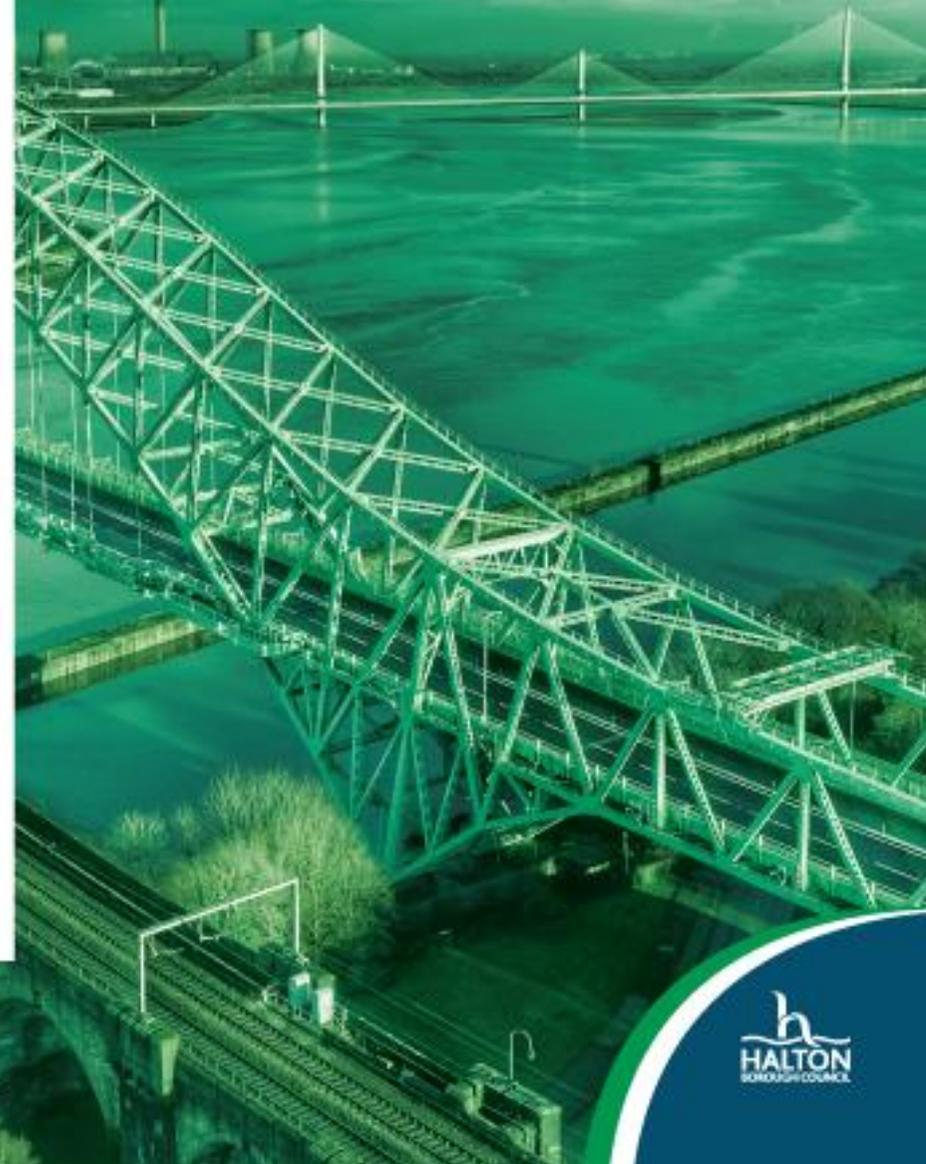


Internal Audit Plan 2023/24



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 2023/24 (the audit plan)

1.2 The audit plan for 2023/24 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 Internal audit work 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.

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 2023/24 audit plan will be delivered predominantly by an experienced and suitably qualified in-house team of approximately 6.8 FTE auditors. This level of resource 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:

- Purchase to Pay
- Procurement

3 INTERNAL AUDIT – RESOURCING & DELIVERY (Continued)

- Income control (collection and reconciliation of income)
- Insurance
- Corporate appointeeships and deputyships
- Direct Payments
- Income & Assessment (Adult social care)
- Income Recovery

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

A small amount of assurance work is to be undertaken for Manchester Port Health Authority (MPHA), which is the governing body for the Manchester Ship Canal and River Weaver. This is a longstanding arrangement governed by a service level agreement. Halton Borough Council is one of the funding authorities of MPHA.

Assurance work will also be undertaken in regard to the Cheshire concessionary travel scheme. This annual work is undertaken on a rotational basis between the four Cheshire local authorities.

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 Operational Director – Finance (s151 officer)
- The Executive 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 rating 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 ratings 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 2022/23 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
- Work being undertaken as part of the reimagine Halton Transformation Programme
- Known changes to the Council’s business, operations, 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.

5 INTERNAL AUDIT – PLANNING METHODOLOGY (Continued)

In total, the 2023/24 Audit Plan comprises 1,225 days of audit work.

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 2022/23 that remains incomplete at year-end
- The need to prioritise the reviews deferred from the 2022/23 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
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	150
Appointeeship and Deputyship Scheme	The Council provides an appointeeship and deputyship scheme to over 300 clients and manages client funds that total in excess of £4.5m. The Council is currently in the process of changing the banking arrangements for the clients supported and setting up individual bank accounts for each client.	The audit will examine the transfer from 'virtual accounts' to individual bank accounts for each client and seek to provide assurance that appropriate controls are embedded into the new banking arrangements.	30
Lower value procurement	In May 2022, Procurement Standing Orders were amended to remove the requirement for spending departments to advertise opportunities under £25k in value on The Chest procurement portal. The intention of this change was to streamline lower value procurement activity and to release capacity within the Procurement team to focus on higher value procurements.	The audit will undertake sample testing on procurement activity falling under £25k and seek assurance that spending departments have made appropriate arrangements to ensure that value for money is being obtained.	30
Concessionary Travel	The Council is part of the Cheshire concessionary travel scheme and the Cheshire authorities rotate responsibility for auditing the scheme on an annual basis.	The audit will provide assurance that there is an approved scheme in place agreed by all parties that is in accordance with statutory legislation. It will also seek to ensure that the scheme is appropriately administered and that there are appropriate anti-fraud measures in place.	20
Microsoft 365 deployment	The Council is in the process of migrating to Microsoft Office 365, which is a cloud based application. It is therefore necessary for the Council to plan and execute the migration effectively to ensure effective system performance and security.	The audit will review the project management arrangements for the Microsoft 365 deployment.	25

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
Leisure Centres	The Council's leisure facilities are budgeted to achieve approximately £1.7m in income in 2023/24.	Coverage to focus on income collection and reconciliation procedures across the Council's leisure facilities.	30
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.	30
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.	30
New Leisure Centre development	Work is underway on the construction of the Council's new leisure centre with the cost forecast to be in the region of £29m.	A current contract audit approach will be adopted to the audit which will examine the arrangements relating to contract funding, contract management, risk management and interim payments.	30
St Luke's and St Patrick's Care Homes	During 2019/20 the Council acquired two further care homes as a result of the previous operators facing financial difficulties.	The audit will focus on the financial management, accounting, client billing, staffing and risk management arrangements established at the two homes.	40

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
	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.		
Domiciliary care	<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>	The audit will focus on the contract management and financial management arrangements relating to the contract.	40
Transport of service users	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.	The audit will examine eligibility, commissioning, financial management and charging arrangements.	30
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 audited since 2010/11.</p>	The audit will focus on assessment, charging and billing for the service.	30
Adult Social care – Commissioned services	The Council commissions a range of adult social care services from external providers.	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.	30

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
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>	The audit will examine the application of the Council's policy relating to Top Up fees and the associated billing and collection arrangements.	30
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.	40
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.	35
Foster Care / Special Guardianship Orders	Foster Care and Special Guardianship payments are a significant area of spend for the Council. The process for making the payments is to change in 2023/24 with payments due to be processed through the Eclipse social care management system before being transferred to Agresso via an interface.	The audit will examine the new payment process and provide assurance over the adequacy of the related control environment.	35

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
School audits	The Council operates an annual programme of school audits. A risk-based approach is adopted to selecting the schools to be audited.	A revised audit programme has been developed for school audits, which will be tailored to each school as required.	180
Public Health	Public Health's role is to help people living and working in Halton to live long lives in good health. The team places a particular emphasis on preventative measures and the promotion of wellbeing initiatives. In fulfilling their role, the team commissions a wide range of services from various different providers.	The audit will select a sample of commissioned services and review the adequacy and effectiveness of the contract management arrangements in place.	30
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.	20
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

6 DETAILED INTERNAL AUDIT PLAN – 2022/23

Area of Audit Work	Background information	Planned coverage	Days
Corporate complaints	The Council has a formal corporate complaints procedure to enable individuals to express their dissatisfaction about Council services that they have received and for identified failings to be remedied. Internal Audit is responsible for undertaking Stage Two investigations of complaints that have not been resolved by the service manager at Stage One of the complaint procedure.	Stage Two complaint investigations will be undertaken as required. Internal Audit will undertake an independent internal review of unresolved Stage One complaint issues and of complaints that are of a more serious or complex nature.	50
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	100
Completion of 2022/23 work	Inevitably some 2022/23 audits will still be in progress at year-end. This provision is made to allow completion of those audits in 2023/24.	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