

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

**Date:** **Thursday 28 March 2024**

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

**Title:** **INTERNAL AUDIT PLAN APRIL - OCTOBER 2024**

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

**Ward:** (All Wards);

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1. Reason for decision/report and options

This paper presents the Internal Audit Plan April – October 2024. It explains the risk-based planning process and the underlying assumptions behind the resource assessment used to produce the Plan. This paper also presents the Internal Audit Charter 2023-24 for approval and the five year framework for review and comment.

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2. **RECOMMENDATIONS**

**Subject to any amends as a result of discussion, Members are asked to:**

**2.1 Approve the April – October 2024 Internal Audit Plan (Appendix A)**

**2.2 Approve the Internal Audit Charter (Appendix B)**

**2.3 Note and comment on the Internal Audit strategic five-year framework (Appendix C)**

#### 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: £640, 240 (2023/24)
  5. Source of funding: General Fund
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#### Personnel

1. Number of staff (*current and additional*): 6.5 Internal Audit staff (establishment)
  2. If from existing staff resources, number of staff hours:
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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: Some audits are designed to provide assurance on property-related risks and controls.
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#### Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
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#### Impact on the Local Economy

1. Summary of Local Economy Implications: None
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#### Impact on Health and Wellbeing

1. Summary of Health and Wellbeing 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: N/A

### 3. COMMENTARY

#### Internal Audit Plan April – October 2024

- 3.1 The Public Sector Internal Audit Standards are mandatory for internal audit practice in the public sector. Under these Standards, the Head of Internal Audit is required to produce a periodic risk-based plan of work, approved by Audit and Risk Management Committee, which sets out how audit resources will be utilised in the forthcoming period.
- 3.2 For the past two financial years, we have developed the Audit Plan on approximately a six-month basis (April – October and November – March) and we are continuing this approach in 2024/25. The six-month plan is intended to provide greater flexibility than an annual plan and allow us to respond to changing priorities and risks as needed. This flexibility is particularly important in light of volatility in the external environment, and feedback from officers on this approach continues to be positive.
- 3.3 The draft Plan for April – October 2024 is included at **Appendix A** for approval. The Plan for November 2024 – March 2025 will be developed in September / October and presented to the Audit and Risk Management Committee in November for approval.
- 3.4 **Appendix A** sets out the draft Plan in three different ways:
- as a whole, including indicative outline scope and number of days
  - mapped against the five ambitions in ‘Making Bromley Even Better’ (Diagram 1)
  - mapped against the Corporate Risk Register (Diagram 2)

The Plan also contains links to Departmental risks where relevant. Some reviews cut across all MBEB ambitions and these are shown as such in Diagram 1.

- 3.5 The aims of the Plan are to:
- Align to the strategic objectives and risks of the Authority (please see Diagrams 1 and 2 of **Appendix A**)
  - Meet the needs of key stakeholders including Members, Chief Officers and senior managers
  - Provide assurance on a sufficiently broad range of risks to ensure that an overall opinion on risk management, governance and control can be provided at the end of the financial year
  - Provide an appropriate balance of assurance and consultancy work – consultancy work is usually particularly valuable in times of change.
- 3.6 We undertake a detailed risk-based planning process in order to determine our priorities for audit review. Our risk-based assessment is based on a number of factors and stages which include:
- Reviewing the Council’s strategies, including portfolio plans, to identify key objectives for assurance
  - Reviewing the Council’s Corporate and divisional risk registers to highlight where internal audit can provide assurance on the management of identified risks and controls
  - Considering external reports on emerging risks which may impact the Council
  - Reviewing previous audit coverage against possible audit areas to identify where there may be gaps in assurance (also linking to our five-year approach at **Appendix C**)
  - Consultation with Senior Managers on possible areas for audit, largely via divisional Senior Management Team meetings

- Prioritisation of the outcomes of the above exercises on a risk basis, taking into account the inherent risk, previous or alternative forms of assurance, the need to provide assurance across the Council as a whole and the requirement for an opinion at the end of the financial year on overall systems of risk management, governance and control.

3.7 Prior to this Committee, we have also presented the draft Plan to Chief Officer Executive (COE) as a collective for review, comment and endorsement. COE have agreed the Plan as set out in **Appendix A**.

## Resourcing

3.8 Alongside the Plan, professional standards require me to undertake a resource assessment and to state whether available resources are sufficient to deliver the Plan. My resource assessment is set out in **Table 1** below. For the 2024/25 financial year, the available internal resource is uncertain. This is because:

- Two full time posts are now permanently vacant. In light of these vacancies, there are opportunities to review and optimise the structure of the service and so recruitment will not commence until this review is complete
- One member of staff is currently on phased return from long term sick leave
- One member of staff is on secondment until the end of May 2024
- One member of staff is due to go on long term sick leave for a planned operation in March and may then require a phased return. Their precise length of absence is currently unknown.

3.9 I have made best estimates for these uncertainties based on the information that I have now. Clearly these estimates may change over the next few weeks and months so we will need to carefully monitor the situation.

**Table 1 – Internal Resources**

|   |    |            |
|---|----|------------|
| <b>Total team available days April – October 2024 (this has taken into account estimated days for Annual Leave and sick leave and assumes that we will not recruit in the period)</b> |    | <b>287</b> |
| <b>Less Training allowance (days)</b>   | 12 |            |
| <b>Less Allowance for indirect work including admin, team meetings etc (15% of remaining time)</b>  | 40 |            |
| <b>Total Days available for direct work</b>   |    | <b>235</b> |
| <b>Less Direct Work – (Non Audit):</b>  |    |            |
| Risk Management   | 20 |            |
| Counter Fraud including National Fraud Initiative   | 10 |            |
| Provision for advice including attendance at ad-hoc or corporate working groups   | 10 |            |
| Annual Governance Statement   | 5  |            |
| Follow up work  | 15 |            |
| Provision for completion of 2023-24 work  | 20 |            |
| <b>Total Direct Work – Non Audit</b>  |    | <b>80</b>  |
|   |    |            |
| <b>Total available days for Audit Plan April - October 2024</b>   |    | <b>155</b> |

- 3.10 The estimated number of audit days required to complete the draft audit plan is 339, therefore this leaves a balance of approximately 184 days to be resourced. Subject to available budget, we are intending to commission these from external providers. The exact cost of this approach is unknown as it depends on the response from providers. There are likely to be some pressures on the budget as, whilst there are some vacancy savings, the sick leave / phased return is paid at full salary. However, we will continually monitor the cost of procuring required resource against available budget and raise any potential impacts as these arise.
- 3.11 To provide additional flexibility with resource, we have developed a 'core plan' for April to October of audits which we will prioritise and a further small 'contingency plan' of audits that we will undertake if resources permit, or otherwise carry them forward to the second part of the financial year (November – March).

### Internal Audit Charter

- 3.12 Within the Internal Audit Progress Report (presented as a separate agenda item), we have referenced a new set of professional standards, which will be implemented in January 2025. Both the current and the new Standards stipulate that the internal audit service must have a Charter which sets out how internal audit will be delivered within the organisation. This includes key aspects such as the responsibilities of various parties, how internal audit independence will be safeguarded, the scope of internal audit work and its authority to access all records and personnel. The Charter is reviewed annually.
- 3.13 The Charter was last approved by Audit and Risk Management Committee in March 2023. We do not propose to make any major changes for the 2024-25 financial year as, once we have further clarity on any specific public sector requirements for the new Standards, the Charter will need further discussion and revision to align. In the meantime, we consider that it remains fit for purpose in accordance with the current Standards. Minor amends are shown as 'tracked' for ease.

### Internal Audit Strategic Framework 2024-2029

- 3.14 One of the recommendations arising from our External Quality Assessment in 2023 was to develop a *'high level strategic plan which demonstrates the coverage across the organisation which the service would endeavour to achieve over a five year cycle, including cyclical (non-risk based reviews). This would provide assurance to senior management and Members on the breadth of coverage over the medium to long term, as well as helping to demonstrating to services how audits were being planned across the organisation'*.
- 3.15 In response to this recommendation, we have developed a high-level five year framework for the period 2024-29 and this is provided at **Appendix C** for comment. It is important to note that this document does not aim to set out in detail which areas will be covered each year, nor are the contents intended to be fixed. Rather, the framework has been prepared to document significant, ongoing and inherent risks that the Council faces and outline, at a high level, themes to be covered over the medium term. It will be reviewed on an annual basis.
- 3.16 Fundamentally, Internal Audit is a risk-based service and our primary purpose is to align ourselves to the key risks facing the Council. These will change from year to year and new risks will continually emerge, hence our detailed audit plans only cover six months at a time. The five year approach provides a planning tool and reference point so that we do not, whilst focusing on key risks, lose sight of the inherent risks associated with core services and processes that could, in themselves, lead to financial or operational failure. The intention of the five-year period of this framework is to ensure that, in becoming more agile, internal audit continues to provide assurance over the entire breadth of the Council's operations.

**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.

**9. PROPERTY IMPLICATIONS**

Some audits are designed to provide assurance on property-related risks and controls.

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|---|---|
| <b>Non-Applicable Headings:</b>                       | Transformation / policy implications<br>Carbon reduction / social value implications<br>Impact on the Local Economy<br>Impact on Health and Wellbeing<br>Customer impact<br>Ward Councillor views |
| Background Documents:<br>(Access via Contact Officer) | None  |