



## Internal Audit Plan 2023/24

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver for the period April 2023 - September 2023.

### Introduction and objective of the Audit Plan

Internal audit provides an independent and objective opinion on the authority's risk management, governance, and control environment by evaluating its effectiveness.

Each year the Chief Audit Executive, in conjunction with Senior Management, sets out proposed audit plans for April to September, and then October to the following March. Each six-monthly plan is presented to the Audit and Governance Committee for approval.

The objective of this planning process is to provide an annual audit opinion, based on sufficient and appropriate coverage of key business objectives and associated risks.

The outcome of each audit assignment should provide senior management and members with assurance that the areas audited and associated risk is effectively managed. Where improvements are required then this will be supported with appropriate recommendations.

When undertaking individual audit engagements an opinion is given for each element of the system being audited. The definitions used are standard definitions as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and accord with the definition of internal audit as prescribed within the Public Sector Internal Audit Standards (PSIAS). The four definitions used are as follows:

- **Substantial Assurance** – “A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”
- **Reasonable Assurance** – “There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”
- **Limited Assurance** – “Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.”
- **No Assurance** – “Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”

In applying the most appropriate level of opinion internal auditors will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation. The opinion concluded is informed by the number of recommendations made and the category of those recommendations. There are three categories: high, medium and low.

The internal audit planning process recognises the difficulty in predicting longer term planning. Having a flexible approach and an audit programme set at six monthly intervals, allows internal audit to adjust the audit programme in line with changes made to the council's risk register, operations, and systems. It must be recognised that the council has an extensive and complex array of systems, processes and frameworks which overall informs the council's internal control environment. Therefore, internal audit coverage can never be absolute and is limited to the area being audited at that point in time. Responsibility for risk management, governance and internal control arrangements remains fully with management. Internal audit is an arm of effective management.

To give adequate coverage of the council's risk, governance and internal control environment the plan is broken down across those sub-headings. In addition, days are allocated to do follow up work i.e. confirm the implementation (or not) of previous internal audit recommendations, also for corporate improvement work – this is where internal audit can lead or deliver on specific projects or policies. The plan is based on 'net' productive days after taking account of days allocated for any annual leave, an allowance for sickness absence, training days etc.

## Proposed Internal Audit Plan 2023/24 (April 2023 - September 2023)

### Areas of coverage and brief scope

### Responsible officer

#### Corporate risk register

The **risk register** is a high-level corporate document presented at each Audit and Governance Committee meeting. The document captures the details of the risk, its impact upon the council, the controls in place to mitigate the risk and any further mitigating action points. The risks are audited on a rolling basis to give management and member's assurance that controls in place are effective and action points are being progressed.

Heads of Service

#### Governance related

**Gifts and hospitality** – to review the declaration, approval and reporting process and there is general staff awareness on the subject.

Head of Corporate Services

#### Financial

**Budgetary Control** – for 2023/24, Council recently approved a net budget of £11,300,548. The audit will review the budgetary control framework to give assurance the framework is effective. This will include the budget is accurately recorded within the main financial system, there is a scheme of budget delegation, the production of regular budget reporting and dialogue with budget holders, variance investigation and approval of virements.

Finance Manager

**Grant certification** – there is an increasing number of external grants, for example, homelessness prevention grant, bio-diversity net gain, business transformation related, UKSPF, decarbonisation etc that require sign off by a senior officer to give assurance grant conditions have been complied with. Internal audit can give independent assurance.

Heads of Service

#### Service related

**Disabled Facility Grants (DFG)** - a DFG is a grant that can help towards the cost of essential adaptations for residents to live independently. They are subject to a financial means test with a maximum grant of £30k and are assessed in consultation with the Gloucestershire County Council (Occupational Health). The audit will review the process to gain assurance that grants are authorised, comply with policy, where appropriate are means tested, works are adequately monitored and expenditure approved. The annual DFG budget is £800k.

Environmental Health Manager

## Proposed Internal Audit Plan 2023/24 (April 2023 - September 2023)

| Areas of coverage and brief scope   | Responsible officer                              |
|---|--|
| <p><b>Commercial Property Portfolio</b> – the portfolio consists of nine properties, with the value of the portfolio totalling £59.5m and generating a return of £3.4m (5.7%) to support the council’s base budget. The creation of the portfolio was well governed with Member engagement and approval. The audit scope will include the management of the properties by the Asset Management team, ensuring the correct lease charges have been raised and key terms and conditions of lease arrangements are adhered to.</p> | <p>Head of Finance and Asset Management</p>      |
| <p><b>High Street Heritage Action Zone (HASZ)</b> – the HASZ scheme is a joint initiative with English Heritage. The total value of the scheme is just over £2m. The overall project is broken down across various work streams including: shop front/facades, residential use of upper floors, public realm, traditional skills. The audit will review the project management and governance arrangements of the scheme plus the delivery of the individual work streams and that overall grant conditions are adhered to.</p> | <p>Head of Development Services</p>              |
| <p><b>Garden Waste</b> – income totals in excess of £1.1m with around 20,000 residents subscribing to the service. The main objective will be to review the income collection process and database management.</p>  | <p>Head of Community Services</p>                |
| <p><b>ICT</b> – a reserve has been set aside for the commissioning of specialist ICT audit work.</p>  | <p>ICT Manager</p>                               |
| <p><b>Corporate improvement</b></p>   |  |
| <p>This is ad hoc work and can either be of a consultancy or assurance type nature. Using the independence of internal audit can help inform CMT of specific issues when a need arises or utilise internal audit to undertake a piece of work where there may not be available resource.</p>  | <p>Corporate Management Team (CMT)</p>           |
| <p><b>Consultancy &amp; Advice (including representation of Corporate Group)</b></p>  |  |
| <p>As part of the role of internal audit it is inevitable the team will be approached from time to time to provide ad-hoc advice. The team welcomes such approaches and these are often around contract procedure rules, financial procedure rules, proposed system changes etc</p>   | <p>Chief Audit Executive</p>                     |
| <p><b>Follow up reviews</b></p>   |  |
| <p>A key part of the work of internal audit is to <b>follow up</b> previous recommendations with relevant services to gain assurance they have been implemented. The date of follow up is driven by the agreed implementation date. The outcome of this work is reported at each Audit and Governance Committee meeting via the internal audit monitoring report.</p>   | <p>Heads of Service and Operational Managers</p> |