

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Wednesday 2 November 2022**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INTERNAL AUDIT PLAN NOVEMBER 2022 - MARCH 2023**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This paper presents the Internal Audit Plan November 2022 – March 2023 for approval. It explains the risk-based planning process and the underlying assumptions behind the resource assessment used to produce the Plan.

2. **RECOMMENDATION(S)**

Members are asked to approve the Internal Audit Plan November 2022 – March 2023 (Appendix A), subject to any amends as a result of discussion.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Some audits will provide assurance on services for vulnerable adults and children.
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Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Internal Audit
 4. Total current budget for this head: £541k including Internal and External Audit, Fraud Partnership, Insurance Management and Claims handling.
 5. Source of funding: General Fund, Admin Penalties, Legal cost recoveries
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Personnel

1. Number of staff (current and additional): 5.9 FTE
 2. If from existing staff resources, number of staff hours: 335 days are available for direct audit work.
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Legal

1. Legal Requirement: Statutory Requirement: Under the Accounts and Audit Regulations 2015, the Council must maintain an adequate and effective system of Internal Audit.
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Some audits are designed to provide assurance on procurement risks and controls.
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Property

1. Summary of Property Implications: None
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
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Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable.

3. COMMENTARY

- 3.1. The Public Sector Internal Audit Standards (PSIAS) are mandatory for internal audit practice in the public sector. Under these Standards, Internal Audit is required to produce a risk-based plan of work which sets out how its resources will be utilised in the forthcoming period.
- 3.2. In previous cycles, Internal Audit produced a plan of work for the whole financial year at the outset of the year. For 2022/23, however, we changed this approach to a two-part process, with one Plan covering April – October and a second covering November - March. This change was intended to enable us to adopt a more dynamic and flexible approach, and to respond to emerging risks and priorities as needed. This flexibility is particularly important in light of volatility in the external environment, and feedback from officers on this approach has been positive.
- 3.3. The Plan for April – October was approved by Audit Sub-Committee in March 2022 and is now well underway (please see the Internal Audit and Fraud Progress Report included as a separate agenda item for further information). The draft Plan for November 2022 – March 2023 is included at **Appendix A** for approval.
- 3.4. The overall aims of the Plan are to:
- Ensure that Internal Audit coverage is aligned with the strategic objectives and risks of the Authority
 - Meet the assurance needs of key stakeholders
 - Provide assurance on a sufficiently broad range of risks to ensure that an opinion on overall systems of risk management, governance and control can be provided at the end of the year
 - Provide an appropriate balance of assurance and consultancy work – consultancy work is usually particularly valuable in times of change
 - Ensure optimal and effective use of Internal Audit resource.
- 3.5. It is important that the planning process is rigorous so that the proposed work supports a robust overall opinion. In order to produce the draft Plan, we have undertaken a risk-based assessment which has included:
- Review of the Authority's strategies, Corporate Risk Register and Departmental Risk Registers
 - Discussions with Senior Managers as part of Senior Leadership Team meetings
 - Consideration of external reports on emerging risks
 - Review of previous audit coverage, to identify potential gaps in assurance with some areas not reviewed for some time.
- Prior to presenting the Plan to Members for approval, we have also presented the draft Plan to Chief Officer Executive for review and comment.
- 3.6. Crucially, the Internal Audit Plan must link to London Borough of Bromley's strategies and key risks and to this end, the draft Plan in **Appendix A** is mapped against the five key Ambitions set out in 'Making Bromley Even Better' and against the Council's key strategic risks as stated in the Corporate Risk Register. Some proposed reviews, such as Complaints, appear under multiple ambitions where they have cross-cutting relevance. In order that Members can assess

the coverage over the year as a whole, these maps also show the reviews that have already been approved as part of the April – October Plan.

- 3.7. In discussion with the Chairman of Audit and Risk Management Committee, we have already begun work on the HR System advisory piece of work. This is because timely input from internal is important, so that we can provide controls advice before process designs are finalised. We therefore agreed the piece of work with the Chairman prior to commencing, with a view to seeking retrospective approval from the full Committee.
- 3.8. We have also updated the internal audit resource assessment in light of events during the first part of the year. As reported to Audit and Risk Management Committee in June, we have had episodes of long-term sickness, together with some flexible working requests to reduce hours. Consequently, we have revised down the estimate of total available days for audit work. We have however also procured some additional days from our contractor for the final part of the year and therefore I am able to conclude that current total resources are sufficient to deliver the proposed Plan.
- 3.9. The resource assessment is set out below. The 335 days available for direct work is the total available days once allowances for leave, training and indirect work such as staff management and other administrative tasks have been factored in. We have then made provision for other work, as per the table below, leaving 166 days available for new specified audit reviews.

| Days available for direct work | 335 |
|---|------------|
| Direct Work – Non Audit: | |
| Risk Management | 5 |
| Counter Fraud including NFI, contract management, review of Strategy and Framework and provision of fraud awareness | 5 |
| Provision for investigations | 10 |
| Follow up work | 20 |
| Annual Audit Planning | 5 |
| AGS | 4 |
| Provision for Advice including attendance at ad-hoc or Corporate working groups | 6 |
| Provision for completion of April – September work | 114 |
| | |
| Total Direct Work – Non Audit | 169 |
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| Total Available for November 2022 – March 2023 | 166 |

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

Some audits are designed to provide assurance on services for vulnerable adults and children.

5. FINANCIAL IMPLICATIONS

Some audits are designed to provide assurance on financial risks and controls.

6. PERSONNEL IMPLICATIONS

Some audits are designed to provide assurance on personnel risks.

7. LEGAL IMPLICATIONS

Under the Accounts and Audit Regulations 2015, the Council must maintain an adequate and effective system of internal audit.

8. PROCUREMENT IMPLICATIONS

Some audits will provide assurance on procurement risks and controls.

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| Non-Applicable Headings: | Transformation / policy implications Property Implications Carbon Reduction / Social value implications Customer impact Ward Councillor views |
| Background Documents: (Access via Contact Officer) | None |