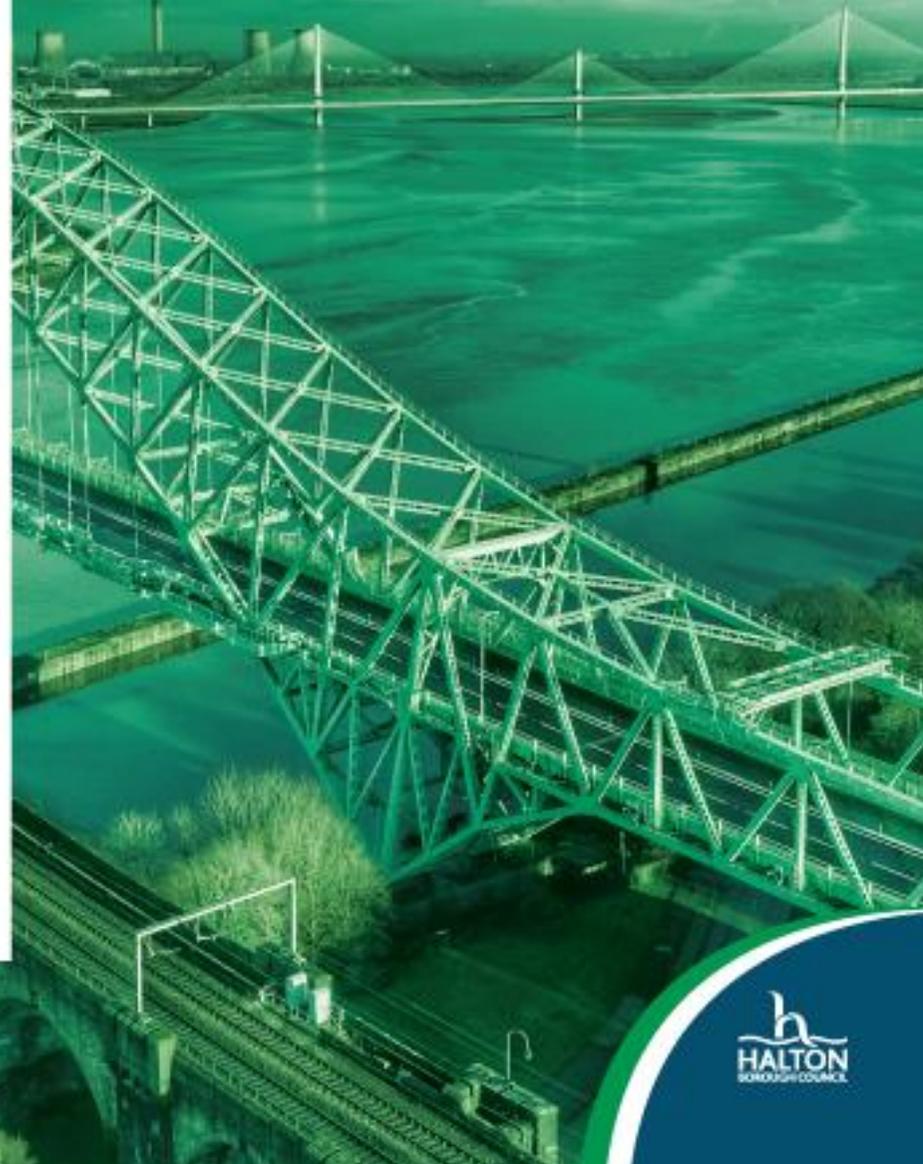


Internal Audit Plan 2022/23



1 INTRODUCTION

1.1 This document summarises the results of Internal Audit's planning work. It sets out details of the:

- Responsibilities and scope of internal audit
- Resourcing and delivery of the Council's internal audit service
- Arrangements for reporting internal audit work
- Proposed programme of work for 2022/23 (the audit plan)

1.2 The audit plan for 2022/23 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all internal audit service providers in the public sector.

1.3 The Council has adopted the PSIAS definition of internal auditing:

'Internal auditing 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.'

1.4 In accordance with PSIAS, the mission of internal audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.

1.5 The work of internal audit is a key element in delivering the Council's strategic priority of corporate effectiveness and business efficiency, but also supports the Council in achieving all the aims and objectives set out in the Corporate Plan. The plan has therefore been designed to reflect the changing risk landscape of the Council, including those risks arising from the COVID-19 pandemic.

1.6 The PSIAS require that the internal audit service is delivered and developed in accordance with the internal audit charter. The Council has formally agreed that the provisions relating to internal audit set out in section 6.2 of Finance Standing Orders constitute the Council's internal audit charter.

2 INTERNAL AUDIT – RESPONSIBILITIES & SCOPE

2.1 Responsibilities of internal audit

The internal audit function is responsible for:

- Reviewing and developing the Council's governance processes. Specifically, this includes:
 - Promoting appropriate ethics and values within the Council
 - Supporting effective organisational performance management and accountability
 - Communicating risk and control information to appropriate areas of the organisation
 - Coordinating the activities of, and communicating information among, the Audit and Governance Board, external audit, internal audit and management
- Evaluating the effectiveness of the Council's risk management processes and contributing to their improvement
- Assisting in the maintenance and development of an effective control environment by providing robust independent assurance over its operation.

2.2 Responsibilities of management

The establishment and maintenance of adequate control systems is the responsibility of management. Recommendations made by internal audit can reduce risk and improve systems of control. However, the implementation of audit recommendations cannot eliminate risk entirely.

2.3 Responsibilities of the Audit and Governance Board

In regard to internal audit, the Audit and Governance Board is responsible for:

- Approving, but not directing, internal audit's strategy and plan
- Monitoring the performance of internal audit
- Reviewing summary internal audit reports and the main issues arising, and seeking assurance that action has been taken where necessary
- Receiving and considering the Head of Internal Audit's annual report.

2.4 Responsibilities for fraud prevention and detection

The primary responsibility for the prevention and detection of fraud rests with management. Management's responsibilities include creating an environment where fraud is not tolerated, identifying fraud risks, and taking appropriate actions to ensure that controls are in place to prevent and detect fraud.

2 INTERNAL AUDIT – RESPONSIBILITIES & SCOPE (Continued)

It is not the role or responsibility of internal audit to detect fraud. However, internal audit will evaluate the potential for the occurrence of fraud in each assignment and review how the Council manages the risk of fraud.

The Council operates a dedicated Investigations Team that works alongside internal audit. The team is responsible for all fraud-related work and HR investigatory work. As such, this work does not form part of the audit plan and the results of this work are reported separately to the Audit and Governance Board.

2.5 Scope of internal audit activities

The scope of internal audit work includes:

- The entire control environment of the Council, comprising financial and non-financial systems.
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an involvement.

Internal audit may also provide assurance services to parties outside the Council with the prior agreement of the Audit and Governance Board.

3 INTERNAL AUDIT – RESOURCING & DELIVERY

3.1 Resource requirements

The level of resource required to deliver an effective internal audit service to the Council has been assessed based on the need to provide adequate audit coverage of the Council's:

- Business critical systems
- Risk management and governance arrangements
- Front line services
- Support services
- Procurement and contract management activity
- Information management arrangements
- Schools

Account has also been taken of the need to be able to resource:

- Unplanned work which may arise during the year
- Follow up work to provide assurance that previously agreed recommendations are implemented
- Provision of advice and consultancy

3.2 Delivery of the internal audit service

The 2022/23 audit plan will be delivered predominantly by an experienced and suitably qualified in-house team of approximately 6.0 FTE auditors. It is based on the same level of available resource as the 2021/22 audit plan and is considered sufficient to deliver a robust annual internal audit opinion to the Board.

As in recent years, external support to assist the audit of information management systems will be provided by Salford City Council. Additional external support may also be sought to assist with the completion of planned audit work if required.

Where opportunity arises, the internal audit team will also collaborate with internal audit colleagues from other local authorities in regard to the approach and delivery of particular audit assignments.

3.3 Mitigation of any potential impairment to independence and objectivity

The internal audit team is managed by the Divisional Manager – Audit, Procurement & Operational Finance, who also has management responsibility for the following functions:

3 INTERNAL AUDIT – RESOURCING & DELIVERY (Continued)

- Purchase to Pay
- Procurement
- Income control (collection and reconciliation of income)
- Insurance
- Corporate appointeeships and deputyships
- Direct Payments
- Income & Assessment
- Debtors

The arrangements to mitigate any potential impairment to independence and objectivity regarding the audit of these areas that were previously approved by the Board remain in place.

3.4 Approach to placing reliance on other sources of assurance

When planning specific audit assignments, other sources of assurance may be taken into consideration in order to ensure the best use of the audit resource. Any work that is necessary in order to place reliance on other sources of assurance will be determined as required for each assignment and reference made to it in the resulting audit report.

3.5 Assurance services to other organisations

The only planned assurance service to be provided to an external party is an annual audit provided to Manchester Port Health Authority (MPHA), which is the governing body for the Manchester Ship Canal and River Weaver. Halton Borough Council is one of the funding authorities of MPHA.

4 INTERNAL AUDIT – REPORTING

4.1 Distribution of internal audit reports

At the conclusion of each audit assignment, a draft report is issued to the manager responsible for the area which has been audited. A final report containing management responses to any issues identified is subsequently distributed to:

- The Chief Executive
- The Strategic Director – Enterprise, Community & Resources
- The Operational Director – Finance (s151 officer)
- The Strategic Director, Operational Director and Divisional Manager responsible for the area reviewed
- The Council’s external auditor

4.2 Overall assurance opinion

In each audit report, an overall assurance level is provided on the area audited. This is based on the information obtained in the course of the audit and represents an assessment of the effectiveness of the risk management, control and governance processes in the area audited.

The range of assurance levels in internal audit reports is set out in the following table:

 Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
 Adequate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
 Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

4 INTERNAL AUDIT – REPORTING (Continued)

4.3 Grading of Recommendations

Recommendations made in individual internal audit assignments are categorised according to the following priorities:

High	The audit finding is essential to the management of risk within the area under review.
Medium	The audit finding is important to the management of risk within the area under review.
Low	The audit finding relates to an issue of good practice that the auditor considers would deliver better outcomes.

4.4 Reporting to elected members

Throughout the year regular internal audit progress reports are presented to the Audit and Governance Board summarising the outcomes of internal audit work and any significant matters identified. Such matters may include risk exposures, governance weaknesses, performance improvement opportunities and value for money issues.

4.5 Annual Audit Opinion

An annual report is presented to the Audit and Governance Board which includes the Head of Internal Audit's overall opinion on the Council's risk management, control and governance processes. This opinion forms one of the sources of assurance in support of the Council's Annual Governance Statement. The opinion is based upon the collective findings from the internal audit work completed during the year.

5 INTERNAL AUDIT – PLANNING METHODOLOGY

5.1 Requirements of the Public Sector Internal Audit Standards

The PSIAS state 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’.

5.2 Development of the Audit Plan

In developing the audit plan, account has been taken of:

- Planned work deferred from the 2021/22 audit plan that is still considered important
- Senior management’s views on risk in their areas of responsibility
- The results of previous internal audit work
- The Council’s assurance framework, including the work of external audit
- New or emerging risks affecting the Council or local government as a whole
- Known changes to the Council’s business, operations, programs, systems, and controls
- Issues identified in the Corporate Risk Register, Annual Governance Statement and Medium Term Financial Strategy
- The requirement to ensure sufficient and wide ranging coverage in order to provide a robust annual audit opinion

5.3 Links to the Council’s Corporate Priorities

The audit plan supports the delivery of all the Council’s priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds. The achievement of corporate priorities is dependent on the Council making efficient and effective use of its resources and in operating robust and transparent governance arrangements.

The audit plan sets out a series of risk-based assignments that will provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council’s priorities.

5.4 Budgeted time allocations

A budgeted time allocation has been set for each assignment included in the audit plan. It is recognised that the exact resource requirement for each assignment cannot be forecast with certainty, as the time required will be influenced by the scope of the audit agreed with management.

The plan therefore represents the best estimate of the way in which the Council’s internal audit resources will be deployed. It may therefore be necessary to adjust the budgeted allocations for specific assignments during the year.

In total, the 2022/23 Audit Plan comprises 1,025 days of audit work.

5 INTERNAL AUDIT – PLANNING METHODOLOGY (Continued)

5.5 Timing and prioritisation of audit work

The intention is to complete all planned work within the year. However, the timing and respective prioritisation of work will take account of:

- The need to finalise any work from 2021/22 that remains incomplete at year-end
- The need to prioritise the reviews deferred from the 2021/22 Audit Plan
- The views of management of the service areas in regard to the timing of work
- Any other factors that may be relevant to the timing of a particular piece of work
- Any urgent unplanned work arising
- Changes in the level of audit resources available

5.6 Significant interim changes to planned work

The audit plan will be kept under review during the year and it may be necessary to make revisions to planned work in order to respond to changes in priorities or changes in the level of internal audit resources. As in previous years, minor changes will be agreed with the Operational Director – Finance. Any significant interim changes will be reported to the Audit and Governance Board.

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
Enterprise, Community & Resources Directorate			
Grant claims	A general provision is included for a range of grant claims for which the Head of Audit is required to sign a declaration confirming that the amounts claimed are eligible and in accordance with the conditions of grant.	Grant claims to be audited in accordance with the specific grant instructions	80
Concessionary Travel	Concessionary travel costs the Council in excess of £2m a year and has not previously been audited.	The audit will examine the processes and financial management arrangements relating to concessionary travel.	20
Bankline	Bankline is the Council's online banking system. Robust control is required over system access permissions to minimise the opportunity for fraud or error to occur.	To review system configuration and access permissions of the Bankline system.	15
Agresso	Agresso is the Council's principal financial system and all the Council's financial transactions are posted through it. Access permissions within Agresso need to be granted based on the roles and responsibilities of users. If access is not adequately controlled there is an increased risk that unauthorised financial transactions could be posted.	Review of access permissions within the Agresso system.	15
Development Control	Development Control is responsible for the determination and monitoring of planning applications, and other associated applications submitted to the Council under the Planning Acts.	In 2020 Transparency International published a good practice guide for local authorities in regard to how risks in planning decision are managed. This will be used to inform the audit and to assess the Council's policies and procedures against the good practice standards.	25
Electric Vehicle Charging Points	The Council has installed a number of EV charging points across the borough and entered into a contract for their operation and maintenance.	The audit will review the procurement and subsequent management arrangements relating to the operation of the EV charging points and examine their financial performance.	15

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
Highways Term Maintenance Contract	The Council is to undertake a joint tender with Warrington Borough Council for the new Highways Term Maintenance contract, which is estimated to be up to £80m in value over its duration.	The audit will be undertaken in two stages. There will be an interim audit at pre-qualification questionnaire stage followed by a final audit following the tender evaluation phase.	30
Agency workers	The employment of agency staff is a significant cost for the Council and there has been a recent increase in usage in some areas of the Council. The audit will review usage of agency staff and seek to provide assurance that placements are made through the Council's approved arrangements and that effective procedures are in place in regard to control costs.	The audit will review usage of agency staff and seek to provide assurance that placements are made through the Council's approved arrangements and that effective procedures are in place in regard to control costs.	30
Recruitment	<p>Effective recruitment is essential in ensuring that the Council recruits the right people with the right skills to deliver its corporate priorities.</p> <p>It is widely acknowledged that the current national labour market is making it increasingly difficult to find the right candidates to fill vacancies across all sectors.</p>	The audit will review and test the operation and effectiveness of the Council's recruitment procedures.	30
Strategic Asset Management	Like many authorities, the Council owns a wide range of land and buildings. Some assets are used for operational purposes and other assets may be held for strategic purposes or to generate rental income. The value of the Council's assets is significant and it is therefore important that they are managed effectively, particularly following the pandemic which may have significant implications in terms of the Council's future property requirements.	The audit will review the strategic management of the Council's land and property portfolio and seek to provide assurance that it meets the organisational objectives of the Council.	30

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
Runcorn Town Investment Plan	<p>In July 2021, it was announced that £23.6m had been allocated from the Town’s Fund to deliver the Runcorn Town Investment Plan – Reconnecting Runcorn.</p> <p>Reconnecting Runcorn is a set of seven projects that are intended to improve the lives and livelihoods of local people and boost the local economy.</p>	The audit will examine the arrangements that the Council has established to manage the overall programme focusing on the procurement, contract management and programme governance arrangements.	30
School Meals Service	An audit of the school meals service was undertaken in 2021/22. To keep the scope manageable it was agreed with management that the service’s staffing arrangements would be subject to a separate audit.	The audit will focus solely on the staffing arrangements relating to the school meals service.	25
Cemeteries & Crematoria	The provision of the Council’s cemeteries and crematorium is an important public service and involves the management of a number of potential risks. Specifically there are risks relating to the maintenance and operation of equipment, maintenance of the grounds and management of potential risks from failed headstones and memorials.	The audit will focus on the financial management systems in place and the ways in which the service manages potential risks to employees and the public relating to the operation of equipment and management and maintenance of the grounds.	25
Leisure Centres	The Council’s leisure facilities are budgeted to achieve approximately £1.9m in income in 2022/23.	Coverage to focus on income collection and reconciliation procedures across the Council’s leisure facilities.	25

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
ICT – Network Security	<p>Cybersecurity is the practice of protecting critical systems and sensitive information from digital attacks. Cybersecurity measures are designed to combat threats against networked systems and applications, whether those threats originate from inside or outside of an organisation.</p> <p>Given the Council’s dependence on information technology it is essential that the Council has robust cybersecurity arrangements in place to ensure effective and uninterrupted delivery of its services.</p>	Assessment of the effectiveness of the Council’s cyber defence framework.	25
People Directorate			
Children in Care – External Placements	The Council continues to face significant budget pressures resulting from the number and cost of external placements relating to children in care.	The audit will examine the approval, commissioning, procurement and monitoring arrangements for children in residential placements in order to provide assurance that the arrangements balance suitable provision with cost.	30
Education, Health and Care Plans	<p>All Halton children and young people who have significant special educational needs and meet specific criteria may undergo an Education Health and Care (EHC) Assessment, which could lead to an EHC Plan and an offer of a personal budget.</p> <p>The Council must comply with statutory timescales for the completion of EHC assessments.</p>	The audit will review the processes relating to the completion of EHC assessments and compliance with statutory timescales. It will also review processes and data quality within the Synergy management information system.	30

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
<p><u>Schools</u></p> <p>St Clement's Catholic Primary</p> <p>Woodside Primary</p> <p>Weston Primary</p> <p>Saints Peter & Paul Catholic College</p> <p>St Basil's Catholic Primary</p> <p>Brookvale Primary</p> <p>Chesnut Lodge School & Specialist SEN College</p> <p>All Saints Upton Primary</p>	<p>The frequency of school audit visits is determined by the audit assurance rating from the previous audit:</p> <ul style="list-style-type: none"> • Substantial – 5 year cycle • Adequate – 3 year cycle • Limited – Annual cycle 	<p>A standard audit programme has been developed for school audits, which is tailored to each school as required.</p>	<p>80</p>
<p>St Luke's and St Patrick's Care Homes</p>	<p>During 2019/20 the Council acquired two further care homes as a result of the previous operators facing financial difficulties.</p> <p>As the care homes are relatively new entities, the financial management and risk management arrangements in operation in these two homes have not previously been audited.</p>	<p>The audit will focus on the financial management, accounting, client billing, staffing and risk management arrangements established at the two homes.</p>	<p>30</p>
<p>Domiciliary care</p>	<p>The domiciliary care contract was retendered in 2017 and runs to 2025. It was let to a single provider, which represented a significant change from the previous multi-provider model.</p> <p>This is a key service area that enables individuals to live independently in their own homes. However, delivery of the service is operationally complex given the large client base and regular changes in needs of service users.</p> <p>Nationally care providers are facing significant financial pressures.</p>	<p>The audit will focus on the contract management and financial management arrangements relating to the contract.</p>	<p>30</p>

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
Transport of service users	<p>Transport costs are increasing for the Council. Home to school transport was audited in 2021/22 but the arrangements relating to the transport of Adult service users has not previously been audited.</p>	<p>The audit will examine eligibility, commissioning, financial management and charging arrangements.</p>	25
Top Up Fees	<p>If a person entering residential care chooses a setting that is more expensive than the amount identified for the provision of accommodation in their personal budget then an arrangement has to be made to meet the additional cost (known as a Top-Up).</p> <p>In such cases the local authority must arrange for the person to be placed there, provided a 'third party' (or in certain circumstances, the person in need of 'care and support') is willing and able to meet the additional cost.</p> <p>The Council's arrangements for administering Top Up fees have not previously been audited.</p>	<p>The audit will examine the application of the Council's policy relating to Top Up fees and the associated billing and collection arrangements.</p>	25
Telecare service	<p>The Council's telecare service is a chargeable service that provides support and assistance to vulnerable persons in their own homes by using information and communication technology.</p> <p>The service has not been reviewed since 2010/11.</p>	<p>The audit will focus on assessment, charging and billing for the service.</p>	25
Adult Social care – Commissioned services	<p>The Council commissions a range of adult social care services from external providers.</p>	<p>The audit will review the arrangements in place to monitor and performance manage the quality and delivery of a range of services commissioned from external providers.</p>	30
Social supermarket	<p>During 2021 the Adult Disability Team opened a social supermarket in Ditton offering affordable food and other essentials for local residents.</p>	<p>As this is a new initiative the audit will examine the processes relating to the operation of the social supermarket, e.g. procurement, stock control, income collection and accounting arrangements, staffing, security etc.</p>	20

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
Trading Standards	Trading Standards is a regulatory service enforcing a wide range of legislation relating to the quality, quantity, price, description and safety of goods and services. The service is important in protecting Halton’s residents, visitors and businesses and helps to maintain a fair and safe local trading environment.	The audit will review the delivery arrangements for the Trading Standards service and assess compliance with legal/regulatory requirements.	25
Corporate Support			
Council Constitution	The Council Constitution is reviewed annually to ensure that it is updated to reflect changes to the Council’s governance arrangements, legislative requirements, policies and procedures.	Internal Audit will contribute to a working party that meets each year to review and propose changes to the Council’s Constitution.	5
Annual Governance Statement	There is a statutory requirement for the Council to produce an Annual Governance Statement.	Internal Audit will have input to the work of the Corporate Governance Group which develops the Annual Governance Statement.	5
Audit & Governance Board	The Council Constitution requires Internal Audit to report to the Audit & Governance Board.	Attendance at, and preparation of reports for, the Audit & Governance Board on internal audit and governance related matters.	15
Advice / Consultancy	Throughout the year the Internal Audit function receives regular requests from client departments for advice and support	Reactive advisory and consultancy work, and input to working groups as required	25
Follow up of internal audit recommendations	Follow up work is completed to provide assurance that previously agreed internal audit recommendations are implemented.	Follow up of previous audits that receive an ‘adequate’ or ‘limited’ assurance opinion.	25
COVID-19	Provision has been made for potential further assurance work in respect of the various support schemes established by Government in respect of COVID-19.	Assurance work relating to various grant and financial support schemes	40

Area of Audit Work	Background information	Planned coverage	Days
Contingency	A general contingency is provided to allow Internal Audit to respond to requests for audit work that arise during the year.	Not known at this stage	70
Completion of 2021/22 work	Inevitably some 2021/22 audits will still be in progress at year-end. This provision is made to allow completion of those audits in 2022/23.	Completion of work in progress at year-end.	65
External Work			
Manchester Port Health Authority	The Council undertakes annual fee earning assurance work as part of an SLA with Manchester Port Health Authority.	To be agreed with Manchester Port Health Authority.	5