework
 4. **Cyber Assurance** – Cyber Security & Assurance; Third Party Access; Server Configuration Management & Privileged Access Management.
 5. **Digital Strategy & Transformation** including the Artificial Intelligence and the Digital Programme Board
 6. **Delivering Good Governance:** Culture, Values & Behaviours Governance Review.
 7. **Corporate File Plan** – Attendance at Project Board and Compliance with Policies.
 8. **Corporate Improvements-** Quality Performance & Improvement Board (QPIB) and Programme.
 9. **Children's & Families New Operating Model and Response to Children's Services Ofsted Inspection** including the Delivery Model; Staffordshire Children's Advice & Support Service (Front Door); Quality Assurance Framework; and Management & Oversight of Case Files.
 10. **Commercial Services (Procurement)** – Compliance with the Procurement Act 2023.
7. CIPFA's Audit Committees – Practical Guidance for Local Authorities 2022 publication includes the following core functions around Internal Audit relevant to the annual plan approval process:
 - a) to ensure that the Internal Audit Plan focuses on the key risks facing the Council and assurance needs and is adequate to support the Head of Internal Audit opinion.
 - b) to confirm that the Internal Audit Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risk and priorities during the year.
 - c) to ensure effective use of Internal Audit resources.

Equalities Implications

8. There are no direct implications arising from this report.

Legal Implications

9. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically that a relevant body 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'.

Resource and Value for Money Implications

10. The net budget of the Internal Audit Section in 2024/25 is £1,178,880. of which £250,000 relates to payments to external providers.

Risk Implications

11. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Climate Change Implications

12. There are no direct implications arising from this report

List of Background Documents/Appendices

- Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
- Local Government Application Note – with effect from 1st March 2019
- Accounts and Audit (England) Regulations 2015.
- CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

Appendix 1 – Internal Audit Strategy and Plan 2024/25

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