

Agenda Item	5
Report No	AS/13/23

THE HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 28th September 2023

Report Title: Internal Audit Plan 2023/24

Report By: Strategic Lead (Corporate Audit & Performance)

1. Purpose/Executive Summary

1.1 This report presents the 2023/24 Internal Audit Plan for approval.

2. Recommendations

2.1 Members are asked to approve the 2023/24 Internal Audit Plan which is provided at **Appendix 1**.

3. Implications

3.1 Resource – details of the available resources are detailed in section 5.2.

3.2 There are no Legal, Community (Equality, Poverty, Rural and Island), Climate Change / Carbon Clever, Risk, Health and Safety (risks arising from changes to plant, equipment, process, or people) or Gaelic implications arising from this report. The planned audits cover a number of these implications, but these will be addressed within the individual audit reviews and reported accordingly.

4. Internal Audit Plan 2023/24

- 4.1 In accordance with the Public Sector Internal Audit Standards (the PSIAS), the Chief Audit Executive (Strategic Lead (Corporate Audit & Performance)) prepares a risk-based audit plan which outlines the assignments to be carried out, their respective priorities and the estimated resources needed for the year.
- 4.2 This has now been undertaken and the 2023/24 Internal Audit Plan is attached at Appendix 1.

5. Audit Planning Process

- 5.1 The Plan is produced in accordance with the Internal Audit Charter and the requirements of the PSIAS. To comply with the standards, in preparing the plan, consultation must take place with senior management (see details of this in the bullet points below). This Plan is normally earlier in the year by the Committee, but delays have occurred due to the Corporate Audit Manager post being vacant and the long-term sickness of another member of staff. This meant that a number of audits were carried over at the year end. Several of these have since been completed with the reports provided to either June or this Committee meeting. An update on the work still in progress is provided separately at item 4 on the agenda.

The plan for the rest of the financial year is informed by the following:

- Consideration of identified risks through review of the Corporate risk register and Service risk registers.
- Wider horizon scanning of risks and changes affecting local authorities through guidance and publications issued by external organisations including the Chartered Institute of Internal Auditors, CIPFA and Audit Scotland.
- Review of reports to Council and Committees to identify the issues being reported and to consider whether there are matters that should be subject to audit review.
- Meetings with the Executive Chief Officers and their management teams in order to assess potential audits and to identify if there were any other areas that they suggested should be subject to audit.

There is also an element of committed requirements each year such as the work to support the annual audit opinion for the annual accounts and within the Internal Audit Annual Report and for following up on previous audit recommendations.

This resulted in a draft plan which was then discussed at a meeting of the Executive Leadership Team earlier this month.

- 5.2 The establishment consists of 9 full time posts: comprising of 6 Internal Audit, 2 Corporate Fraud and the Corporate Audit Manager. Effective from 09/08/23 there is now a full complement of staff. These resources are considered sufficient to undertake the work required to enable provision of the annual audit opinion for 2023/24 which will be reported to Committee in June 2024.

The PSIAS require that the CAE confirms that there are no significant threats to the independence of the Internal Audit activity such as inappropriate scope or resource limitations. This confirmation can be provided. Should there be any unexpected changes affecting the available audit resources which could impact upon the ability to provide the annual audit opinion then Committee will be informed accordingly.

It should be noted that CAE has responsibilities beyond the Internal Audit function which includes Corporate Performance and Information Governance. Any audit activities that fall within these functions will not involve the CAE, who will undertake the role of audit client. These will be led under the management of the Corporate Audit Manager thereby ensuring there is no impairment to the audit objectivity.

5.3 The Audit Plan includes the work undertaken by the Corporate Fraud Team. This includes acting as the Single Point of Contact with the Department of Work and Pensions, and Police Scotland, investigating all fraud referrals including those involving suppliers, employees, Council Tax and NDR benefits/ discounts, and investigation of Whistleblowing concerns. Appendix 1 details the allocation of time for planned activities. In addition to this, a contingency is held for allocating time for any unplanned fraud or whistleblowing investigations.

5.4 The Audit Plan refers to the planned work with regard to Highland Council only. In addition, the Section also undertakes work for:

- The Pension Fund
- The Valuation Joint Board
- HITRANS
- High Life Highland.

Separate plans are prepared for each of these organisations and approved by their relevant Boards/ Committees.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 16th September 2023

Author:

Background Papers:

Appendices: Internal Audit Plan 2023/24

Appendix 1 – Internal Audit Plan 2023/24

Service	Audit Ref and Name	Audit Scope	Priority	Planned Days
Communities & Place/ Performance & Governance	HCP15/001 - Common Good Fund Asset Registers	Review of the arrangements for Common Good Fund asset registers including their establishment, public consultation and publication of the information. This audit will also consider the arrangements for the disposal of assets. Will also ensure that the arrangements accord with the relevant legal requirements.	Medium/High	30
Communities & Place	HCP22/001 - Efficiency of debt recovery arrangements	This review will consider the efficiency and effectiveness of the debt recovery arrangements across the Council. This will include corporate debt recovery and any other Service arrangements outside of this function including contracts with sheriff officers. This will also consider the approach followed by other Councils.	Medium/High	20
Depute Chief Executive	HDX03/003 - Procurement of ICT cloud hosted systems	Review of the procurement of cloud hosted systems to ensure that appropriate due diligence checks of any potential providers is undertaken. This will include consideration of controls around data protection and IT security.	Medium/High	20
Depute Chief Executive	HDX03/004 - IT asset registers	Review of the arrangements for the control and recording of IT assets to ensure these are complete, accurate and can be relied upon in the event of a cyber security incident.	Medium/High	20
Education & Learning	HEL02/001 - Review of financial arrangements in Primary Schools	Review to ensure that the financial arrangements are in accordance with the requirements of Council policies and procedures, including Financial Regulations. This will involve visiting a sample of larger primary schools which will be agreed with the Service and will cover financial systems such as ordering and payment of invoices, use of imprests and school funds.	Medium/High	30
Internal Audit	HIA12/004 - Follow Ups Allowance 2023-24	Annual allowance for follow up of audits which are not subject to a specific follow-up review.	Not Applicable	20

Service	Audit Ref and Name	Audit Scope	Priority	Planned Days
Internal Audit	HIA13/004 - Advice and consultancy 2023-24	Contingency time for any requests for advice or consultancy work to Services.	Not Applicable	20
Infrastructure, Environment & Economy	HIE06/002 - In-house bus operation income systems	Review of the income systems for the in-house bus operation to ensure that all income is collected and accounted for. This will include bus fares (cash and contactless) and any grant claims for bus travel schemes.	Medium	25
Infrastructure, Environment & Economy	HIE18/004 - Community Regeneration Fund	Review of the various external grant funds that come under the umbrella of the Community Regeneration Fund. The audit will consider whether there is appropriate governance in place for each of the different funds, the process for the assessment and approval of applications, controls over the payment of grant claims, the systems for reporting and monitoring of payments and assessment of the achievement of project outcomes.	Medium/High	25
Performance & Governance/ Corporate	HPG13/002 - Business Continuity Planning	Corporate review of the arrangements within Services for Business Continuity Planning. This will include production of BCPs, testing of arrangements and identification of key ICT systems and other interdependencies including where there is reliance upon other Services. A sample of Services will be selected for review to assess the effectiveness of their BCP arrangements.	Medium/High	30
Resources & Finance	HRF04/001 - Cheque control arrangements	Review of the arrangements in place for the control and issue of cheques. This will include consideration of the reasons and approval for payment being made by cheques rather than other methods, the secure accounting for cheques and the bank reconciliations. The audit will also analyse the cheque payments being made to establish if there are any underlying trends/ reasons for these which need to be addressed.	High	20
Resources & Finance	HRF12/002 - Review of payroll control environment	Review of the overall control environment to identify areas where improvement is required. This will include consideration of setting of payroll budgets, budget holder responsibilities, payroll responsibilities, policies, procedures and training for all staff, and the process for new starts, changes and leavers.	High	30

Service	Audit Ref and Name	Audit Scope	Priority	Planned Days
Resources & Finance	HRF16/004 - HC Annual Governance Statement 2022-23	Allowance for work to be undertaken in order to support the annual audit opinion and Annual Governance Statement within the annual accounts.	Commitment	5
Resources & Finance/ Corporate	HRF30/006 - Workforce planning arrangements	Corporate review of workforce planning arrangements across the Council. Scope will include consideration of: baseline data available to assist Services in knowing their current workforce; planning for future needs of the Service; monitoring and reporting of progress against workforce plans. This audit will sample arrangements from different Services across the Council.	High	30
Resources & Finance/ Corporate	HRF33/004 - Review of Health and Safety arrangements	Corporate review of health and safety practice across the Council to ensure this is compliant with relevant Council H&S policies and that legal obligations are being met. A sample of Services will be selected for examination to assess their compliance.	Medium/High	20
Resources & Finance	HRF40/005 - Procurement arrangements and governance	This audit will consider whether the current shared procurement arrangements are working effectively and delivering the expected benefits. This will also review the governance arrangements in place.	High	30
Health & Social Care	HSC08/001 - Justice Service	Review of the provision of the Justice Service. Exact scope and what particular elements of service provision will be examined to be agreed with senior management at the audit planning stage.	Medium	25
Total Days				400

Investigations – planned activity

Audit Ref and Name	Audit Scope	Planned Days
HIA10/007 - SPOC work for DWP 2023-24	Allocation of time for work undertaken by the Corporate Fraud Team for Single Point of Contact (SPOC) for DWP.	50
HIA10/008 - SPOC work for Police Scotland 2023-24	Allocation of time for work undertaken by the Corporate Fraud Team for Single Point of Contact (SPOC) for Police Scotland.	120
HIA11/008 - NFI work 2023-24	Time for the co-ordination and reporting of the biennial NFI review. Also includes time for the investigation of the “Amberhill” matches.	25
HIA11/009 - Tenancy fraud investigations 2023-24	Time allocated for investigating alleged tenancy fraud cases.	30
Total Days		225