

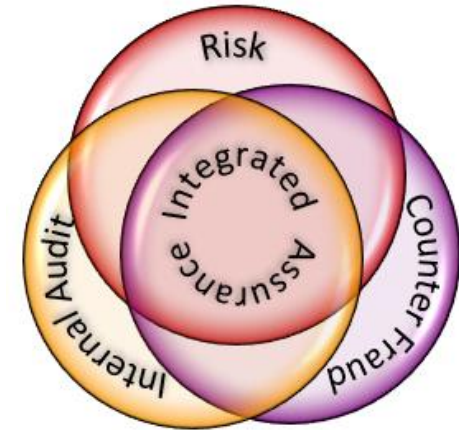


# DAP - Internal Audit Plan 2024/25

## Plymouth City Council Audit & Governance Committee

March 2024

Official



Louise Clapton  
Audit Manager



Auditing for achievement

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## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torrington Councils and Devon and Somerset Fire and Rescue. We aim to be recognised as a high-quality Assurance service. We work with our partners by providing a professional services that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [tony.d.rose@devon.gov.uk](mailto:tony.d.rose@devon.gov.uk)

## Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

## Introduction

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 Audit & Governance Committee and senior management is the Council's Corporate Management Team. The Audit & Governance Committee, under its Terms of Reference contained in the Council's Constitution, is required to consider the Internal Audit Plan to provide assurance to support the governance framework (see Appendix 2).

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at Appendix 1, and the scope of Internal Audit work. The PSIAS refer to the role of 'Chief Audit Executive'. For the Council this role is fulfilled by the Head of DAP.

The Chief Audit Executive is responsible for developing a risk-based plan which considers the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in Appendix 3.

The need for robust and effective controls to ensure that resources are used to best effect and deliver the authority's objectives has never been greater. National factors largely beyond the control of the Authority, including rapidly rising energy costs, demand pressures and costs in social care has placed unprecedented pressures on the budget and Internal Audit will help provide independent assurance that risks are known, understood and addressed, and that systems and procedures are sound, effective and efficient.

The audit plan for 2024/25 is a high-level thematic plan which outlines areas for coverage. In collaboration with senior management, we will prioritise areas, issues, and risks for review as the year progresses. This will ensure that the focus of audit coverage is targeted according to the needs and priorities of the Council at that point in time enable us to add most value. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Service Director for Finance (Section 151) and members with assurance on the control framework to manage the risks identified. Delivery of the plan will continue to be reported and any changes agreed formally with management and reported to Audit and Governance Committee.

## Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider: -

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2024/25.

In review of the above the Audit Committee are required to consider the proposed audit plan.

**Tony Rose**  
**Head of Audit Partnership**

### Annual Flexible Audit Plan 2024/25

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more agile and responsive to the rapidly changing risks, in turn maximising resource focus to clients’ needs as and when needed – *Agile Auditing*. This principle looks set to continue and has several benefits with ever changing priority and related risks. Key benefits provide for:

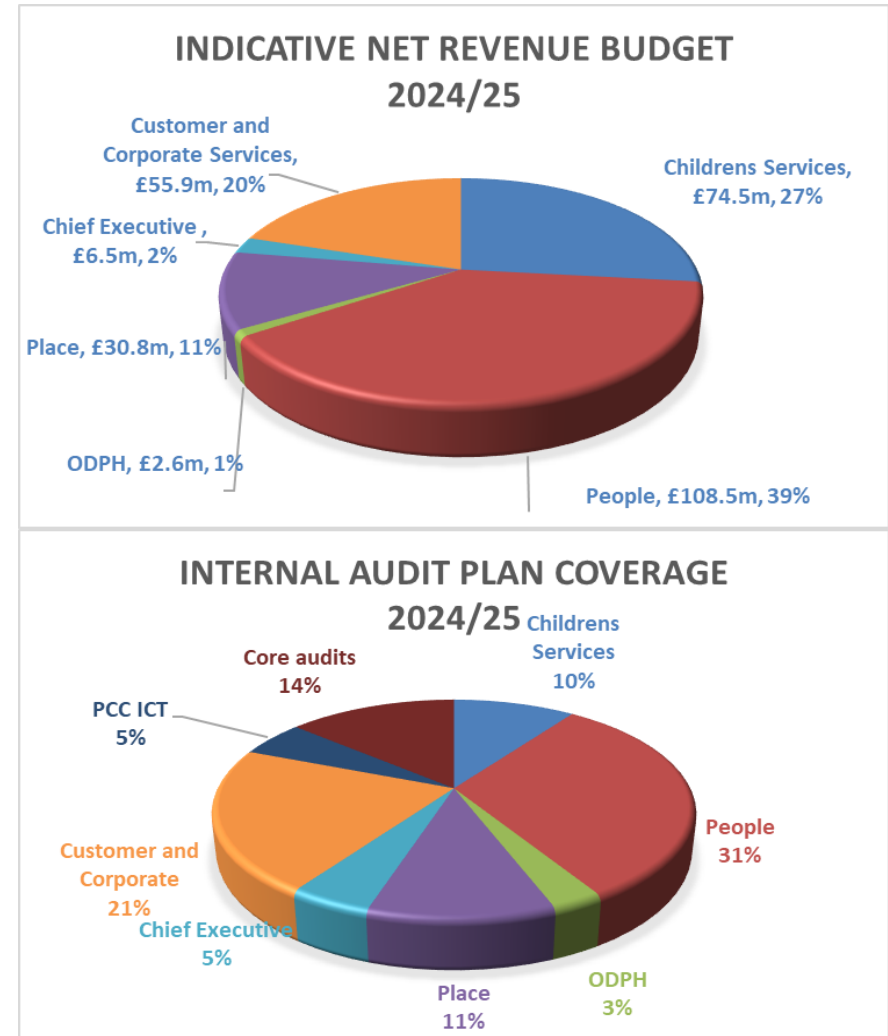
- reduction in non-productive resource planning which subsequently require significant plan changes.
- improved opportunity to keep plan aligned to current risks within Service Areas and as a whole for the Authority.
- more effective and timely pre-audit engagement with Service Leads.
- greater and more regular discussion with client leads – supporting current risk and work priorities.
- the current trend for more flexible audit plans – agile auditing.
- experience that plans change regularly.
- changes in external risk drivers are more easily picked up in audit assurance needs.

The table on the following page details our proposed high-level and thematic overview of audit coverage, this should be considered alongside the pie charts to the right, showing indicative gross budgets across the different service areas and the indicative allocation of resource to meet this summary plan. Audit coverage is spread across service areas to ensure provision of assurance on the wider control framework to inform our annual assurance opinion. The thematic plan has been developed around the risks identified through risk management, audit needs and perceptions of current issues and in discussion with client management and the S151 Officer. Audit work in the most high-risk areas is underpinned by our core assurance work on the main financial systems, numerous grant certifications and work to evaluate management of the Council’s ICT and Cyber risks. We also continue to provide an internal audit service to the maintained schools with the City.

Audit coverage for the year, based on the priority areas for review referred to in the thematic table below shows a good spread of coverage across service areas enabling us to provide assurance on the wider control framework from which we will build our annual assurance opinion. More detailed terms of reference will be drawn up and agreed with management prior to the start of each individual assignment – in this way we can ensure that the key risks to the operation or function are considered during our review. In addition, all ‘Limited Assurance’ audit, high priority management actions will be tracked through to implementation.

### Anti-fraud and Corruption

All our work will contain elements to ensure that sound and effective arrangements are in place to prevent and detect fraud and / or irregularity.



## Thematic Overview of Audit Coverage for 2024/25

Thematic Overview of Audit Coverage for 2024/25							Client & Audit Governance
Customer & Corporate	Children's Services	People	Executive Office	Office of Director for Public Health	Place		
Capital Programme		CQC Improvement Plan					
Management of Grants		ASC Debt Management					
Budget Management	Childrens Improvement Plan	ASC Provider Viability	Risk Management				Corporate Governance
Income Collection	Childrens Independent Placements	People Business Support	Performance Management	Public Health Grants	Tree Management Policy and Processes		Audit Planning & Co-ordination
Declarations of Interest	Supporting Families	ASC Income	Constitutional Review Group	Coroners	PASD Freeport		Liaison with External Auditor
IR35	Transitions	Eclipse Phase 3 - Finance Module	Purchasing / Procurement Systems	Bereavement services	Grant Certification		Tracking of Audit Actions Agreed by Management
DBS		The Plymouth Alliance	Fuel Cards	PHSE/RHSE			Advice
Fully Catered		Homelessness					
		Emergency Accommodation Payments					

Core Assurance	<b>Key Financial Systems</b> – Payroll, Creditors, Debtors, Main Accounting System, Council Tax, Business Rates, Housing Benefits, Treasury Management.
	<b>ICT</b> – Cyber Assessment Framework, Corporate Establishment User Access and Licencing.
	<b>Grants</b> – 30+ Grants for Certification, including Disabled Facilities Grants.

The above diagram shows the thematic approach to audit coverage in the coming year underpinned by defined, core assurance work.

## Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Devon Audit Partnership will continue to investigate instances of potential fraud and irregularities referred to it by managers and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. The joint working arrangements between the Internal Audit and Counter Fraud teams, enables intelligence to be shared and resources focussed on higher risk areas to prevent a fraud occurring.

The Cabinet Office runs a national data matching exercise (The National Fraud Initiative - NFI) every two years. DAP have co-ordinated the process to extract and upload the relevant datasets onto the NFI secure website in accordance with the NFI timetable for the 2022/23 exercise. The NFI will be run again in 2024/25 and data will need to be uploaded starting September 2024, this will be led by the Counter Fraud Services Manager who will contact all relevant departments.

## Integrated Assurance

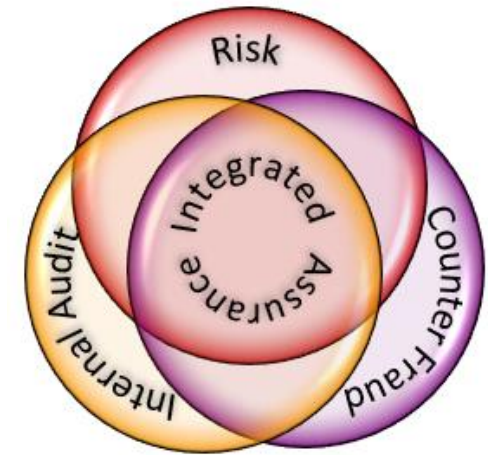
Collaboration between the Audit Team and the Counter Fraud Team continues to evolve and strengthen with auditors becoming more aware of fraud risks and fraud investigators having a greater understanding of systems and controls.

This joined up approach will help us to continue to provide the highest level of assurance possible and, for the Council to minimise fraud loss to the lowest level possible.

## Internal Audit Governance

An element of our work is classified as 'client governance' - this is work that ensures effective and efficient audit services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include: -

- Preparing the internal audit and counter fraud plans and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. External Audit (Grant Thornton), LGA, Ofsted);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during the year;
- On-going development within the Partnership to realise greater efficiencies in the future.



## Partnership working with other auditors

We will continue to develop and maintain effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices with the aim of improving the effectiveness and efficiency of the audit process, through avoidance of instances of "re-inventing the wheel" in new areas of work.

## Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 (revised 2021), which state:  
 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards (PSIAS) or guidance'.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The 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. When completing these plans, the Chief Audit Executive should take account of the organisation's risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation's business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

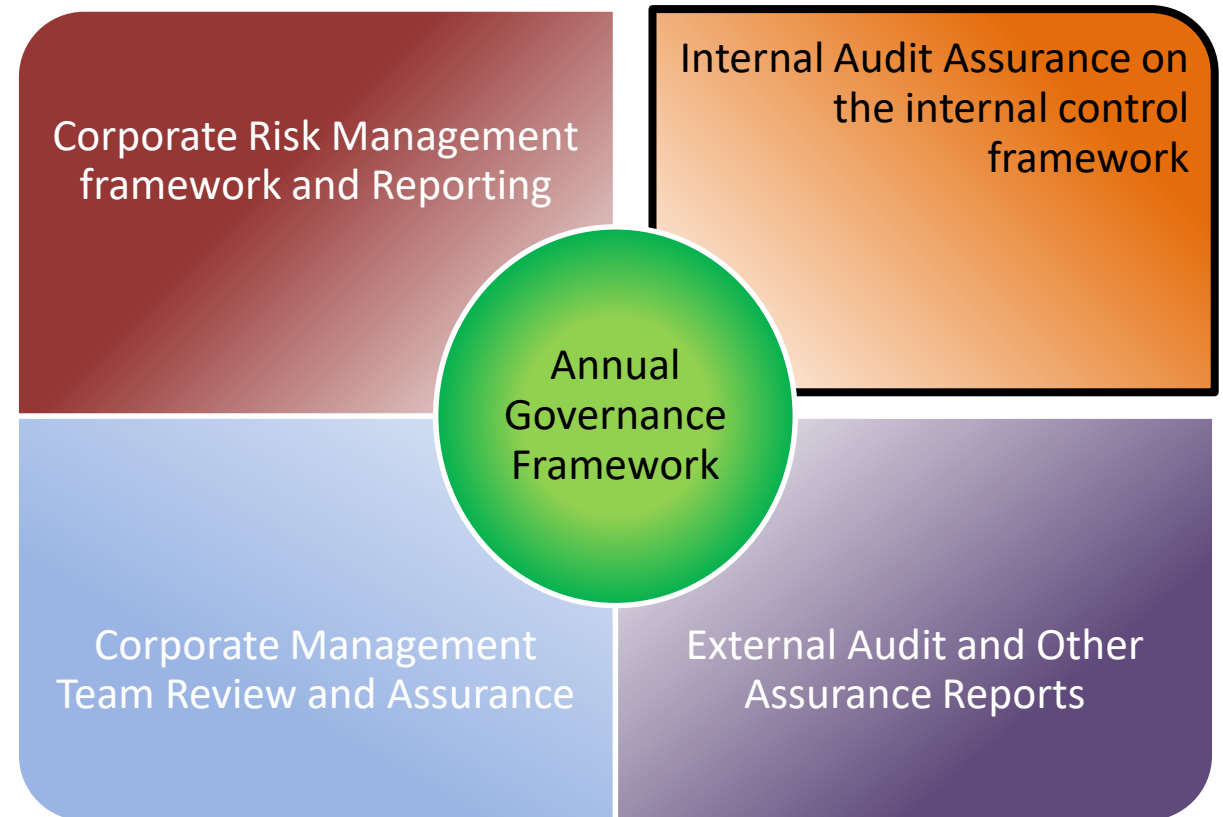
## Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -

- be prepared by senior management and signed by the Chief Executive and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon:
  - The Authority;
  - Audit Committee;
  - Risk Management;
  - Internal Audit;
  - Other reviews / assurance;
- Provide confirmation that the Authority complies with CIPFA recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

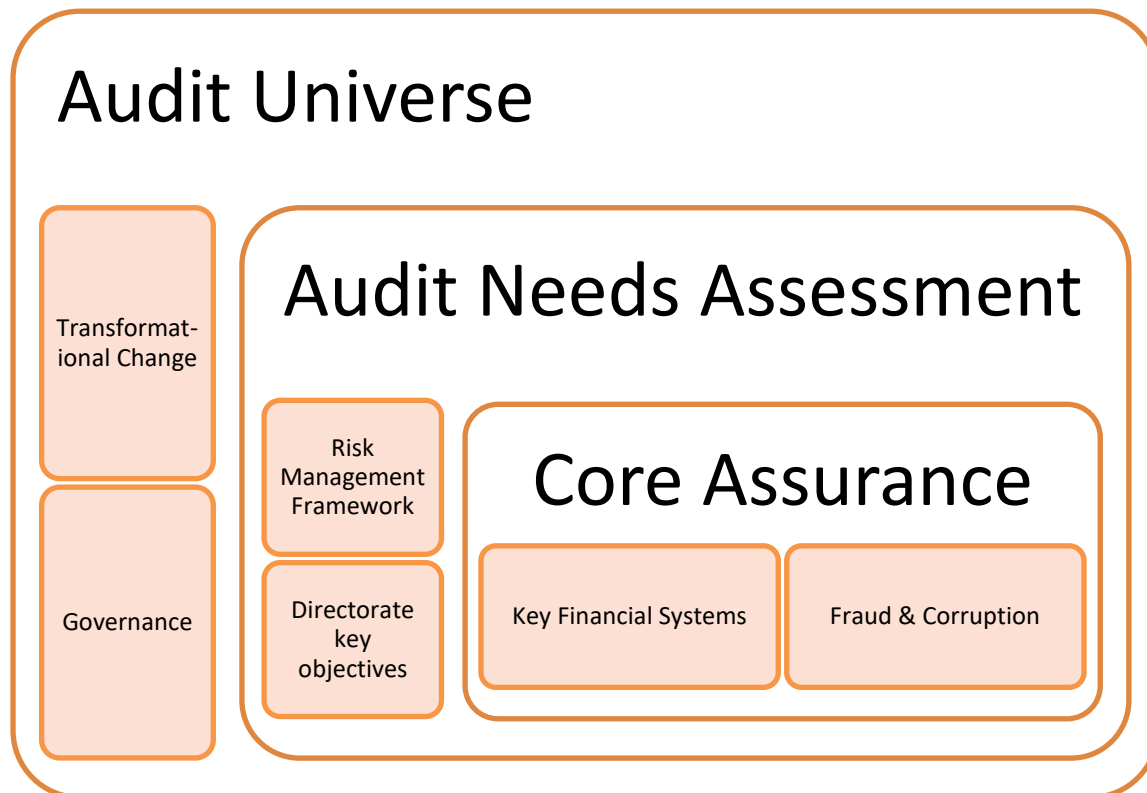
The Committee should satisfy themselves, from the assurances provided by Risk Management, Leadership Group and Internal Audit that the statement meets statutory requirements.



## Appendix 3 - Audit Needs Assessment

We employ a risk-based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the 'Audit Universe' using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

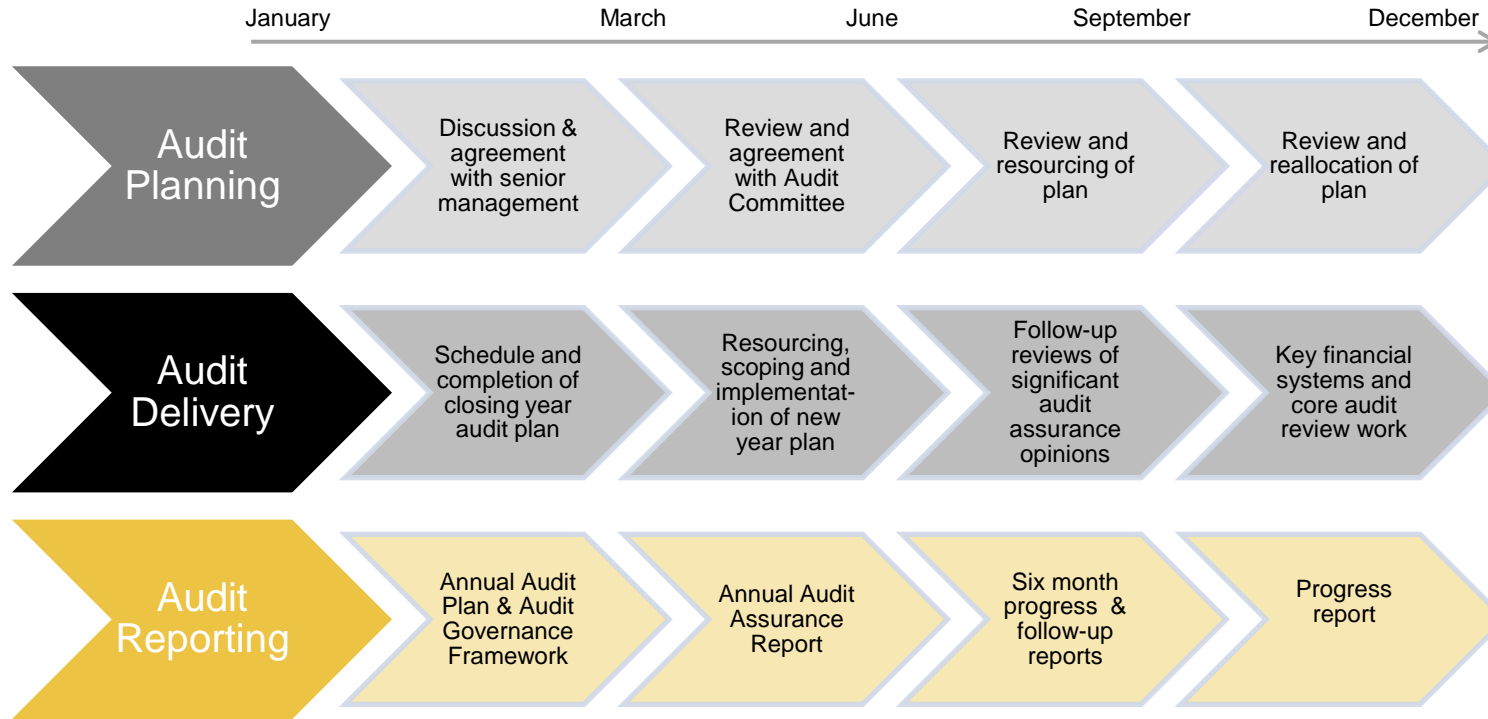
The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year has been created by:

- Consideration of risks identified in the Authority's strategic and operational risk registers
- Review and update of the audit universe
- Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives
- Taking into account results of previous internal audit reviews
- Taking into account Internal Audit's knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council's delivery plans
- Requirements to provide a 'collaborative audit' approach with the external auditors

## Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Jan 2024 / Feb 2024	Directorate planning meetings
Mar 2024	Internal Audit Plan presented to Audit & Gov Committee
March 2024	Internal Audit Governance Arrangements reviewed by Audit & Gov Committee
March 2024	Year-end field work completed
April 2024	Annual Performance reports written
Jul 2024	Annual Internal Audit Report presented to Audit & Gov Committee
	Recommendation Tracking is an ongoing process
Sept 2024	Progress report presented to Audit & Gov Committee
Nov 2024	Six-month progress reports presented to Audit & Gov Committee
Dec 2024	2024/25 Internal Audit Plan preparation commences

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