

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 29 JUNE 2022
title: DRAFT INTERNAL AUDIT PLAN – 2022/23
submitted by: DIRECTOR OF RESOURCES
principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

1.2 The purpose of this report is to present the Strategic Internal Audit Plan for 2022/23 to 2024/25 for consideration and approval by this Committee.

1.3 Relevance to the Council's ambitions and priorities:

Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.

Other considerations – As defined in the Public Sector Internal Audit Standards (PSIAS) and the Accounts & Audit Regulations 2015, the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards”.

2 BACKGROUND AND KEY ISSUES

2.2 The plan defines the scope and rationale behind each of the individual assignments and the resource requirements to deliver it. It also provides assurance to the Chief Executive, s151 Officer, senior managers and other stakeholders regarding the effectiveness of controls and the management of risk. The Accounts & Audit Committee has the responsibility to ‘monitor internal audit progress with the Annual Audit Plan, evaluating the effectiveness of Internal Audit, the use of audit resources and where necessary, recommending adjustments to the Internal Audit Plan’. The plan further provides the Accounts & Audit Committee with that relevant, independent assurance.

2.3 The anticipated audit resources are considered sufficient to deliver the effective 3-Year Strategic Internal Audit Plan. In 2022/23, the estimated resource for the Internal Audit Service is 656; with 409 days available days to undertake the risk-based plan.

2.4 The plan is risk-based and is supported by a strong risk assessment underpinning the arrangements in place at the Council. It has focused on the Council's risk register as this represents their own assessment of the risks to achieving the Corporate Strategy (2019 to 2023). The plan has been developed through:

- A detailed risk assessment.
- Mandated/ core system requirements in compliance with the PSIAS.
- Consultations (both verbally and through the Director Assurance Statements) with senior management, Directors and Heads of Service; with formal approval sought from the Corporate Management Team (CMT).

3 RISK ASSESSMENT

3.2 The approval of this report may have the following implications:

- Resources – there are no resource implications arising as a result of this report.
- Technical, Environmental and Legal – This report fulfills the statutory requirements placed upon by the council by the Accounts & Audit (England) Regulations 2015. This report is a key contributor to the Annual Governance Statement, which assesses the effectiveness of the Council’s own management of its objectives.
- Political – There are no political implications arising from this report.
- Reputation – There are no reputational implications arising from this report.
- Equality and Diversity – There are no equality or diversity implications arising as a result of this report.

4 RECOMMENDATION

- 4.2 The Accounts & Audit Committee is asked to consider and approve the Strategic Internal Audit Plan 2022/23 to 2024/25 as attached in Appendix A.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA13-22/RP/AC
21 June 2022

DRAFT

Internal Audit Plan

2022/23



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

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1. Executive Summary

As defined in the Public Sector Internal Audit Standards (PSIAS) and the Accounts & Audit Regulations 2015, the Council “*must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards*”.

To support this, the Chief Audit Executive (Internal Audit Manager) is required to develop a risk-based Internal Audit Plan considering the requirements of the Annual Internal Audit Opinion.

The plan defines the scope and rationale behind each of the individual assignments and the resource requirements to deliver it. It also provides assurance to the Chief Executive, Section 151 Officer, senior managers and other stakeholders regarding the effectiveness of controls and the management of risk. The Accounts & Audit Committee has the responsibility to ‘*monitor internal audit progress with the Annual Audit Plan, evaluating the effectiveness of Internal Audit, the use of audit resources and where necessary, recommending adjustments to the Internal Audit Plan*’. The plan further provides the Accounts & Audit Committee with that relevant, independent assurance.

2. Internal Audit Risk Assessment

The plan is risk-based and is supported by a strong risk assessment underpinning the arrangements in place at the Council. It has focused on the Council’s risk register as this represents their own assessment of the risks to achieving the Corporate Strategy (2019 to 2023). The plan has been developed through:

- A detailed risk assessment.
- Mandated/ core system requirements in compliance with the PSIAS.
- Consultations (both verbally and through the Director Assurance Statements) with senior management, Directors and Heads of Service; with formal approval sought from the Corporate Management Team (CMT).

3. Resource Availability

The anticipated audit resources are considered sufficient to deliver the effective 3-Year Strategic Internal Audit Plan. In 2022/23, the estimated resource for the Internal Audit Service is 656; with 409 days available days to undertake the risk-based plan. The following provides a detailed summary:

	Internal Audit Manager*	Internal Auditor**	Internal Audit Assistant	ICT Audit	Total
Total working days	215	176	248	17	656
<i>Less:</i>					
Annual Leave	20	22	25	0	67
Study Leave/ Personal Development	3	40	54	0	97
Planning, Management, Reporting & Meetings	18	0	0	0	18
Insurance	5	-	60	-	65
NET AVAILABLE DAYS – RISK-BASED PLAN	169	114	109	17	409

*commenced May 2022; **reduced availability due to vacancy part-year.

The Internal Audit Service is currently recruiting to the post of Internal Auditor.

The plan considers risks in respect of ICT and cyber security. The Internal Audit Manager will seek to commission services of MIAA through the Lancashire County Council (LCC) Framework to undertake this work. Further costings regarding this will be considered in line with the Council's Contract Procedure Rules, however members should note that funds for such works have previously been set aside in Reserves.

4. Internal Audit Plan – 2022/23

The Internal Audit Plan (Appendix A) considers core, mandated, national and regional risks as identified in the Council's risk register. This draft plan outlines the coverage and remains flexible to respond to emerging risks the Council may face.

Appendix B further outlines the Council's 3-year Strategic Plan and will be continuously reviewed; with a formal 6-month review to ensure the plan remains focused on the key risks and challenges. This will be done through effective engagement with senior management and members of the Council.

The Internal Audit Service should demonstrate independence and effectiveness in line with the PSIAS. To embed this, it is proposed that a number of key performance indicators are introduced and reported to senior management/ Accounts & Audit Committee on a regular basis; these are outlined in Appendix C.

INTERNAL AUDIT PLAN 2022/23 – (incorporating the risk assessment)

APPENDIX A: Internal Audit Plan – 2022/23 (incorporating the risk assessment)

Review & Scope	Rationale/ Risk-based (inherent risk score from the Corporate Risk Register)	Qtly Delivery	Days	Audit Sponsor
Chief Executives				
Civic Centre - to ensure that key aspects of the operation of the Civic Suite are in accordance with agreed procedures and that all monies due are paid in and properly accounted for.	Risk-based (6)	Q1	10	Chief Executive/ Head of Legal & Democratic Services
Management of Conflicts of Interest, Gifts & Hospitality - to evaluate the design and operating effectiveness of the arrangements in place to manage declarations of interest, gifts and hospitality.	Core system review	Q2	15	Corporate Management Team
Corporate Strategy – to ensure that the Strategy continues to reflect the Council’s changing priorities through regular review, and that the revised Strategy for 2023 is being developed through consideration of the needs of the Borough’s communities, will be monitored and measures of success introduced.	Core system review	Q2	10	Chief Executive
Corporate Health & Safety – to ensure that the Council complies with its Corporate Health and Safety Policy and current legislation.	Risk-based (9)	Q3	15	Director of Resources
Section 106 Agreements – to ensure that applications submitted to the Council are considered in line with legal obligations and that agreements are prepared and appropriately approved.	Risk-based (5)	Q3	15	Director of Economic Development & Planning
Data Protection Impact Assessments (DPIA) – to assess the processes in place for processing DPIAs and to minimize the risks to individuals.	HoS request	Q3	14	Head of Legal & Democratic Services

INTERNAL AUDIT PLAN 2022/23 – (incorporating the risk assessment)

Review & Scope	Rationale/ Risk-based (inherent risk score from the Corporate Risk Register)	Qtly Delivery	Days	Audit Sponsor
Electoral Registration – to assess compliance with statutory and legislative requirements relating to electoral registration in preparation for the 2023 local elections.	Risk-based (5)	Q3	13	
Land Charges - to ensure compliance with the Land Charges Act 1972 and that robust records are maintained for the register of land charges, budget monitoring and effective communication channels between departments.	Risk-based (7)	Q4	15	
Community Services				
Commercial Waste Management – to ensure that key aspects of the Environmental Protection Act 1990 are implemented in relation to commercial waste, and that income is correctly accounted for.	Risk-based (9)	Q4	15	Director of Community Services
Resources				
Key Financial Controls – to provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	Core system review	Q4	30	Director of Resources
Housing Benefits – to ensure that the system for benefits aligns to the appropriate regulations, are processed timely, supported by detailed evidence and recouped when necessary.		Q4	16	
Council Tax & NNDR – to evaluate the effectiveness of the processes in place for Council Tax & National Non-Domestic collection.		Q4	15	

INTERNAL AUDIT PLAN 2022/23 – (incorporating the risk assessment)

Review & Scope		Rationale/ Risk-based (inherent risk score from the Corporate Risk Register)	Qtly Delivery	Days	Audit Sponsor
Procurement - to ensure the key controls in relation to procurement processes are in accordance with national guidelines.		Core system review	Q1	15	Director of Resources
Insurance - to ensure that the Council has effective arrangements in place for the assessment and handing of claims in line with a robust Insurance Strategy.		Risk-based (9)	Q2	10	
Grants – to ensure payments are valid, accurate, timely and meet the conditions of the funding	<ul style="list-style-type: none"> Contain Outbreak Management Fund 	Head of Internal Audit sign-off required	Q1	13	
	<ul style="list-style-type: none"> Disabled Facilities Grant 	Core system review	Q2	15	
Overtime Payments – to ensure that overtime payments are made in line with agreed policy, approved appropriately and processed timely.		Risk-based (9)	Q3	14	
Payroll – to evaluate the robustness and effectiveness of controls that support the payroll system and ensure validity, accuracy and timeliness of payments made to employees.		Core system review	Q4	14	
Cyber Security - to assess the effectiveness of the organisation's cyber defence framework			Q2	17	
ICT Asset Management – to ensure that ICT assets are identified, monitored and disposed of accordingly.			Q3	15	

INTERNAL AUDIT PLAN 2022/23 – (incorporating the risk assessment)

Review & Scope	Rationale/ Risk-based (inherent risk score from the Corporate Risk Register)	Qtly Delivery	Days	Audit Sponsor
Economic Development & Planning				
Tourism & Events - to provide assurance that the Council has robust arrangements in place to monitor performance in respect of functions carried out by the formed partnership with the Ribble Valley Tourism Association.	Risk-based (5)	Q3	15	Head of Regeneration & Housing
Risk Management, Follow Up & Contingency				
Risk Management – to ensure that the Council has robust risk management processes in place and that risks are monitored, mitigated and reported appropriately through the agreed governance arrangements. Audit days will be further utilised to support the organisation through training and development in relation to risk management processes.	Core system review	Q1 – Q4	25	Corporate Management Team
Follow Up	PSIAS requirement	Q1 – Q4	12	
Contingency		Q1 – Q4	15	
Planning & Reporting				
PSIAS self-assessment – the Internal Audit Service’s annual self-assessment against the PSIAS.	PSIAS requirement	Q1	7	Director of Resources
Investigations (reactive) – core service support, NFI and proactive anti-fraud programme		Q1 – Q4	14	
Annual Governance Statement/ Local Code of Corporate Governance	Mandated review	Q4	25	
TOTAL DAYS			409	

Appendix B: 3-Year Strategic Plan

We have mapped the key Corporate Ambitions and Objectives within the Corporate Strategy (2019-2023) to the 3-Year Strategic Internal Audit Plan. This will be reviewed as part of our risk assessment process to ensure that it remains focused on the Council's key risks and challenges and adds value where necessary.

Strategic Objective	2022/23	2023/24	2024/25
<i>Ambition 1 – To ensure a well-managed Council providing efficient services based on identified customer need.</i>			
To maintain critical financial management and controls, and ensure the authority provides council taxpayers with value for money, within current financial constraints.	Key Financial Controls Grants Levelling Up Funding Housing Benefits Council Tax/ NDR		
	Cyber Security	ICT Strategy Staff & Member Allowances Budgetary Control Data Retention Policy Asset Management	Critical Application Business Continuity VAT Capital Programme Management of Freedom of Information requests
To treat everyone equally and ensure that access to services is available to all, including our most vulnerable citizens.			Equality Act 2010

3 YEAR STRATEGIC PLAN

Strategic Objective	2022/23	2023/24	2024/25
To engage with all our communities to ensure we deliver services to meet customer needs and expectations.	Corporate Strategy	Public Engagement Local Plan Key Performance Indicators	Complaints Management
<i>Ambition 2 – To sustain a strong and prosperous Ribble Valley</i>			
To encourage economic development throughout the borough with specific focus on tourism, the delivery of sufficient land for business development, and supporting high growth business opportunities.			Economic Plan
To work with our partners to ensure that the infrastructure in the Ribble Valley is improved.		Partnership Working	
To promote stronger, more confident and more active communities throughout the borough.	Tourism & Events		
<i>Ambition 3 – To help make people’s lives safer and healthier</i>			
To improve the health and wellbeing of people living and working in our area.		Parks & Open Spaces Environmental Health	Cemeteries
To improve the opportunity for people to participate in cultural, recreational and sporting activity.		Markets Edisford Pool	3G Pitches Platform Gallery
To ensure that Ribble Valley remains a safe place to live.	Corporate H&S	Safeguarding Community Safety Partnership	Use of Volunteers

Strategic Objective	2022/23	2023/24	2024/25
<i>Ambition 4 – To protect and enhance the existing environmental quality of our area</i>			
To retain weekly collections of residual waste.	Commercial Waste Management		Waste Management
To be an environmentally sustainable area, prepared for the future.		Car Parking/ Enforcement	
To aspire to be a carbon neutral borough by 2030.			Environmental/ Climate Change Strategy
<i>Ambition 5 – To match the supply of homes in our area with identified housing needs.</i>			
To meet the housing needs of all sections of the Community.		Homelessness	Empty Properties
To provide an adequate mix of additional affordable homes throughout the Ribble Valley.			Housing Allocations/ Affordable Housing Strategy
To develop the right housing in the right places.	Section 106 Agreements	Building Controls	

INTERNAL AUDIT KEY PERFORMANCE INDICATORS

APPENDIX C: Internal Audit Key Performance Indicators

The following operational key performance indicators have been proposed. These set clear expectations on the Internal Audit Service and enable the team to demonstrate the impact, effectiveness and compliance with PSIAS. These will be reported to CMT and the Accounts & Audit Committee in line with the reporting timescales.

Indicator	Target
Post Audit Evaluation Questionnaire issued following completion of every audit assignment.	100%
Post Audit Evaluation Questionnaire responses receiving either a good, very good or excellent rating	100%
Recommendations raised agreed by management.	100%
Recommendations which are implemented within agreed timescales.	90%
Management responses received within 10 working days of the Draft Report.	90%
Final Reports issued within 5 working days from receiving management responses.	90%
Audits completed within budget.	75%