



Report of:	Meeting	Date
Audit and Risk Manager (Chief Internal Auditor)	Audit and Standards Committee	27 February 2024

INTERNAL AUDIT STRATEGY AND AUDIT PLAN PRIORITIES 2024/25
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1. Purpose of report

1.1 To review the Internal Audit Strategy and Audit Plan Priorities for the 2024/25 financial year.

2. Council priorities

2.1 An approved Internal Audit Strategy that sets out how the Internal Audit Team will implement the Audit Plan Priorities which is designed to take account of the characteristics and relative risks of the council's activities.

2.2 To be able to provide an overall annual opinion that can be relied upon, on the council's internal control environment, risk management and governance arrangements that will be a key source of assurance in the Annual Governance Statement for 2024/25.

3. Recommendation/s

3.1 Members are asked to approve the Internal Audit Strategy and Audit Priorities attached at Appendix 1 and 2.

4. Background

4.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.2 Professional standards for Internal Audit in local government specify 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." The standards also specify that "The risk-based plan must take into account the requirement to produce an annual internal audit opinion and

the assurance framework. It must be incorporated or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.”

- 4.3** In accordance with the standards an Internal Audit Strategy has been developed and is refreshed and agreed annually by the Audit and Standards Committee and is incorporated into the risk-based 2024/25 Audit Plan Priorities. Both documents are attached at Appendix 1 and 2. Only minor amendments have been made to the strategy to reflect the new Assistant Director titles which will come into effect on the 1 April 2024.
- 4.4** To enable Internal Audit to be flexible and responsive to emerging risks across the organisation, quarterly audit planning will continue during 2024/25. The plan attached at Appendix 2 is split into three main sections, the first section details other work and responsibilities that lie with the Audit and Risk Management Team. The second section lists the audit work that will need to take priority in quarter one (April - June 2024). The third section documents potential forthcoming priorities for quarter's two to four (July 2024 – March 2025). The plan will be reviewed on a quarterly basis and audits will be added and removed according to risk. The Audit and Standards Committee will receive regular updates on how work is progressing and if any considerable changes need to be made to the original agreed plan.
- 4.5** To facilitate the flexible retirement of the Audit and Risk Manager, the 2024/25 audit plan will continue to be completed by the in-house team and Lancashire County Council's (LCC) Internal Audit Team. The ICT support framework managed by Lancashire County Council is also available should additional expertise be required in this specialised area. However, it should be noted that this arrangement is due to expire later this year. Alternative arrangements are currently being explored. The Audit and Standards Committee will be kept informed of any changes to the resources within the team.
- 4.6** The overall planning for 2024/25 is based on an estimated available resource of 390 days (1.5 FTE and 60 outsourced days). Assurances sought from the service assurance mapping statements and the strategic and operational risk registers will allow confidence to be obtained that audit coverage is still sufficient to be able to deliver an effective overall opinion at the end year end.

5. Key issues and proposals

- 5.1** The Internal Audit Strategy and Audit Plan Priorities for 2024/25 is attached at Appendix 1 and 2.

6. Alternative options considered and rejected

6.1 Not applicable to this report.

Financial, Legal and Climate Change implications	
Finance	The Audit Plan Priorities for 2024/25 are expected to be delivered within the timescales and previously agreed staffing budget. However, it should be noted that the fees for the 60 outsourced audit days delivered by LCC have increased from a set fee of £335 per day in 2023/24 to £380 per day for a Senior Auditor and £420 per day for the Audit Manager in 2024/25.
Legal	This will ensure good governance and probity.
Climate Change	None arising directly from this report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
health and safety	x

risks/implications	✓ / x
asset management	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 - Internal Audit Strategy

Appendix 2 - Audit Plan Priorities 2024/25

Internal Audit Strategy

1.0 Internal Audit Strategy

- 1.1. This strategy is the high-level statement of how the internal audit service will be developed and delivered in accordance with its approved terms of reference (the Audit Charter) and how it links to the council's organisational objectives and priorities.

2.0 Service Purpose

- 2.1 The key purposes of the internal audit service are to:

- provide the council with independent assurance regarding the effectiveness of its systems of risk, governance and internal control;
- support the council in delivering organisational change and its development programme; and
- help the council secure and demonstrate value for money throughout its activities.

3.0 Strategic Aims and Objectives

- 3.1 Internal audit's strategic aims and objectives are defined as:

- promoting and helping develop standards of risk management throughout the council's operations;
- contributing to improving standards of internal control and governance within the authority and its key partnerships;
- developing the corporate 'assurance framework' and coordinating the capture and reporting of sources of assurance;
- developing and supporting managers in the management of risk;
- working closely with the council's corporate compliance team to develop programmes of work to combat and reduce the risk of fraud;
- supporting the council in identifying efficiencies and achieving value for money in service delivery; and
- continuing to develop the scope, robustness and effectiveness of internal audit's assurance work.

4.0 Identifying and Accommodating Significant Local and National Issues and Risks

- 4.1 Emerging local and national issues that might warrant internal audit attention will primarily be identified through:

- contributing to the development, updating and monitoring of the assurance framework;
- reviewing the Council Plan and individual service plans;
- carrying out strategic and operational risk workshops; and
- regular consultation and liaison with Corporate Management Team, other statutory officers, Assistant Directors, and the External Auditors.

4.2 This approach will seek to ensure that significant risks are adequately identified, assessed and evaluated in terms of the level of assurance necessary and already available, and will involve:

- tracking corporate policy / priority developments and the decisions taken by the authority's decision-making bodies;
- regular consultation with the Corporate Management Team, (including the Monitoring Officer and Section 151 Officer), Assistant Directors and the Audit and Standards Committee Chairman;
- regular liaison with other review bodies, especially the council's External Auditor;
- liaison with/considering the approach and work programmes of other internal review bodies, for example the Overview and Scrutiny Committee;
- liaison with other local government auditors and active participation in local/regional professional groups;
- participating in peer reviews / challenges;
- consideration of key corporate risks; and
- maintaining a professional focus and taking advantage of opportunities for professional updates/development, including continuous professional development for key staff, where appropriate.

4.3 The risk-based audit plan seeks to provide assurance in areas of significant risk where alternative sources of assurance are not readily available. Typically, this will tend to focus on the auditing of "underlying risks", being those risks which are not being addressed by a current corporate or service-based project or initiative. The plan will be reviewed and updated on a quarterly basis to accommodate any emerging significant risks and assurance needs identified through an ongoing review of the assurance framework.

4.4 Internal audit activity may involve any one, or a combination of the following:

- a specific piece of internal audit assurance work;
- efficiency / VFM or support work directed at improving the efficiency of existing procedures and/or standards of governance and control;
- contributing to corporate groups / projects / reviews (officer and/or Member based) established for a given purpose / objective.

AUDIT PLAN PRIORITIES – 2024/25

This plan will be reviewed on a quarterly basis following examination of the assurance mapping declarations, risk registers and any referrals received.				
AUDIT PLAN PRIORITIES - 2024/25	Detailed Rationale	Date Added	Source	Links to Risk Registers / Council Plan / Service Plans
<i>General / Meetings / Non-Chargeable</i>				
Internal Audit Planning, Management and Audit committee work	Ongoing review of the audit plan, completion of reviews and completion of audit committee reports.	Feb-24	M	Mandatory
Advice and assistance	Ad-hoc advice and assistance provided to CMT, Assistant Directors and Managers.	Feb-24	M	Mandatory
<i>Audit and Risk Team - other responsibilities</i>				
Risk Management - ongoing development and training	Facilitation of strategic and operational risk workshops and ongoing monitoring of the GRACE risk management system.	Feb-24	RB	Strategic and Operational Risk Registers
CIA certifications / grant sign off work	The Head of Internal Audit is required to review and sign off on a number of grants – UKSPF, Certification of PCN's, Household Support Fund grants etc.	Feb-24	RB	Council Plan Project (Growth and Prosperity) and Strategic Risk Registers
Management of Insurance and Business Continuity	Management of the Council's insurance portfolio, enquiries and claims. Review of Business Continuity Plans and testing.	Feb-24	S	Support work
National Fraud Initiative (NFI) - Annual Council Tax Single Person Discount (SPD) and Electoral Register upload and Bi-annual full exercise	Q3 - Internal Audit will collate and upload the 2023/24 data for the SPD/Electoral Register datasets and the 2 yearly full data sets in order to comply with the requirements of the mandatory annual NFI data matching exercise.	Feb-24	M	Mandatory

Quarter 1 - Work carried forward from 2023/24				
Information Asset Registers	The Data Protection and Information Security review carried out in 2022/23 identified that a comprehensive review of the councils Information Asset Registers was required to comply with GDPR ensuring that all the councils information assets are accurately recorded and controlled.	Feb-24	RB	Strategic Risk Register
Disaster Recovery / Cyber Security	A review of the Councils Disaster Recovery plan / Cyber Security control measures and the testing of these.	Feb-24	RB	Strategic Risk Registers
Beach Management Scheme	Internal audit will continue to be part of the project group in a business assurance role until the project is completed in 2026.	Feb-24	S	Council Plan Project (Place and Climate)
Cash collection service	This service was re-tendered in 2022 and awarded to APCOA. A series of issues have been experienced since the start of the contract with the collection of council income from car parks and operational centres and the transfer of this to the council's bank. A review of the processes completed is required to ensure this income is correctly received and reconciled.	Feb-24	RB	Operational Risk Registers
Quarter 1 Priorities (April - June 2024)				
Grant Funding	A review will be undertaken to identify the various pots of grant funding received by the council and the risks associated with each of these. Based on the outcome of this assessment an audit review / position statement will be compiled.	Feb-24	CPP	Council Plan Project (Growth and Prosperity) / Strategic Risk Registers
Key Financial System control matrices (Debtors, Creditors, VAT, Main Accounting)	A suite of financial control matrices were completed in 2022/23 and 2023/24 containing the key controls of all the financial systems. These will be sent out annually to identify any significant changes to these systems /	Feb-24	KFS	Mandatory

	procedures and processes and management sign off will be obtained. The need for a full review of each system will be assessed based on results of these completed matrices.			
Moving More Strategy - Position Statement	Working with partners to deliver Wyre's 'Moving More Strategy'. To increase the rate of physical activity in Wyre is a council plan priority. A position statement will be produced to identify how this is being delivered and any risks which may affect this.	Feb-24	CPP	Council Plan Project (People and Communities) / Strategic Risk Registers
Befriending Volunteers - Position Statement	Developing and supporting a volunteer befriending project is a Council Plan priority. A position statement will be produced to identify how this is being delivered and any risks which may affect this.	Feb-24	CPP	Council Plan Project (People and Communities) / Strategic Risk Registers
Street scene	An investigation into the collection of fly-tipped waste in exchange for payment was carried out in 2023. Therefore, a review of the procedures / processes used in the collection of fly-tipped waste will be completed to ensure any recommendations made as part of the investigation report have been actioned.	Feb-24	RB	Operational Risk Registers
Environmental Enforcement Officers / Area Officers and district Enforcement contract	A review of the management of the District Enforcement contract, in particular the arrangements around the processing of Subject Access Requests on behalf of the council. The review will also include a review of the daily procedures and processes used by the Environmental Enforcement Officers.	Feb-24	RB	Operational Risk Registers
Future Priorities (Q2-4)				

Key Financial System control matrices (Housing Benefit and Council Tax Support)	A suite of control matrices have been developed containing the key controls of all the revenues and benefits financial systems (HBEN and Council Tax Support). These matrices will be completed with the Revenues Team to identify the key risks within these systems to identify audit work required in these areas going forward. These reviews are to be completed by Lancashire County Council (LCC).	Feb-24	KFS	Mandatory
Insurance service	LCC to carry out an independent review of the Insurance service, as the Insurance Officer is managed by the CIA and the CIA and Audit, Risk and Performance Lead provide cover in the absence of the Insurance Officer.	Feb-24	RB	Operational Risk Registers
Assurance mapping exercise and training	An independent review of the assurance mapping process was carried out by LCC in 2023. As recommended in the review, a training workshop will be completed with Directors and Assistant Directors to ensure they are fully aware of the reasons why they are asked to complete these and the benefits of a robust assurance mapping process. The annual assurance mapping exercise will then be undertaken to identify other sources of assurance received to ensure audit resources are maximised when compiling the 2025/26 audit plan.	Feb-24	M	Compliance with CIPFA's Delivering Good Governance Framework / Local Government Application Note and the Public Sector Internal Audit Standards
CCTV - new digital system and processes	The implementation of the new digital town centre CCTV system will be completed in March / April 2024 covering the Wyre and Fylde town centres. A review of the systems and processes in place to manage and maintain these systems is required.	Feb-24	CPP	Council Plan Project (People and Communities) / Strategic Risk Registers

Ethical Governance Survey (both Members and Officers)	The completion of the Members and Staff Ethical Governance Survey will be completed.	Feb-24	S	Compliance with CIPFA's Delivering Good Governance Framework / Local Government Application Note and the Public Sector Internal Audit Standards
Disabled Facility Grants (DFG's)	A new priority within the Council Plan relates to the use of technology to support older and disabled people to live independently at home. A review of this will be completed to include the processes used in the management of DFGs.	Feb-24	CPP	Council Plan Project (People and Communities)
UK Shared Prosperity Fund (UKSPF) and the Rural England prosperity Fund (REPF)	Review of the Council's 3-year UKSPF Investment Plan and utilisation of the HM Government funding of £3.9m and the 2-year REPF of £0.4m.	Feb-24	RB	Council Plan Project (Growth and Prosperity) / Strategic Risk Registers
Payroll Leavers	A review of the payroll leavers processes, including the notification process, outstanding loans, exit interviews and ICT access removal and handover of ICT equipment.	Feb-24	RB	Operational Risk Registers
Building Maintenance	Review of the Building Maintenance Service to be undertaken by LCC.	Feb-24	RB	Operational Risk Registers
Election Accounts	A post assurance review of the election accounts completed for the PCC elections May 2024 will be completed to identify any control weaknesses and to ascertain the actions from the May 2023 action de-brief have been implemented.	Feb-24	RB	Operational Risk Registers
Taxi Licensing	A review is required following staffing changes within the Taxi Licensing Section and the introduction of new practices e.g. health questionnaire / doctor referrals / data sharing agreements.	Feb-24	RB	Operational Risk Registers

Annual Follow-up Work (Q1-4)				
Data Protection and Information Security	In line with the Audit Charter a follow-up review will be carried out to ensure all audits receiving a 'Limited' or 'Minimal' assurance opinion have implemented the required actions in order to raise the assurance opinion to an acceptable level. Where the opinion remains the same a further follow-up will be completed in 3 months. Should this still remain the same after a second follow up, a referral to the Audit and Standards Committee will be made by the CIA.	Feb-24	M	Mandatory
Marine Hall		Feb-24	M	Mandatory
Others as identified		Feb-24	M	Mandatory
Ongoing Investigations / Actions				
N/A at the time of publishing				
Source Key R - Referral KFS - Key Financial System M - Mandatory RB - Risk Based (Strategic / operational risk register) CPP - Council Plan Project / Priority S - Support work				