



Internal Audit Plan 2023/24

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Internal Audit Plan 2023/24

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at North Northamptonshire Council for 2023/24 for review and approval by the Audit and Governance Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.3 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.4 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit and Governance Committee;
 - The audit plan should be reviewed and approved by an effective and engaged Audit & Governance Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
 - The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit & Governance Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk-based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.
- 2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or

non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5 The Council's risk management process is applied to identify, record, monitor and manage its risks. The risk registers, both corporate and directorate level, have been considered in informed risk-based audit coverage for the year ahead.

2.6 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

Value for money

2.7 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.

2.8 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements – the audit of procurement compliance, for example, will seek assurance over the effective procurement of supplies and services.

Fraud risks

2.9 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.

2.10 In addition, the Internal Audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work.

3. Planning process

2.11 In order to ensure that the Audit Plan for 2023/24 addresses the Council's key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Considering the sources of assurance listed against each of the Council's risk entries, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Considering latest performance reporting for areas of underperformance;
- Report on the proposed audit planning process at Audit & Governance Committee in November 2022 to consult members of the committee on the process and any areas where assurance was specifically sought. This was followed by a workshop with committee members in March 2023 to discuss the audit planning process in more depth and consult on areas highlighted during the process for inclusion in the plan; and

- Meeting with members of Corporate Leadership Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

2.12 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from all councils with whom North Northamptonshire Council's Internal Audit team works.

2.13 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.

2.14 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit & Governance Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit and Governance Committee.

2.15 Also provided is a 'reserve list' showing the other potential areas for coverage which were considered in the drafting of the Plan but were assessed as lower priority. Should the risk environment change, which impacts on the relevance of the planned audit work, these can be considered as potential areas for alternative audit work – depending on any wider risk implications. The details of those areas are provided in Table 2, which explains the proposed plan for seeking assurances, should the audit coverage not be included in 2023/24.

Resources

2.16 Internal Audit is delivered by the in-house service, which was established in April 2022. Over the last twelve months the Internal Audit team has sought to recruit a strong, professional team of auditors and five appointments were made during 2022/23. There remain some vacancies within the agreed structure and further recruitment exercises will take place in 2023/24. In the meantime, the plan has been based on the current team plus approximately one full time equivalent support from another public sector internal audit consortium. This arrangement gives the service flexibility in resourcing and opportunity to invest in the existing team members with training and study support.

2.17 The audit assignments are delivered by a team of audit staff with a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. There are also areas of specialism that can be applied in the delivery of the audit plan – such as experience in contract audits, information systems and data protection. The allocation of audits to audit staff takes such specialisms into consideration to maximise the benefits of the skills mix and support staff development. The IT audits, for example, will be conducted by a member of the team who is currently working towards a Certified Information Systems Auditor (CISA) qualification.

2.18 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence. The in-house team enables the Chief Internal Auditor to allocate audits to various officers over time, to avoid risks associated with over familiarity.

2.19 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit & Governance Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

Table 1: Draft Internal Audit Plan 2023/24

Assurance areas	Internal Audit assignments (including assurances sought)	Audit days	Risk ref *1	Initial timing	Directorate lead
Key corporate controls and policies	Procurement compliance To providing rolling assurances during the financial year on compliance with the Council's contract procedure rules in the procurement of goods and services.	20	SRR10	Six monthly	Finance & Performance
	Information governance To provide assurance over compliance with the General Data Protection Regulation (GDPR) requirements and data protection legislation. To focus upon the key areas of secure data handling/processing; responding to data breaches; and data retention/disposal.	15	SRR09	Q1	Customer & Governance
	Starters and leavers To provide assurance over the processes and controls in place for new starters and leavers at the Council. To include submission of timely and accurate data for payroll purposes (i.e., to avoid overpayments); user administration on IT systems; access to systems and premises; and an evidenced induction and leaver process.	12	SRR09	Q1	Customer & Governance
	Staff recruitment To provide assurance over the processes applied in the recruitment of staff, including a review of the controls within the new e-recruitment system and approval to recruit.	15	SRR11	Q2	Customer & Governance
	Partnerships and hosted services To provide assurance over compliance with the partnership framework and the effective management of key partnerships/hosted services under the lead authority model.	15	SRR02	Q2	Finance & Performance
	Budgetary control and savings plans To provide assurance over the effective monitoring of Council budgets, including timely reporting and management of variances; setting and monitoring of savings plans; and control over budget virements.	15	SRR07 SRR08	Q3	Finance & Performance
	Business continuity management To provide assurance over the Council's plans and framework to support continuity of key service delivery in the case of an unplanned incident.	12	SRR04	Q4	Place and Economy

Assurance areas	Internal Audit assignments (including assurances sought)	Audit days	Risk ref *1	Initial timing	Directorate lead
	Agency workers and consultants (follow up) To provide assurance over the use of agency staff and consultants to ensure compliance with Council policy, IR35 legislation and value for money. To follow up on actions from the 2022/23 audit.	15	SRR10 SRR11	Q4	Customer & Governance
IT risks	Cyber security To provide rolling assurances throughout the financial year on key elements of cyber security – including preventative, detective and pro-active controls.	30	SRR03	Quarterly	Chief Executive
	IT strategy and governance To provide assurance over the governance and strategy for the IT service, determining priority workloads, management of risk and the policy framework; and the alignment of the strategy with the Council's objectives and risk appetite.	15	SRR03	Q1	Chief Executive
	Disaster recovery To provide assurance over the plans for recovery of IT systems and data in the case of an unplanned incident or cyber-attack.	12	SRR03	Q3	Chief Executive
	IT software licensing To provide assurance over the Council's management of its software applications to manage the risks of over/under licensing and patching regimes.	10	SRR03	Q4	Chief Executive
Governance	Ethical governance (advisory) To support the embedding of ethical governance policies. This may include independent review of updated policies, staff and Member training/awareness promotion, support with self-assessments against latest guidance or publications (i.e., Penn report from 2023).	15	SRR02	Rolling	Customer & Governance
Modern public services	New Customer Relationship Management system (embedded assurance) To provide independent assurances on the roll out of the new system in 2023/24, following initial April 2023 'go live'. To seek assurances over processes and compliance in Q1, ahead of wider service roll out (including data protection controls).	18	SRR04	Q1	Customer & Governance
	New revenues and benefits system (embedded assurance) To seek assurances over the development of this new system, to ensure consideration of key controls in the system design and timely, compliant delivery of the project and management of associated risks.	20	SRR04	All year	Finance & Performance
	New income management solution (embedded assurance) To seek assurances over the development of this new system, to ensure consideration of key controls in the system design (including PCI DSS compliance) and timely, compliant delivery of the project and management of associated risks.	20	SRR04	All year	Finance & Performance
	Hospital discharge invoicing	11	SRR08	Q1	Adults, Communities and Wellbeing

Assurance areas	Internal Audit assignments (including assurances sought)	Audit days	Risk ref *1	Initial timing	Directorate lead
	To provide assurance over the timely invoicing for hospital discharge cases – following reintroduction of processes since the pandemic. Processes should be in place to charge in a timely manner, to prevent losses / accumulation of large debts.				
	Right to buy applications and buy backs To provide assurance over the controls applied in processing of right to buy applications and the re-purchase of properties sold via the right to buy scheme. The discounts of up to £87k attract a potential fraud risk and the sales also have implications for reducing the housing stock available. There should be controls in place to ensure compliance with Council policy and legislation; and compliant use of right to buy funds.	15	Fraud risks	Q1	Housing
	Complaints and compliments management To provide assurance over the timely and effective recording, handling and resolution of complaints received across the Council and the reporting on complaints and compliments received to inform service development and improvement.	15	SRR02	Q2	Customer & Governance
	Agile working To provide assurance over the management of staff under agile working arrangements, including supervision/support; performance management; team meetings; objective setting; and compliance with a duty of care under the Health and Safety Act.	12	SRR11 SRR16	Q3	Customer & Governance
	Asset management – leased assets (follow up) To provide assurance over the management of the Council's leased/licensed assets and progress made in implementing actions from the 2022/23 audit.	12	A04	Q4	Place & Economy
	Housing repair stores (advisory) To provide independent, advisory support on controls operating over the use of Council stores, following the introduction of a new store at Corby.	5	Fraud risks	TBC	Housing
	Capital project management – Kettering library roof To provide assurance over the management of this capital project including cost/time management; risk/issue management; procurement; governance and decision making; and progress reporting.	14	SRR05	TBC	Adults, Communities and Wellbeing
Safe and thriving places	Landlord health and safety To provide assurance over compliance regimes for housing properties, to ensure safety of tenants. To include implications from the Social Landlord Regulations.	15	LLS04 R&M02	Q2	Housing
	Home to school transport (follow up) To provide assurance over the full and effective implementation of actions arising from the 2022/23 audit of Home to School Transport and following the transition of the service to North Northamptonshire Council from a lead authority model.	15	SRR16	Q2	Place & Economy

Assurance areas	Internal Audit assignments (including assurances sought)	Audit days	Risk ref *1	Initial timing	Directorate lead
	Highways maintenance contracts To provide assurance over the management of contracts for highways maintenance, to ensure effective, value for money services, in line with the contractual agreements.	20	H&W01	Q3	Place & Economy
	Housing repairs (follow up) To provide assurance over the Council's repairs service for housing stock properties. To follow up on actions agreed in the action plan for the 2022/23 audit.	15	R&M03	Q3	Housing
	Private sector housing enforcement and empty homes To provide assurance over enforcement activity for private sector housing, including latest Housing Health and Safety Rating System requirements for damp and mould.	15	SRR02 R05	Q3	Place & Economy
	Planning service transformation To provide independent assurance over the delivery of the transformation work on Planning services, following a review by the Planning Advisory Service in 2022/23.	12	G08	Q4	Place & Economy
	UK Shared Prosperity Fund To provide assurance over accurate record keeping for spend, compliance with funding terms and conditions, and effective application of monies to realise expected benefits and outcomes. Timing to be determined, based on progress with plans/spend.	20	G08	TBC	Place & Economy
Greener sustainable environment	Climate change strategy To provide assurance over the Council's delivery against its climate change strategy and associated action plans.	10	-	Q4	Place & Economy
Better. brighter futures	SEND action plan The Council is expecting a SEND inspection - to allocate time in the audit plan for a follow up of evidence of improvement against any action plans.	12	C08	Q1	Children's & Education
	Special Education Needs and Disabilities (SEND) To provide assurance over the process for allocating SEND funding and ensuring funding meets the needs of children. To include any implications of the Right Support, Right Place, Right Time green paper.	15	C08	Q2	Children's & Education
	Early years providers To provide assurance over claims from early years providers for two- and three-year-old funding and compliant/transparent invoicing arrangements.	18	C11	Q2	Children's & Education
	Schools – thematic review Theme to be determined at time of scoping, depending on outcomes of 2022/23 audit work, Schools Financial Value Standards submissions and risk assessment.	35	C10	Q3	Children's & Education
	Governance of the Children's Trust Annual assurances over the management of the Trust, including the work of the Intelligent Client Function (ICF).	15	SRR01	Q4	Children's & Education

Assurance areas	Internal Audit assignments (including assurances sought)	Audit days	Risk ref *1	Initial timing	Directorate lead
Active, fulfilled lives	Payments to social care providers To provide assurance over the timely and accurate payment of invoices to social care providers.	12	SRR07 SRR08	Q1	Adults, Communities and Wellbeing
	Continuing health care (CHC) funding To provide assurance that appropriate controls are in place to ensure the completeness and accuracy of the invoicing process to clinical commissioning groups (CCGs). To include sample testing of jointly funded care packages and a review of current systems and processes involved in the recharging/invoicing process, to ensure full and timely recovery of monies due.	15	SRR07 SRR08	Q1	Adults, Communities and Wellbeing
	Public health grant To provide assurance over the use of public health grant monies in accordance with grant terms and conditions and the Public Health Framework 2023-25.	12	SRR02	Q1	Public Health
	Recruitment and retention of social workers To provide assurance over the Council's approach to recruiting and retaining social workers. To include benchmarking with comparable authorities, where possible. To also include testing on pre-employment checks, including DBS (from efficiency perspective i.e., backlogs/process/update service) and assurance over appointments made pending DBS outcomes i.e. risk assessments completed.	12	SRR06 SRR11	Q2	Adults, Communities and Wellbeing
	Adult social care data quality To provide assurance over the quality of data being generated and reported in respect of adult social care. This is expected to inform the work of Care Quality Commission (CQC) inspections.	15	SRR06	Q2	Adults, Communities and Wellbeing
	Specialist care centres To provide assurance over the efficient and effective management of specialist care centres. Specifically, to seek assurance over the realisation of expected benefits on the Thackley Green project – which aims to support timely hospital discharge and provision of rehabilitation and short-term bed-based care. To also seek assurance over management of the Shaw Healthcare PFI contract for wider specialist care centres.	20	SRR06	Q2	Adults, Communities and Wellbeing
	Health and Social Care Act 2022 (advisory) LGA self-assessment tool has been issued and is being used to assess the Council's current position. To provide an independent view on this self-assessment.	5	SRR06	Q3	Adults, Communities and Wellbeing
	Public health contract management (follow up) To provide assurance over the management of public health contracts and actions taken since the 2022/23 audit to strengthen controls in this area.	10	SRR10	Q3	Public Health
	Adult safeguarding Annual assurances over key adult safeguarding processes and procedures.	20	SRR06	Q4	Adults, Communities and Wellbeing

Assurance areas	Internal Audit assignments (including assurances sought)	Audit days	Risk ref *1	Initial timing	Directorate lead
	Cygnum project (embedded assurance) To seek assurances over the timely and effective delivery of this project. This system is critical as it is used to schedule direct care visits; and hospital discharges are reliant upon the system.	15	SRR04 ASC03	TBC	Adults, Communities and Wellbeing
Financial systems	Financial system key controls – lead authority delivery <ul style="list-style-type: none"> • Creditors • Debtors • Payroll • Pensions 	- TBC	SRR07 SRR08	Q4	Finance & Performance
	Financial system key controls – in house delivery <ul style="list-style-type: none"> • Main accounting system • Treasury management • Government procurement cards (GPCs) • Local taxation • Housing benefits 	80	SRR07 SRR08	Q3/4	Finance & Performance
Grant claims	To review and certify grant expenditure, as required, during the financial year. To include Disabled Facilities Grants, Supporting Families, Highways etc.	60	-	As required	All
Counter fraud	Pro-active and reactive counter fraud work – including assessment and investigation of referrals; awareness work; policy reviews, NFI data matching and fraud risk assessment work.	200	-	As required	All
Support to Committee and management	Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors.	100	-	As required	-
Development of the Internal Audit service	Including self-assessments, quality improvement planning, staff management and development and engaging with the Council at a senior level.	50	-	As required	-
Risk management support	Advisory support and co-ordination on the Council’s risk management processes.	26	-	As required	All
Real time rolling risk reviews	To provide real time assurances over the existence of controls, as stated on the Strategic Risk Register.	38	-	As required	All
Total days		1250			

*1 Risk reference key:	
SRR – Strategic risk register entry	A – Assets and environment risk entry
LLS – Landlord Services risk register entry	R – Regulatory services risk entry
R&M – Repairs and maintenance risk register entry	C – Children’s and education risk entry
H&W – Highways and waste risk register entry	ASC – Adult social care risk entry
G – Growth and regeneration risk entry	

Table 2: Reserve list 2023/24

Audit area (and source)	Comments
Fleet management (Senior management consultation and audit universe)	Fleet and fuel audit coverage in 2022/23 – targeted on counter fraud risks but considered to reduce value in another audit in 2023/24.
Internal quality function (Adults) (Senior management consultation)	To allow time for new processes to embed, proposed to schedule for Q1 of 2024/25. Can be re-considered for coverage in 2023/24 if higher risk associated with this.
Disaggregation of Shared Lives (Horizon scanning of projects)	Assigned a lower risk profile due to the scale of the service. This is subject to project management arrangements, providing management assurances.
Leisure centre health and safety incidents (Senior management consultation)	Leisure service provision audit coverage in 2022/23 gave good assurance and included health and safety monitoring. Management to seek assurances in meantime and can be re-considered for audit, if needed.
Assistive technology (Horizon scanning of projects)	Currently hosted by West Northants Council until April 2024. Given lower risk profile due to project management arrangements in place and audit coverage on Cygnum project given priority.
Use of volunteers (Senior management consultation)	Assigned a lower risk profile than other areas highlighted. Can be re-considered for coverage if higher risk associated with this.
Member empowerment fund (Senior management consultation)	Assigned a lower risk profile than other areas highlighted. Can be re-considered for coverage if higher risk associated with this.
Absence management (Senior management consultation and audit universe)	Assigned a lower risk profile than other areas highlighted. Can be re-considered for coverage if higher risk associated with this.
Modern Slavery Act (Audit universe)	Suggest management assurances be sought in 2023/24 and be re-considered for audit coverage in 2024/25.