

APPENDIX 1

Internal Audit Plan 2022/23

Delivering Independent Assurance



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1. Internal Audit Assurance – A Component of the Council's Governance Framework

Good governance enables Bath & North East Somerset Council to effectively achieve its intended outcomes linked to stated priorities.



The Council's purpose, two core policies and three principles is communicated through its Corporate Strategy (2020 – 2024) which was adopted by Council on 25th February. The Strategy has a single overriding purpose – to improve people's lives.



Internal Audit is one of the wider elements of the framework of our governance arrangements at the Council.



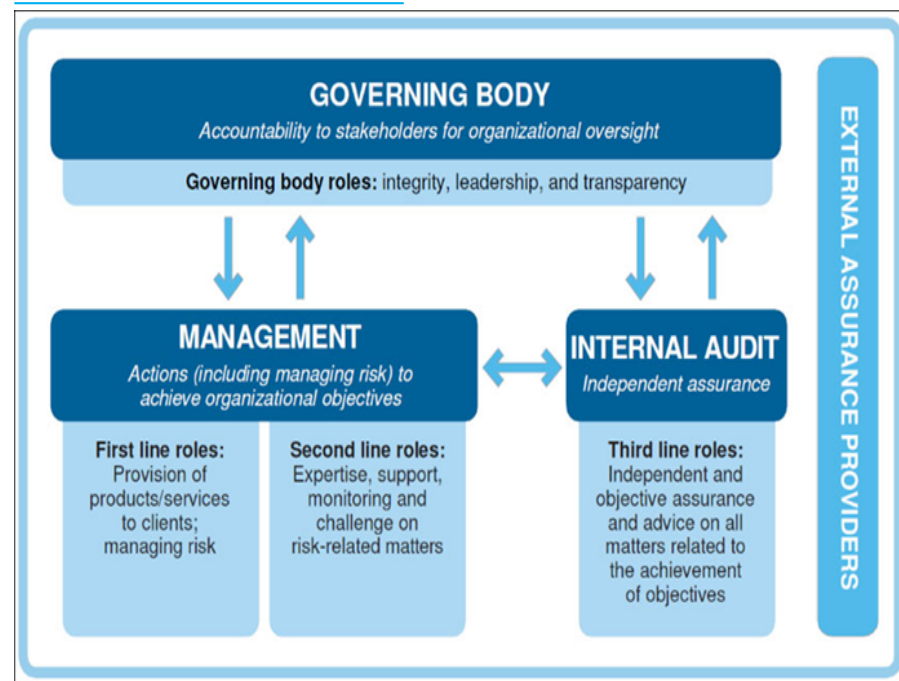
One West and the Internal Audit function fully recognize it has a role to play in achieving the objectives of the Council. We need to be flexible and agile. Independent assurance which is strong but supportive can provide a helpful and positive role not just to services but to elected Members and the Community at large by demonstrating that the Council is operating effectively and protecting its assets and resources for the benefit of all its stakeholders.

The Council Corporate Strategy Framework recognises “Managing our Money” through the Medium-Term Financial Strategy and there is much more emphasis on ‘Performance Management and Review’. The importance of excellence in resource management and sound governance is fundamental to achieving its purpose and the stated commitments.

By being independent of management One West’s Internal Audit function maintain the third line of defence and we continue to fulfil this role effectively by working with all our stakeholders - especially the Corporate Audit Committee, Statutory Officers and Senior Management.

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a ‘Board’ and of ‘senior management’. For the purposes of the internal audit activity within the Council, the role of the Board within the Standards is taken by the Council’s Corporate Audit Committee under its Terms of Reference contained in the Council’s Constitution and senior management is the Council’s Strategic Leadership Team.

Three Lines of Defence Model



2. Introduction – Internal Audit & the Objective of the Audit Plan

The Accounts & Audit Regulations 2015 (Local Government England & Wales) states that:

“A relevant authority 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”.

Section 151 of the Local Government Act 1972 requires the Council to designate an Officer to be responsible for “making arrangements for the proper administration” of the Council’s financial affairs. One of the ways by which this duty is discharged is by maintaining an adequate and effective Internal Audit Service.

The Council’s Internal Audit Charter approved by the Corporate Audit Committee clearly records the purpose, authority and principal responsibilities of the Internal Audit Service for Bath & North East Somerset Council. The Charter explains that Internal Audit is responsible for carrying out an appraisal of all the Council’s activities, financial or otherwise by carrying out audit reviews and other assurance work. Based on this work the Head of Audit & Assurance acting as the ‘Chief Audit Executive’ (a role defined in the Public Sector Internal Audit Standards) will provide an annual opinion to the Council (Corporate Audit Committee).

One of the key service objectives of Internal Audit linked to the annual audit opinion is the production of a risk based

Annual Audit Assurance Plan. The PSIA Standards require that the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals (as set out in the Council’s Corporate Strategy and Service Plans).

3. How the Internal Audit Plan is compiled – Reasonable Assurance Model

A key component of the audit needs assessment is using the adopted 'Reasonable Assurance Model' to assess the level of Assurance in place over eight themes.

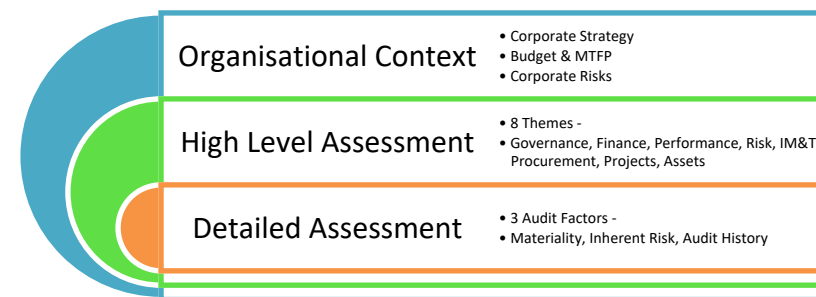


Each Theme has a set of questions and the answers to these questions help assess the level of assurance and the level of risk for each theme. The Reasonable Assurance Model informs the Internal Audit Annual Plan and enables an

assessment of compliance with the seven principles of good governance as recorded in the Council's Local Code of Corporate Governance.

In addition to the Reasonable Assurance Model assessment the annual plan is created by:

1. Consideration of risks recorded in the Council's Corporate Risk Register and operational risk registers.
2. Horizon scanning – external publications and networking groups e.g., LACAN (Local Authority Chief Auditors Network)
3. Consultation with Directors, key Corporate Officers and Statutory Officers – discussions cover any issues, and new / heightened risks based on new or changes in responsibilities.
4. External Review Body findings or planned reviews.
5. Risk scoring long list of potential areas of audit activity based on factors such as: Internal Audit History (previous assurance opinions, time since last review), Inherent Risk (operational, technical, reputational & people), Materiality (income, expenditure, planned savings), and Audit Management knowledge experience.



In accordance with the PSIA Standards, the plan needs to be flexible to respond to the changing risks and priorities of the Council and, to this end, audit planned activity will be regularly reviewed and changes reported to management and the Corporate Audit Committee.

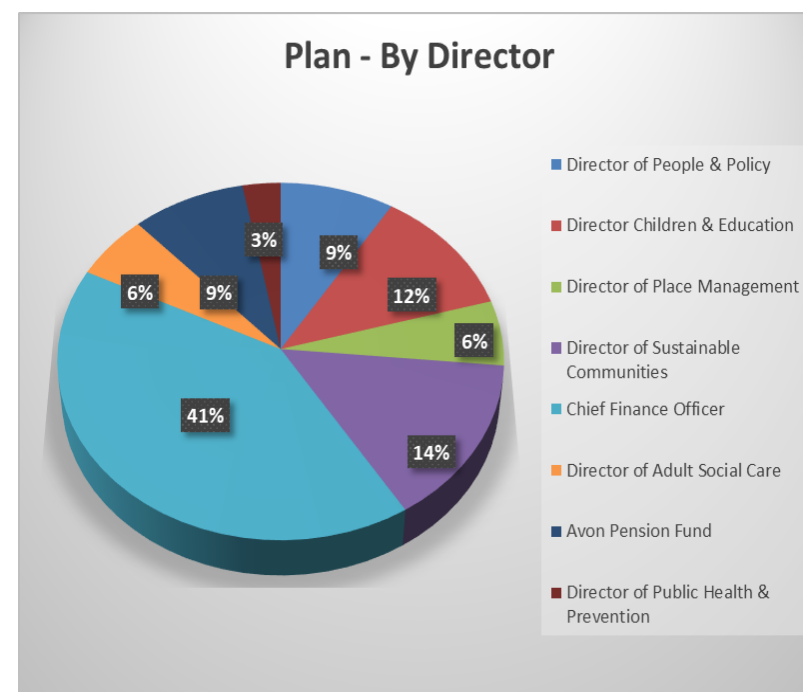
4. Internal Audit Plan – High Level Service Area/Corporate Assurance

The 2022/23 B&NES Internal Audit Plan consists of 34 audit reviews and these are presented in the following two pie charts – by Reasonable Assurance Theme and by Responsible Director.



In addition to the core planned audit reviews (34) the Internal Audit Team will:

- 1) Lead on the Annual Governance Review (see Section 6 below)
- 2) Provide support to maintain a risk management strategy, processes & systems
- 3) Co-ordinate and lead on fraud detection / protection including the Cabinet Office 'National Fraud Initiative' (see Section 6 below)
- 4) Provide advice on systems of internal control including Council Policies & Procedures (e.g., Financial Regulations & anti-fraud & corruption policies)
- 5) Lead and support financial irregularity investigations
- 6) Complete grant funding reviews to provide independent assurance to funding bodies of compliance with 'Terms & Conditions'



5. Detailed Internal Audit Plan

This listing records the core activity of the Internal Audit Team and the planned audit reviews as at 1st April 2022.

The recorded 'Quarter' scheduling is an indication of timing of each review but it's a guide only and may be changed.

Ref	Audit Area	Quarter	Responsible Officer
22-001B	Payroll - Monthly Payroll Processing	2	Cherry Bennett
22-002B	SEND (Input into Education Health Care Plan by DCT)	3	Mary Kerney-Knowles
22-003B	Highway Structures - Risk Management	3	Chris Major
22-004B	Payroll (Service Based Review)- Timesheet generated payments	2	Cherry Bennett
22-005B	S106 - Use of funding within timescales	1	Sophie Broadfield
22-006B	Covid19 - Restrictions - Business Grants	2	Andy Rothery
22-007B	IT - User education and awareness	1	Andy Rothery
22-008B	Transport Projects - Cycle Schemes	3	Sophie Broadfield
22-009B	Direct Payments (Adults)	3	Suzanne Westhead
22-010B	Direct Packages / Payments (Children)	4	Mary Kerney-Knowles
22-011B	IT - Risk Management	2	Andy Rothery
22-012B	Highways - Street Works	1	Chris Major
22-013B	Main Accounting Systems Interfaces	3	Andy Rothery
22-014B	Covid19 - Adult Social Care Grant Funding Management	2	Andy Rothery
22-015B	Heritage – Income Collection & Banking	3	Sophie Broadfield
22-016B	IT - Software Asset Management	2	Andy Rothery
22-017B	APF - Cyber Security	1	Tony Bartlett
22-018B	Debt Management - Corporate Policy	1	Andy Rothery
22-019B	Brokerage Service & Block Contracts - Contract Management	4	Suzanne Westhead
22-020B	Alternative Learning	1	Mary Kerney-Knowles

Ref	Audit Area	Quarter	Responsible Officer
22-021B	IT -Service Level Management – Performance Measures	1	Andy Rothery
22-022B	Community Equipment (Asset Management)	1	Sophie Broadfield
22-023B	Revenue Estate - Asset Utilisation	2	Andy Rothery
22-024B	Creditor Payments - Data Analytics (Inc use of Meridian) & Late Payments Liability	1	Andy Rothery
22-025B	LADO (Local Authority Designated Officer) - Statutory Responsibilities	1	Mary Kerney-Knowles
22-026B	APF - System Access Controls	1	Tony Bartlett
22-027B	Income Management - Collection & Reconciliation of Service Provision Income	2	Andy Rothery
22-028B	IT - Secure configuration (Servers and Systems)	3	Andy Rothery
22-029B	Health Safety & Wellbeing - Managing the Risks	2	Cherry Bennett
22-030B	Climate & Ecological Emergency - Ecological Emergency plan/processes	3	Sophie Broadfield
22-031B	Council Tax & NNDR - Exemptions / Discounts / Relief	1	Andy Rothery
22-032B	APF - Pensions Governance - New Pension Regulations	4	Tony Bartlett
22-033B	GLL Contract Management - Governance	3	Rebecca Reynolds
22-034B	IT - Change Management	3	Andy Rothery

6. Other Key Components of Internal Audit Planned Work

1) Fraud – Prevention & Detection

Counter-fraud and corruption arrangements are a high priority for the Council and assist in the protection of public funds and transparency & accountability. Under the Council's Financial Regulations, the Internal Audit Team must be informed of any 'financial irregularities' and we are committed to responding timely to any reported or identified cases through carrying out our proactive work. Our proactive anti-fraud and corruption testing is focussed on those areas / systems considered to be most at risk to fraud.

The CIPFA guidance ('Code of practice on managing the risk of fraud and corruption') and the CIPFA Fraud and Corruption Tracker (CFaCT) survey assist in assessing fraud and corruption risks and planning the work of the Internal Audit Team. Nationally, the notable areas of fraud include Housing Benefit, Council Tax, Housing and Tenancy, Procurement, Insurance, Abuse of Position, Blue Badges, and Direct Payments (Social Care). These areas and the risks are considered as part of the audit planning process and this is evident in the list of audit reviews recorded in Section 5.

In terms of other proactive work the Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. Information must be extracted from several Council databases and uploaded to the NFI database run. The last extraction and matching of data was carried out in 2020/21 with the matched data reports being made

available to participating bodies in January 2021. Therefore, the next exercise is scheduled for 2022/23 and will require Internal Audit Team input and assistance.

The Council has an adopted Anti-Fraud and Corruption Strategy and associated Policies and these will be reviewed and updated in 2022/23

Staff awareness of fraud and scams is very important, and the Internal Audit Team provide training and periodical bulletins to ensure that staff are reminded of the risks and the need for continued diligence. This work will continue in 2022/23.

2) Corporate Governance

The Accounts and Audit Regulations require the Council to carry out an annual review of its governance arrangements, and to produce an annual statement detailing the results of that review.

The AGS must be seen as a Council wide document and it is reviewed and approved by the Corporate Audit Committee. The Leader of the Council and the Chief Executive are required to sign the document which is then published with the Council's statement of accounts.

The Internal Audit Team provide support by using an adopted methodology to carry out an Annual Governance

3) Independent Certification of Grant Funding

Significant funding is provided to the Council by funding bodies such as the West of England Combined Authority and Government Departments. The Internal Audit Team are required to independently verify expenditure and provide opinion on whether expenditure is in compliance with Grant Terms & Conditions.



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