

Report To:	AUDIT PANEL
Date:	14 March 2023
Reporting Officer:	Christine Weston – Interim Head of Risk Management and Audit Services
Subject:	RISK MANAGEMENT AND AUDIT SERVICE PLANNED WORK 2023/24
Report Summary:	The report presents the planned work for the Risk Management and Audit Service for 2023/24.
Recommendations:	<ol style="list-style-type: none"> 1. Members approve the Draft Internal Audit Plan for 2023/24 shown at Appendix 1 2. Members approve the Audit Strategy for 2023/24 shown at Appendix 2. 3. Members approve the Audit Charter for 2023/24 shown at Appendix 3. 4. Members approve the Quality Assurance and Improvement Programme for 2023/24 shown at Appendix 4.
Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Community Strategy.
Policy Implications:	Effective Risk Management and Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer and Chief Finance Officer)	Effective Risk Management and Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: (Authorised by the Borough Solicitor)	The 2015 Accounts and Audit Regulations set out requirements in relation to internal control, the exercise of public rights in relation to the accounts and rules for the preparation, approval and publication of the Council's statement of accounts. This report sets out the planned programme of works to ensure that Members are appropriately sighted and engaged with the work being undertaken by the audit and risk team. Section 13 of this report also details the proposals for an external review which needs to be planned for.
Risk Management:	By assisting in the effective management of risks, Risk Management and Audit help to reduce costs and improve service delivery.
Access to Information:	The background papers can be obtained from the author of the report, Christine Weston, Interim Head of Risk Management and Audit Services by: Telephone: 0161 342 2356 e-mail: christine.weston@tameside.gov.uk

1. INTRODUCTION

- 1.1** The report presents the proposed planned work for the Risk Management and Audit Service for 2023/24.

2. INTERNAL AUDIT PLANNING PROCESS

- 2.1** The Internal Audit Service plans its work with a view to achieving the following key objectives:
- Supporting the Council's vision and Corporate Plan;
 - Providing assurances to Members and Senior Managers as to the effectiveness of the Council's internal controls;
 - Targeting resources towards priority (high-risk) areas;
 - Satisfying legislative requirements; and
 - Responding to the needs of service managers.
- 2.2** The audit management system "Galileo" holds the entire list of all audits that could be undertaken "the Audit Universe" and this is used as part of the consultation process.
- 2.3** Audits are prioritised based on an assessment of risk and allocated a numerical risk score which equates to either High, Medium/High, Medium, Low/Medium or Low and the following factors are taken into account:-
- Susceptibility to Error/Fraud;
 - Control Environment;
 - Sensitivity and Reputation of the Council;
 - Complexity;
 - Volume and Value of Transactions;
 - Management Concerns;
 - Management Changes;
 - Specific Business Risks/Business Importance;
 - Quality, Integrity and Security of Information; and
 - Years since Previous Audit.
- 2.4** Consultation involves Executive Members, Directors, Assistant Directors, Heads of Service and in some cases Service Unit Managers. The meetings which were carried out in January/February 2023 help to inform the risk assessments undertaken on audit activities and provide members and officers with the opportunity to discuss areas of concern or provide further details of up and coming changes to structures, key personnel, systems, procedures and/or legislation. In addition to agreeing priority audits, the discussions also include a report on previous audit work undertaken and the level and quality of the service provided. Risks identified in the Corporate Risk Register and other sources of assurance across the Council are also taken into account during the planning process.
- 2.5** Allegations of fraud investigated during the year together with intelligence gained from external sources (e.g. Chartered Institute of Public Finance and Accountancy Fraud Centre, National Anti-Fraud Network and networking events) are used to identify potential risks and new fraud areas which are then taken into account either directly as an audit or used to inform the audit work scheduled in a particular area.
- 2.6** Taking all the above information into account, the draft plan is produced. The draft plan is then balanced to Internal Audit resources. This stage of the process has been conducted by the Interim Head of Risk Management and Audit Services supported by the Principal Auditor who manages the plans on a day-to-day basis and is based on professional judgement and the potential risk exposure posed to the Council. Audits that cannot be covered in the current plan year have been highlighted as priorities for next year's audit plan and held in contingency in case difficulties arise in carrying any of the audits included in the annual plan.

- 2.7 The Interim Director of Finance (Section 151 Officer) and the Assistant Director of Finance have been consulted to ensure that the levels of coverage will provide the necessary information and assurance to support the Section 151 Officer Role and the preparation of the Annual Governance Statement.
- 2.8 Whilst the work of Internal Audit, External Audit and Scrutiny are different, consultation takes place during the year to ensure our respective work programmes are complementary and that areas are not “over audited/inspected”.

3. INTERNAL AUDIT ANNUAL AUDIT PLAN 2023/24

- 3.1 The Annual Audit Plan is summarised in **Table 1** and totals 1,489 Days, 1,075 Days on Planned Work and 414 Days on Counter Fraud Work/Investigations.
- 3.2 The Approved Plan for 2022/23 totalled 1,595 Days, which included 1,207 Days on Planned Work and 388 Days on Counter Fraud Work/Investigations. The reduction in days this year is due to available staffing resources, and is explained further in paragraph 3.3 below.

Table 1 – Annual Audit Plan Summary 2023/24

Service Area / Directorate	Proposed Plan 2023/24	% Plan 2023/24
Cross Cutting	69	5
Children’s	75	5
Education/Learning	111	7
Adults	88	6
Population Health	28	2
Place	131	9
Governance (Exchequer and People and Workforce Development)	132	9
Finance and Digital Tameside	121	8
Greater Manchester Pension Fund	300	20
Days to Complete 2021/22 Plan	20	1
Total Planned Days for 2022/23	1075	72
Counter Fraud Work/Investigations	414	28
Total Planned Days for 2022/23	1489	100

- 3.3 The Annual Audit Plan of 1,489 Days detailed above has been balanced to resources available. However, productive days are estimated and any changes to the assumptions used will be reflected during the year and reported to the Audit Panel and the Greater Manchester Pension Fund Local Board. We currently have a Senior Auditor vacancy and an assumption has been made that we will have someone in post by August. Also one of the new Auditors has a Term Time only contract which reduces the number of productive days available.
- 3.4 When we have compared the resources available to the list of audits produced from Galileo, the plan is produced and comprises Mandatory and High Risk Audits as defined below:-
- Mandatory – Audits/Audit Processes that need to be included this year e.g. grant certification work.
 - High/Medium/Low – Each audit in the ‘Audit Universe’ is risk assessed within the Audit Management System ‘Galileo’ and allocated a numerical score. Those with the highest scores are included in the plan until all available resources have been

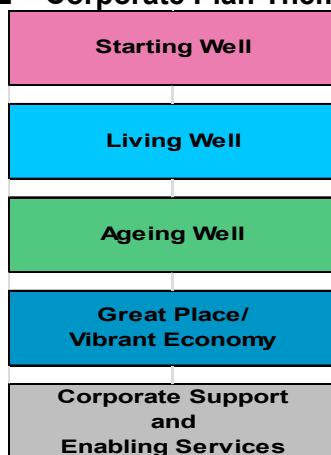
accounted for.

3.5 The detailed Annual Audit Plan for 2023/24 is included at **Appendix 1** and shows:-

- Links to the Corporate Plan;
- Links to the Corporate Risk Register;
- Auditable Area;
- Purpose of the Audit;
- Priority;
- Audit Category; and
- Planned Days for 2023/24.

3.6 Each audit activity in the 2023/24 Plan has been linked to one of the themes within the Corporate Plan as shown below:-

Table 2 – Corporate Plan Themes



3.7 Where appropriate each audit has been linked to a risk in the Corporate Risk Register to ensure that the plan is providing audit coverage in the areas deemed to be of significant risk to the Council. For the Greater Manchester Pension Fund audits have been linked to their specific service risk registers.

3.8 Each audit in the Annual Audit Plan has been allocated to an Audit Category, which are explained in Table 3 below. Table 4 below shows the Annual Audit Plan analysed by those Categories.

Table 3 – Audit Categories

Category	Description
Assurance	To provide assurance to management that the key risks are being managed and that processes in place are robust and fit for purpose.
Financial Control	A programme of financial system reviews considered high risk to provide assurance that the risks are being managed and the systems in place are robust and fit for purpose.
Advice	Ongoing advice provided at the request of management and stakeholders.
Follow Up	Work undertaken to ensure recommendations documented in Final Reports have been implemented.
School Visits	A programme of school visits identified as highest risk taking into account any key changes in personnel, systems and finances.
Investigation	Ad hoc investigations into suspected fraud, irregularities and information incidents.

Category	Description
Computer Audit	Commissioned audit reviews of a technical nature from Salford Computer Audit Services, combined with reviews to be delivered in-house.
Contract Audit	Reviews on specific procurement activities and contracts considered high risk.
Certification Work	Independent verification work required by grant funding bodies, legislation and Final Accounts certification.

3.9 **Table 4 – Annual Audit Plan 2022/23 Analysed by Category**

Category	Planned Days 2022/23
Assurance	234
School Visits	68
Grant Certification Work	17
Computer Audit	30
Contract Audit	90
Financial Control	115
Follow Up Work (Post Audit Reviews)	92
Investigations	414
Planning, control and Reporting	53
Advice and Support	56
Greater Manchester Pension Fund	300
2022/23 Plan Work c/f	20
Total Planned Days 2022/23	1489

- 3.10 The plan will be kept under constant review and regular meetings will be held with Executive Members and the Senior Management Team to ensure that it reflects the keys risks for the Council going forward as it continues to change both in shape and in size to meet the financial challenges placed upon it.
- 3.11 The Service Unit does not employ a specialist Computer Auditor for the provision of technical computer audit support and this is procured from Salford MBC Computer Audit Services using the AGMA Collaboration Computer Audit Agreement to help deliver the ICT Audit work.
- 3.12 The Internal Audit Team has complete organisational independence and is not responsible for any non-audit work. Staff are very aware of the need to remain independent and ensure that requests for advice and support do not compromise this position.
- 3.13 All members of the Internal Audit Team sign an annual declaration form, and this includes confirming that they have read and agreed to adhere to the Tameside Code of Conduct for Employees and the Public Sector Internal Audit Standards - Code of Ethics.

4. ANNUAL GOVERNANCE STATEMENT

- 4.1 The Accounts and Audit Regulations 2015 require audited bodies to conduct a review, at least once a year, of the effectiveness of its systems of internal control. The findings of the review shall be considered by a committee of the relevant body, or by members of the relevant body meeting as a whole, and following consideration, shall approve a governance statement, prepared in accordance with proper practices in relation to internal control.
- 4.2 The work of Internal Audit is fundamental to the production of this statement as the work conducted provides evidence and ongoing assurance that the systems of internal control

have been reviewed and that risks are being effectively managed.

5. INTERNAL AUDIT STRATEGY AND CHARTER

5.1 In order to comply with the Public Sector Internal Audit Standards it is necessary for the Audit Panel to approve the Internal Audit Strategy (attached at **Appendix 2**) and the Internal Audit Charter (attached at **Appendix 3**) annually.

5.2 The Strategy provides an overview of Internal Audit and covers:-

- Introduction;
- Main Drivers in setting the Direction;
- What this means we need to do; and
- How will we do this?

5.3 The Internal Audit Charter is more operational and includes:-

- Background;
- Missions and Definition of Internal Audit;
- Standards;
- Responsibility and Objectives of Internal Audit;
- Responsibility of the Council;
- Independence of Internal Audit;
- Head of Risk Management and Audit (Chief Audit Executive/Head of Audit)
- Relationships;
- Opinion and Non-Opinion Work;
- Fraud;
- Reporting;
- Internal Audit Access Rights; and
- Internal Audit Resources.

6 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

6.1 Standard 1300 of the Public Sector Internal Audit Standards require:
“That the Chief Internal Auditor must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity”.

6.2 The Quality Assurance and Improvement Programme (attached at **Appendix 4**) includes:-

- Introduction;
- Internal Assessments;
- External Assessments;
- Service Development; and
- Review of the Quality Assurance and Improvement Programme.

7 PROACTIVE FRAUD WORK/IRREGULARITY INVESTIGATIONS

7.1 Whilst unplanned in their nature, time is required each year for the investigation of frauds and irregularities that are notified to Internal Audit. There is a dedicated resource within the service unit, which provides support to management to ensure that such problems are dealt with as effectively as possible. A control report is provided in response to investigations/advice and support work to ensure that the control environment is improved to try to minimise any future re-occurrence. Learning points are noted for wider dissemination where appropriate and any recommendations are followed up at a later date by a Post Audit Review to ensure the required improvements have been implemented.

- 7.2 Intelligence from all corporate fraud/irregularities notified to and investigated by Internal Audit is used to:-
- Evaluate our response plan;
 - Inform the audit planning process to ensure fraud risks are taken into account; and
 - Inform the risk assessment tool within Galileo (audit management system) to ensure all auditable activities are correctly assessed.

8 RISK, INSURANCE AND INFORMATION GOVERNANCE

8.1 The Risk, Insurance and Information Governance Team provide services to the whole Council.

- 8.2 The key priorities for the team during 2023/24 are:-
- To continue to develop the Risk Management system across the Council including the development of operational risk registers.
 - To continue to deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.
 - To provide Data Protection/Information Governance advice and guidance to support services to ensure new systems, processes and partnership working involving the collection, sharing, processing and storage of personal data are compliant with Data Protection legislation
 - To work with senior managers to ensure that Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.
 - To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
 - To review the information held and introduce regular reports for management in terms of claims received to inform and improve risk management process.
 - To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.

9. PERFORMANCE MONITORING

- 9.1 The performance of the service is monitored against targets and performance indicators. Individually auditors are monitored against performance targets. Customer questionnaires are also used at the conclusion of each audit to test customer reaction to the audit and to help identify any training needs or service improvements.
- 9.2 The Audit Plan will be continually monitored via monthly progress meetings between the Audit Management Team and regular update meetings with Executive Members, Senior Managers and External Audit and quarterly reports to the Audit Panel and the Greater Manchester Pension Fund Local Board.
- 9.3 The Public Sector Internal Audit Standards are the benchmark against which the performance and effectiveness of the Internal Audit service will be measured.
- 9.4 The performance indicators monitored and measured are detailed in Table 7 below.

Table 7 – Performance Indicators

	Indicator	Target
1	Compliance with Public Sector Internal Audit Standards	100%

2	% of Plan Completed	90%
3	Customer Satisfaction (per questionnaires)	90% of customers "satisfied \geq 65%"
4	% Recommendations Implemented	90%
5	No. of Irregularities Reported/Investigated	Downward Trend
6	No. of Recommendations made	Downward Trend
7	Percentage No. of High Recommendations made	Downward Trend

9.5 The target for achievement is 90% of the agreed plan. However, high priority requests that arise during the year, changes in available audit resources and problem areas highlighted may affect the achievement of this target and result in the need for revisions to the agreed plan. All significant changes are agreed with relevant managers and Executive Members where appropriate and will be brought to the Panel for approval.

10. RECOMMENDATIONS

10.1 As set out on the front of the report.