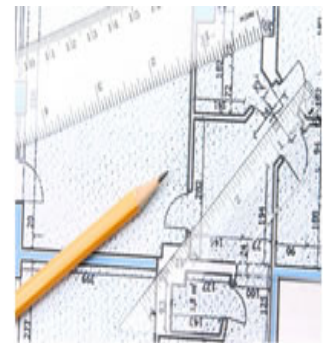
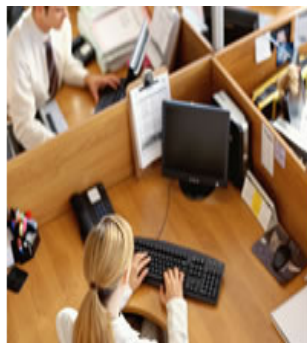


Refreshed Internal Audit Plan 2023/24



August 2023

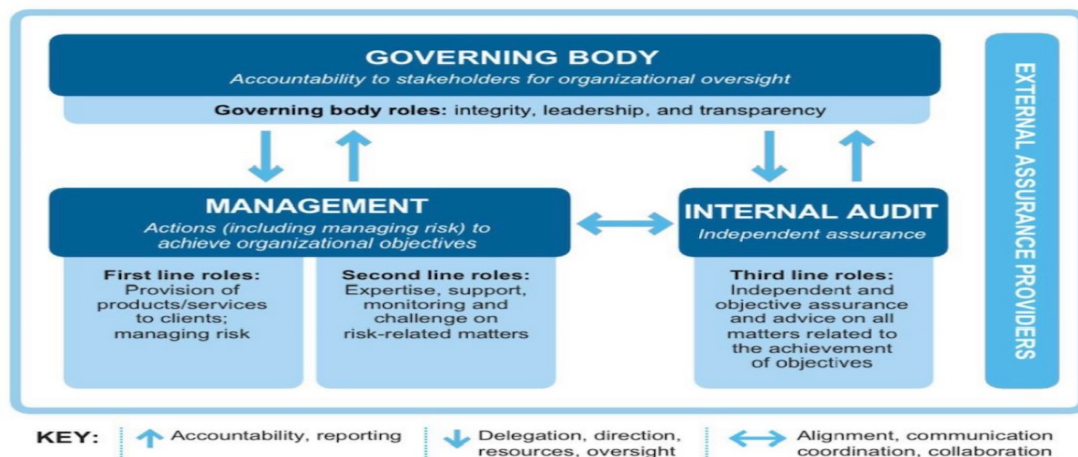
1 BACKGROUND

- 1.1 The fundamental role of Internal Audit is to provide senior management and the Audit Committee (the Audit Panel at Tameside) with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as endorsed by the Audit Panel.
- 1.2 This report sets out a refreshed Internal Audit Plan for the 2023/24 for approval by the Audit Panel. This report includes both the Council and Greater Manchester Pension Fund (GMPF) plans.
- 1.3 The purpose of this report is to identify the audit work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Public Sector Internal Audit Standards (PSIAS).
- 1.4 The original 2023/24 audit plan was approved by the Audit Panel on 14 March 2023. Since then:
 - The service has been exposed to capacity issues in its management. The former Interim Head of Risk Management and Audit Services and Principal Auditor have since retired being replaced by an Interim Head of Audit.
 - On review of the original plan presented to the Panel, it has not been directly linked to the Council's risks.
- 1.5 In addition:
 - Much of the service's focus in 2022/23 was on progressing a shared arrangement with another Council. The Council has latterly decided not to progress this option.
 - The audit team are a relatively new / inexperienced team with 5 out of 7 posts having joined within the last 12 months.
- 1.6 The above provides an opportunity to review the audit plan as well as arrangements within internal audit to bring them in line with current / best practice, as well as putting in place measures to mitigate any future risk of lack of capacity within the service. Improvements required are discussed in Section 2.

2 EMBEDDING ASSURANCE

- 2.1 Current best practice integrates the disciplines of risk management and internal audit into a model of assurance. This model is intended to give assurance to those 'charged with governance' that the Council's major / significant risks are being effectively managed as well as providing early 'red flags' where attention is needed.
- 2.2 The Institute of Internal Audit's '3 lines' model best demonstrates this below:

The IIA's Three Lines Model



- 2.3 Internal Audit seeks to identify assurances provided through the first and second lines of defence and selects the most appropriate method for obtaining assurance to support Internal Audit's annual opinion and the Council's governance requirements.
- 2.4 To support this change, the Internal Audit, Risk Management, Insurance & Information Governance Service have been rebranded as 'Assurance'. A permanent Head of Assurance and Audit Manager are in the process of being appointed. The '3 lines model' is also being introduced as the corporate and directorate risk management template (please see risk management update on this agenda). A review of all operational processes across the functions is currently being undertaken to bring practice in line with the assurance model and best practice.
- 2.5 In addition, to mitigate any future risks arising from lack of capacity, a 'call off' contract from an external delivery partner for Internal Audit will be sourced. The Panel will be aware that the Council currently delivers a co-sourced arrangement comprising of a primarily in-house Internal Audit team supported by an external delivery partner for IT audit (currently delivered by Salford City Council). Extending co-sourced arrangements to a delivery partner for non ICT audit will ensure audit capacity can be brought in if necessary / as required. Work will shortly commence on this.

3 REFRESHED AUDIT PLAN 2023/24


- 3.1 In order to deliver a plan in line with the preferred delivery model above, a refreshed plan linked directly to strategic risk is required to target audit resources to the areas of most materiality and significance by focusing on:
 - **Key risks and priorities** – the refreshed plan is based on an analysis of corporate risks (linked to strategic objectives) at the time of drafting the plan; internal control and governance processes and other factors which may affect the remaining year ahead, including any changes within the external environment and the wider sector. The refreshed plan has explicit links to the strategic risk register and the emerging risk environment (note the Council's risk management arrangements and maturity are also currently being reviewed).
 - **Core financial systems** – limited work has been undertaken on core financial systems over the past 2 years. It is therefore recommended that all core financial systems that have not been audited in the last year, are audited as a priority.

APPENDIX 1

- **IT audit programme** – A ‘reset model’ for ICT audit has been agreed with Salford, our IT audit provider. This involves primarily a 2 phase approach to ICT assurance: phase 1, a review of the technology assurance framework, from which the IT audit plan going forward will be established and phase 2, a security assurance framework review to focus on controls in place to mitigate cyber security risks.
- **Schools audit programme** – the School’s programme is a cyclical plan based on risk and in consultation with School’s Finance. The original plan included 8 Primary Schools and 2 High Schools and as work had commenced against this plan, no changes are proposed from the draft plan agreed in March 2023.
- **Other audit work** – the plan includes time for other audit related work such as audit management, servicing the Audit Panel, audit follow up (post audit review), advice / consultancy, grant work and other work e.g. reviewing corporate governance arrangements to inform the Annual Governance Statement.
- **Counter fraud** – this includes fraud / irregularity investigation, counter fraud and participation in the National Fraud Initiative (NFI). These elements of the plan were approved by the Audit Panel in March 2023. Coverage is currently provided by 2 Corporate Fraud Investigators.
- **Greater Manchester Pensions Fund (GMPF)** - An allocation of 300 days is set aside for GMPF assurance work. At the time of consideration of the draft plan at 14 March 2023 Audit Panel, a plan for GMPF had not been produced. The GMPF plan is based on GMPF’s risk register and has been agreed with GMPF management team and their Board.

3.2 The detailed audit coverage is detailed in the refreshed audit plan at **Appendix 1**.

3.3 In order to determine whether resources are at an acceptable level, a benchmarking exercise has been undertaken with peers (statistical neighbours i.e. organisations of similar type, size and complexity). The results, based on the current structure (excluding the GMPF allocation of 300 days as this is a unique arrangement to Tameside), show that the council’s current annual resources are in the higher than average cohort:



	Councils											Average
	A	B	TBC	D	E	F	G	H	I	J	K	
Number of days 2023/24	2247	2120	1533	1360	1346	1218	1045	898	788	783	730	1279

3.4 By replacing the currently vacant 2 FTE Principal Auditors with 1 FTE Audit Manager, annual resources (less GMPF allocation) are brought further in line with average and additional financial capacity is released to resource the extension to the co-sourced arrangement for non ICT audit as and when required. This change is reflected as below:

APPENDIX 1

	Councils											Average
	A	B	C	D	E	F	G	H	I	J	K	
Number of audit days 2023/24	2247	2120	1360	1346	1324	1218	1045	898	788	783	730	1260

- 3.5 Total annual audit resources available under the refreshed structure are 1,624 days (adding back the GMPF allocation). These days have been adjusted to provide for 10 months audit coverage (1 June 2023 – 31 March 2024) to accommodate the refreshed plan. Assumptions in terms of on-boarding a new Audit Manager with effect from November 2023 and that the new Head of Assurance on-boards as the Interim leaves have also been accounted for. This gives an adjusted available resource of 1,274 days which are reflected in the 10 month plan at **Appendix 1**.
- 3.6 Work has already commenced against the plan and audits are currently being delivered in core financial systems and schools. This does not affect the ability to make changes to the plan, as the audit planning process is an iterative one. Moving forward, the approach to the refreshed plan should be an agile one, where Internal Audit responds to the changing assurance need, by constantly scanning the environment, enabling a change to the focus of the audits should the Council's organisational priorities or corporate risks change. Any changes to the plan during the year going forward will be notified for approval by the Panel in the Internal Audit progress reports.
- 3.7 This plan has been endorsed by senior management (Assistant Directors Delivery Group and Single Leadership Team) and will be delivered, in accordance with the Council's Internal Audit Charter which was previously reported to the Audit Committee on 14 March 2023.
- 3.8 For noting, audits not carried forward from the original audit plan approved on 14 March 2023 are detailed at the end of Appendix 1.

4 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 4.1 The Panel will be aware that the (5 year) external peer review of Internal Audit under the Public Sector Internal Audit Standards (PSIAS) should have taken place in March 2023, but was postponed to 'Summer 2023' at the last Audit Panel in March 2023. It is suggested that this review be undertaken by an external professional body (e.g. CIPFA) in December 2023 (as opposed to a peer authority), when the assurance model is more embedded.

APPENDIX 1

APPENDIX 1

Tameside Council Refreshed Audit Plan 2023/24				
Assurance Required	Link to Risk	Audit	Summary Scope	Planned Days
Key Risks & Priorities	Financial Resilience	Budget Challenge – financial resilience~	Review of the effectiveness of the governance arrangements in place to drive the delivery of planned and future efficiency targets. To use as a pilot for roll out across other directorates.	20
	Adverse Inspection	Children's Improvement Planning	To provide assurance on the robustness and evidence based deliverability of improvement planning within Children's following recent inspection outcomes.	15
	Capacity, Key supplier / partner failure	Commissioning Cycle – Adults	Risk based review of Council's arrangements for commissioning and contract management in adult care. To include homecare~ and provider failure / capacity risk.	20
	Capacity, Key supplier / partner failure	Commissioning Cycle – Children's~	Risk based review of Council's arrangements for commissioning and contract management of services for children's to include systems for monitoring out of area and high-cost placements. To also include provider failure / capacity risk.	20
	Financial Resilience, capacity	Agency Workers	Risk based review of commissioning of agency workers, to include systems around strategic appointment of agencies, approvals / permissions to select and engage agency workers and monitoring of provision.	15
	Financial Resilience	Direct Payments	Risk based review of the system for direct payments, from eligibility, award, to evidence of provision.	10
	Capacity, Key supplier / partner failure	Strategic Procurement~	Risk based review of strategic procurement arrangements, to include strategy, procurement and contract management and performance. This review will include STAR Procurement arrangements.	15
	Capacity	Recruitment & Retention	Risk based review of recruitment systems from authority to appoint to on-boarding. Review of effectiveness of arrangements in	10

APPENDIX 1

Tameside Council Refreshed Audit Plan 2023/24				
Assurance Required	Link to Risk	Audit	Summary Scope	Planned Days
			place to ensure staff retention	
	Housing supply, wider socio economic	Place – Major programmes / projects~	Risk based programme assurance review of major capital programmes managed within the Place Directorate. To include adequacy of governance arrangements and approvals	15
	Adverse inspections	Information Governance	Risk based review of information governance arrangements to include compliance with Data Protection legislation	10
	All risks	Risk management	Review of the Council's risk management arrangements including strategy and procedural documentation, corporate and directorate risk management arrangements; and project / programme risk.	10
	Health & Social care Reform	Health & Social care Reform	Risk based review of the governance arrangements in place to support the delivery of the next phase of health and social care integration	10
	Adverse inspection	School Places	Risk based review of arrangements in place for school's based provision (including specialist places and early years).	10
Core Financial Systems	Financial Resilience	Payroll / Expenses~	Risk based reviews of these core financial systems to provide an opinion on the adequacy and effectiveness of controls in place to mitigate key risks. Includes core financial systems not audited in the last year (2022/23)	15
		Creditors		15
		Debtors~		15
		General Ledger~		10
		Treasury Management		10
		Budgetary Control~		15
		Medium Term Financial Planning		15
		Benefits~		15
		NNDR		15
		Capital Programme~		15
		Financial Management		15
				155
IT Audit Programme	Cyber	Phase 1: Technology Assurance Framework	To provide an assurance review on the high level risks inherent in the current IT estate. Via workshop, this review will assess current IT arrangements against best practice / peers and make recommendations; as well as making recommendations to address specific risks identified. This review will also provide the	20

APPENDIX 1

Tameside Council Refreshed Audit Plan 2023/24				
Assurance Required	Link to Risk	Audit	Summary Scope	Planned Days
			targeted provision of future technology and digital audit assurance*.	
		Phase 2: Security Assurance Framework Review	Informed by Phase 1 and covering areas such as asset inventory, security configuration, user access, monitoring, penetration testing, this review will provide assurance on the council's mitigations in place in the event of cyber-attack*.	
		Payment Card Security PCI DSS~	To provide assurance that the payment card PCI DSS systems and processes are compliant with best practice.	5
				25
Schools Audit Programme	Safeguarding, adverse inspection	Primary Schools (8) and High Schools (2) ~	Standard school audit programme in line with School's Financial Value Standard	68
				68
Other Audit Activity	N/A	General Audit Time~	Management, Advice, Working Groups, Audit Follow Up ('Post Audit Reviews', PSIAS Assessment, Supporting Audit Panel, Schools Financial Value Standard, AGS, Risk, STAR collaboration audit, Grant assurance work, Registrars Financial Audit, Duplicate Payment Exercise	198
				198
Counter Fraud	Counter Fraud	Counter Fraud~	National Fraud Initiative, Proactive and reactive counter fraud, policy review and update	348
				348
Greater Manchester Pension Fund (GMPF)	Employers failing to pay correct contributions / costs on time	Assurance Visits to Employers	Standard assurance reviews to verify systems in place for pension deductions at GMPF Employers. Standard audit programme in place.	85
	Investment strategy does not align with aims / deliver expected returns.	Treasury Management	Assurance opinion of adequacy of arrangements following changes planned to treasury management at GMPF.	20
		Investment Strategy	Risk based assurance review of investment strategy and mitigations in place to manage this risk e.g. regular monitoring of position, liquidity and individual	20

APPENDIX 1

Tameside Council Refreshed Audit Plan 2023/24				
Assurance Required	Link to Risk	Audit	Summary Scope	Planned Days
			employer strategies	
	Loss of data / data breach	Information Governance	Risk based review of information governance arrangements at GMPF.	15
	Benefits incorrectly calculated / re-calculated and paid	Pension benefits payable	Compliance based review to give assurance that the correct benefits are being paid on time.	15
	Public Sector Procurement Rules not followed	Procurement and Contract Management	Risk based review of material controls at GMPF from procurement compliance to contract monitoring, VFM.	10
	Fraud risk, bribery & corruption	Counter fraud	Review of counter fraud measures e.g. segregation of duties and procedures around payments, conflicts of interest and due diligence on third party providers.	10
	Incorrect interpretation of Regulation	Pensions Regulator – Single Code of Practice	Review giving assurance of GMPF compliance against the new Code.	20
	IT infrastructure failure / loss	IT Audit	Phase 1 and Phase 2 as TMBC plan above*	20
	All risks	Northern LGPS Collaborative work	Contribution of assurance days working in partnership with Merseyside and West Yorkshire Pension Funds.	15
	N/A	General Audit Time	Management, Advice, Follow Up ('Post Audit Reviews'), Supporting Pensions Board and Audit Panel, Counter Fraud	70
				300
Total				1,274

~ Included in 14 March 2023 approved Audit Plan

Audits in 14 March 2023 approved plan not taken forward:

Payments for contact/cash and credit card payments – Children's (15 days)
 Leaving Care (15 days)
 Supporting Families (10 days)
 SEND (15 days)
 Learning Disabilities Client Accounts (15 days)
 Tameside Foundation Trust (ICFT) Contract Monitoring – 15 days)
 Monitoring of Facilities Contract (20 days)
 Godley Green Capital Project (10 days)
 Local Education Partnership (20 days)
 I-Trent Self Service (5 days)
 Application Review Aggresso (15 days)
 Income management (cashiers) (10 days)
 Car Allowances Annual Review (2 days)