

# Report of the Director of Finance and IT to the meeting of the Governance and Audit Committee to be held on 15 June 2023.

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## Subject:

INTERNAL AUDIT PLAN 2023/24

## Summary statement:

This report outlines the Internal Audit Plan for the financial year 2023/24. The delivery of the audit plan will assist with risks within the systems reviewed being managed to an acceptable level through improvement in internal control.

In addition to the 2023/24 Internal Audit year plan the report identifies an indicative plan for a further two years to highlight the risks that are being monitored

## Equality & Diversity:

The achievement of the 2023/24 Internal Audit Plan will provide assurance that the appropriate governance processes are in place which allows Service Objectives to be delivered in accordance with the Council's equality policies.

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Director of Finance and IT

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**Portfolio:**

**Corporate  
Improvement Area:**

**Corporate**

## 1. SUMMARY

- 1.1 The purpose of this report is to inform the Governance and Audit Committee of the Internal Audit Plan for the financial year 2023/24, giving the Committee the opportunity to contribute to the plan. It demonstrates where Internal Audit adds value to the Council by providing independent and objective assurance of risks to internal control within the Council's systems and processes. The Audit Plan reflects internal stakeholders' needs and the expected needs of the Council's external auditors for 2023/24.
- 1.2 The delivery of the audit plan will assist with risks within the systems reviewed being managed to an acceptable level through improvement in internal control.

In addition to the 2023/24 Internal Audit Year Plan the report identifies an indicative plan for a further two years to highlight the risks that are being monitored

## 2. BACKGROUND

### Internal Audit Plan 2023/24

- 2.1 The Council's Constitution gives the Governance and Audit Committee the responsibility of approving the Internal Audit Plan.
- 2.2 The Internal Audit Plan details the work planned for the 2023/24 financial year. The plan demonstrates that Internal Audit's resources are managed effectively and that the coverage is appropriate to allow the Head of Internal Audit, Insurance and Risk to gain sufficient evidence to be able to form an opinion on the internal control systems of the Council that it has reviewed. The opinion must be based on a balance of work so that the internal control environment, the risk management and governance arrangements of the authority can be assessed.
- 2.3 The plan has included contributions from departmental management teams and has also been subject to consultation with Council Management Team. It is the case that there will always be a shortfall of resources against the planned work required. Consequently, it is expected that not all planned audits in the plan are deliverable and the Service will have to prioritise the use of its resources.
- 2.4 Performance will be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2023 and in the Annual Audit Report in June/July 2024.
- 2.5 The 2023/24 audit plan will enable the Head of Internal Audit, Insurance and Risk to form an opinion at the end of the year on the Council's control, risk and governance arrangements. The 2023/24 audit plan has been developed to show clearly how the work planned will contribute to forming audit conclusions on control, risk and governance that will feed into the year end opinion.
- 2.6 There are two areas where the contents of the Internal Audit Plan have yet to be finalised. The first relates to Bradford's Children and Families Trust where discussions are ongoing on what financial systems and procedures should be prioritised. At the moment sixty days of Internal Audit resource has been allocated to work on behalf of the Trust. The other area to be finalised is the Computer Audit function. The first four year plan of the computer audit contract by Salford Internal Audit Services is coming to a close. It is the intention to enter into a further three contract for the Council's Computer Audit Service with Salford Council.

The contract will be agreed in early summer and will be for approximately sixty days support per annum.

- 2.7 The Public Sector Internal Audit Standards External Assessment is currently being completed by CIPFA. Any agreed recommendations from the assessment will be included in the Internal Audit Services Quality Assurance Improvement Plan for 2023/24 .

### **3. OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION**

- 3.1 Not Applicable.

### **4. OTHER CONSIDERATIONS**

- 4.1 There are no other considerations.

### **5. OPTIONS**

- 5.1 Not applicable.

### **6. FINANCIAL AND RESOURCE APPRAISAL**

- 6.1 There are no direct financial consequences arising from this report. The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk.

### **7. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 7.1 The work undertaken within Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. The key risks examined in internal audits are discussed with management at the start of the audit and the action required from internal audit recommendations is verified as implemented by Strategic Directors.

- 7.2 The fundamental shifts in the way the Council now works has significantly increased the risks facing the Council across its service delivery functions and its community responsibilities across the District. Internal Audit will be reviewing these risks in accordance with the plan. From a governance perspective there is the risk that internal controls may not operate normally with the same degree of management oversight and Council scrutiny. It is essential that management maintain appropriate controls in place to ensure value for money is achieved and the financial resilience of the authority continues. Internal Audit will be making an ongoing assessment of the control environment and where required completing specific work to rectify any identified control weaknesses.

### **8. LEGAL APPRAISAL**

- 8.1 The Accounts and Audit Regulations 2015 requires the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. The Council achieves this by complying with the Public Sector Internal Audit Standards (PSIAS), which it does by following the CIPFA Local Government Application Note. The Internal Audit Plan needs to be approved by the Governance and Audit Committee to ensure compliance with the PSIAS.

## 9. **OTHER IMPLICATIONS**

### 9.1 **Equality and Diversity**

The Internal Audit Plan seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work Internal Audit will review the delivery of service to ensure it is in accordance with the formal decision making process of the Council.

### 9.2 **Sustainability implications**

When reviewing Council Business Internal Audit will be examining the sustainability of the activity and to ensure that mechanisms are in place so that services are provided within the resources available.

### 9.3 **Greenhouse Gas Emissions Impacts**

There are no direct impacts on Gas Emissions.

### 9.4 **Community safety implications**

There are no direct community safety implications.

### 9.5 **Human Rights Act**

There are no direct Human Rights Act implications.

### 9.6 **Trade Union**

There are no implications for the Trade Unions arising from the report.

### 9.7 **Ward Implications**

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

### 9.8 **Implications for Corporate Parenting**

None

### 9.9 **Issues Arising from Privacy Impact Assessment**

None

## 10. **NOT FOR PUBLICATION DOCUMENTS**

10.1 None

## 11. **RECOMMENDATIONS**

11.1 That the Committee reviews and approves the Internal Audit Plan for 2023/24.

## 12. **APPENDICES**

12.1 Appendix 1 – Internal Audit Plan 2023/24.

## 13. **BACKGROUND DOCUMENTS**

13.1 Accounts and Audit Regulations 2015.

13.2 Public Sector Internal Audit Standards 2017.

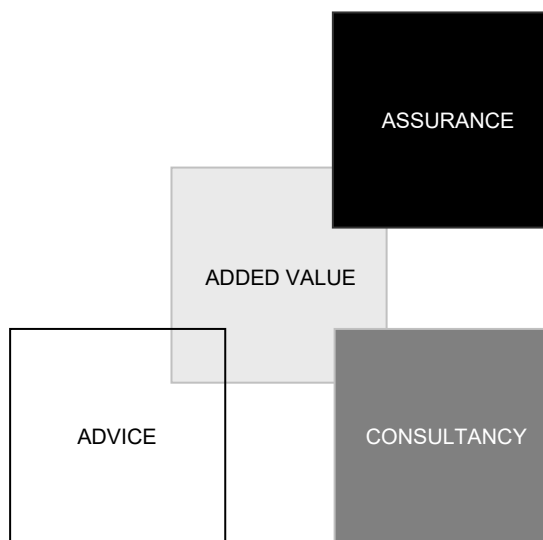
13.3 The CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards 2019 Edition.

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# Internal Audit



## INTERNAL AUDIT PLAN 2023/24



DEPARTMENT OF CORPORATE RESOURCES

## INTRODUCTION

One of the requirements of the “Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note” is that an Annual Internal Audit Plan is produced and approved by the Governance and Audit Committee (GAC). Compliance with the PSIAS and the Local Government Application Note is a requirement of the Accounts & Audit Regulations 2015.

The plan has been developed in consultation with Christopher Kinsella, the Director of Finance and IT and the Strategic Directors for each Department. In order to prevent duplication of work and to ensure that the required audit assurances on the Council’s financial systems are provided, the 2023/24 plan will be shared, as is normal practice, with the Council’s external auditors. Internal Audit is committed to maintaining a strong working relationship with External Audit co-planning the internal and external audit programmes as required. Meetings will be held with the External Auditors throughout the year in order to share mutually beneficial information relating to risks and controls.

This Internal Audit Plan details the work planned for the financial year 2023/24 and identifies an indicative plan for a further two years.

*Mark St Romaine*

Head of Internal Audit, Insurance and Risk

June 2023

### **Circulation:**

Members  
Christopher Kinsella  
Cameron Waddell  
All Staff

Governance and Audit Committee  
Director of Finance and IT  
Director and Engagement Lead, Mazars  
Internal Audit



## **1. KEY AIMS**

- 1.1 Internal Audit's role is to independently review, evaluate and report upon the internal control procedures that management have established, both in financial and non-financial systems and make appropriate recommendations whenever controls are found to be missing, excessive or not operating effectively.
- 1.2 Internal Audit will assess and make appropriate recommendations to improve the organisation's governance processes for:
- making strategic and operational decisions
  - overseeing risk management and control
  - promoting appropriate ethics and values within the organisation
  - ensuring effective organisational performance management and accountability
  - communicating risk and control information to appropriate areas of the organisation, and
  - coordinating the activities of and communicating information among CMT, Governance and Audit Committee, external and internal auditors, other assurance providers and management
- 1.3 Internal audit activity will evaluate risk exposures and the effectiveness of control relating to the organisation's governance, operations and information systems regarding the:
- achievement of the organisation's strategic objectives
  - reliability and integrity of financial and operational information
  - effectiveness and efficiency of operations and programmes
  - safeguarding of assets, and
  - compliance with laws, regulations, policies, procedures and contracts
  - occurrence and management of fraud risk
- 1.4 Overall Internal Audit undertakes the following functions:-
- a) The continuous, systematic and structured review of the soundness, adequacy and application of the Council's internal control systems in accordance with the audit plan.
  - b) Receiving notifications of all suspected or known losses or irregularities concerning cash, property, stores or other financial matters.
  - c) Undertaking management reviews and reporting the findings to management for them to take the appropriate course of action.
  - d) Reviewing and advising upon developing systems.
  - e) Providing advice on financial systems, procedures, regulations, corporate governance issues and risk management.
  - f) Contributing to the Council's objectives and best value whenever possible

## **2. RESOURCES AVAILABLE**

- 2.1 The total net resources available to Internal Audit are 2184 person days (8.4 FTE) which is less than the 2415 person days (9.3 FTE) available in 2022/23. The net decrease is due to one Audit Manager leaving during 2022/23 and not being replaced, and a long term sickness absence. A rearrangement of management responsibilities is currently being progressed. In March 2023 the Graduate Trainee Auditor was appointed to the post of Senior Auditor. A new Graduate Trainee Auditor had also been appointed in December 2022. Another Senior

Auditor has increased their working hours. Overall these resources will enable the Internal Audit Opinion to be supported by sufficient evidence.

### **3. INTERNAL AUDIT PLAN SUMMARY**

3.1 The summary of the Internal Audit Plan for 2023/24 in person days, by type of audit activity, is shown in Appendix A. Once the delivery of the Bradford Children and Families Trust has been factored in, the allocation of resources to the different audit activity is very similar to 2022/23. However there is increased resource assigned to the Council's Strategic Risks and a smaller resource for the certification of grants. Whilst there are no major changes from 2022/23, the plan reflects the objective of increasing focus on fundamental and significant systems, which was also where the service wanted to focus in 2022/23. Whilst the planning totals have not changed if the service can achieve these totals in 2023/24 this will demonstrate actual increased assurance in these areas.

3.2 During the year progress against the audit plan will be regularly monitored to ensure that audit resources are efficiently and effectively deployed. The performance will be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2023 and in the Annual Audit Report in June/July 2024. These reports will also be presented to Council Management Team.

The majority of assignments will be completed during the year but as is normal working practice, some will inevitably be finalised in the following financial year.

The annual plan may change during the year, subject to capacity constraints, to reflect any significant events or new risks that occur through the year.

### **4. INTERNAL AUDIT PLANNED WORK**

4.1 This year's plan has incorporated significant levels of consultation with service departments to incorporate their key areas of risk. The risk assessment also takes into account a wide number of factors such as financial value, whether the systems operating have changed, Corporate Governance requirements, Corporate and Directors' priorities, prior audit assurance and known areas of concern. This year there was a significant review of the plan to remove obsolete areas of activity.

The Internal Audit Plan has been designed so that the Head of Internal Audit can provide an opinion which assesses the internal control environment, the risk management and governance arrangements of the authority. The Plan has been subject to consultation with the Council Management Team.

4.2 The plan consists of a one year plan for 2023/24 and an indicative plan for 2024/25 and 2025/26. There are two areas where the contents of the Internal Audit Plan have yet to be finalised. The first relates to Bradford Children and Families Trust where discussions are ongoing on what financial systems and procedures should be prioritised. At the moment sixty days of internal audit resource has been allocated to work on behalf of the Trust. The other area to be finalised is the Computer Audit function.

### **5. BREAK DOWN OF AUDIT ACTIVITY**

The following sections provide the detailed breakdown of the major productive areas covered in the Internal Audit Plan, by audit activity type, together with an indication of some of the key considerations in each area.

## 5.1 Internal Audit Work 2022/23 Carried Forward

In any year there will be work carried forward from the previous year that was not completed in the year it was originally planned. Whilst there are a number of small carry forwards on several audits the following audits are now required to be substantially completed in 2023/24 rather than last financial year. These are tabled below.

### 2022/23 Slippage into 2023/24

<b>Audit</b>	<b>Days</b>
Cash and Banking Project	15
Council Tax - Valuation & Billing incl reliefs & discounts	15
Waste Management	20

## 5.2 Council Strategic Risk Register

PSIAS require Internal Audit to take a broader view on the Council's business risks and objectives. In order to facilitate this, Internal Audit will review the control environment supporting the Council's Strategic Risks. The Strategic Risks identified for review in 2023/24 are those that are topical and in some cases where they are assessed as red in respect of impact and likelihood. These are Critical Facilities, Inadequate Housing Supply, Supply Chain Risk and Human Capital Diversity and Talent Management.

The three year plan is detailed in Appendix B. It should be noted that not all strategic risks have been assigned a year for review which highlights that the risks to be reviewed can be flexible to focus on key areas of assurance.

## 5.3 Fundamental Financial Systems

The work undertaken by Internal Audit helps the Director of Finance and IT and External Audit to fulfil their statutory responsibilities. Fundamental financial systems are those systems that have a material impact on the Council's accounts, for example Council Tax.

Appendix A shows that a total of 277 days has been allocated to fundamental financial systems work for 2023/24 which is a similar allocation to the previous two years. The approach to auditing fundamental financial systems centres on in depth auditing, on a three year cycle, of the controls operating within an element of the fundamental financial systems. These areas are generally well controlled but are essential for the financial management of the Council. Details of the fundamental financial systems and their cyclical coverage are shown in Appendix C.

## 5.4 Significant Systems

The audit risk assessment identifies all the significant audit risks. The work on significant systems of the Council are operational within Services, such as, Energy Management, School Catering, Deferred Payment for Care, Waste Management and Conflicts of Interest. Significant systems represent the largest area of audit activity due to their number, complexity and diversity. On a three year cycle, Internal Audit aims to cover all of the Council's significant systems. This year the areas of coverage has been determined after a full consultation process with Service Departments.

Appendix A shows that 456 days has been allocated to significant systems work for 2023/24, which is a decrease on 2022/23, though 60 days have been reallocated to the Bradford

Children and Families Trust. Appendix D shows the full three year plan.

## **5.5 School Audits**

Schools operate under delegated financial and governance arrangements and have responsibility for significant resources. The audit plan each year includes time for the review of the systems within schools, and supporting schools.

For 2022/23, the remote audit approach developed and introduced during the Covid pandemic remained in operation and it has been possible on occasion to re-commence actually visiting some school premises. The approach, which focuses on three financially significant areas; Governance and Accountability, Purchasing and Payments, and Payroll, will continue to be followed in 2023/24, being reviewed and revised as circumstances and practices allow. 15 schools are planned to be selected for audit activity this financial year.

The position regarding academy conversions will continue to be monitored throughout 2023/24 to ensure audit resources are focussed appropriately in the context of this changing landscape.

In addition to school audits, there is an allocation of time relating to confirming compliance with the Schools Financial Value Standard, (SFVS), an Education & Skills Funding Agency initiative, (sitting within the DfE), currently consisting of 30 questions which school Governing Bodies must discuss annually with their Heads and Senior Staff, to give them assurance that they have secure financial management in place. All maintained schools, except those that meet certain exception criteria, are required to complete an annual SFVS assessment and return it to the Council; for 2022/23 returns it is the 31<sup>st</sup> March 2023.

The SFVS scheme also places a requirement on the Council's Director of Finance & IT, as S151 officer, to have in place a system of audit for schools which gives adequate assurance over standards of financial management and to consider SFVS returns received when setting the audit plan for schools. The numbers of returns received by the Council by the March deadline also informs an annual position statement declared by the Director of Finance & IT to the DfE, which for 2022/23 is the 31<sup>st</sup> May 2023.

There is an allocation of time within the plan for analysis of the assessments received in order to inform this year's school audit plan and also to provide additional financial management assurance.

Completion of the SFVS is the responsibility of individual schools, however there is an allocation of time within the audit plan to provide schools with training support on the consideration and completion of their SFVS assessments. This has historically proved to be an effective use of audit resources as good practice on financial management principles can be disseminated to many schools during one training session. In January 2023, training sessions were delivered by Internal Audit, in person on Council premises and on line using Microsoft Teams. This training is in addition to traditional remote methods of support on an individual school basis. Positive feedback has been received from delegates on training delivered to date and it is planned to deliver further training during 2023/24, in person and online.

Appendix A shows that the number of resources allocated to schools work for 2023/24 is 210 days, compared with the 255 days allocated for schools' audit work in 2022/23.

## **5.6 Bradford Children and Families Trust**

60 days has been allocated in the 2023/24 audit plan to perform audit work associated with the Bradford Children and Families Trust. The details of this have yet to be determined and agreed with the Trust. The areas to possibly audit include: Business Continuity, Change Management, Corporate Governance, Families First Programme, Financial Controls, Performance Management and Service Delivery.

## **5.7 Computer Audit**

The Computer Audit function is yet to be finalised. The service is coming to the end of the first four year plan of the computer audit contract by Salford Internal Audit Services. It is the intention to enter into a further three contract for the Computer Audit Service with Salford Internal Audit Services. The contract will be agreed in early summer and will be for approximately sixty days support per annum. The Computer audit plan that covers this period is shown in Appendix E.

## **5.8 Grants**

There has been an increase in the number of grants and funding streams known to require certification in 2023/24 compared to 2022/23. As in previous years there is always potential for Internal Audit to receive notification of new grant certifications during the year. Whilst the increase in grants over the last two years was in response to the pandemic it appears that Government Departments are now requesting these certifications on a continuing basis.

Grant work has been allocated 70 days within the 2023/24 plan to complete the certifications listed below. This is a decrease of 38 days (35%) on the 108 days allocated in the 2022/23 plan to reflect that a light touch approach is being introduced to the auditing of grants. This will especially be the case for grants of low value.

Pot Hole Action Fund Grant 2022/23  
WYCA Local Transport Block Funding Grant 2022/23  
West Yorkshire Plus Transport Fund Grant 2022/23  
Families First (Troubled Families Funding) 2023/24  
Disabled Facilities Grant 2022/23  
PE & Sport Grant 2022/23  
Local Authority Bus Subsidy Grant 2022/23  
Highways Maintenance Challenge Fund 2022/23  
Active Travel Grant 2022/23  
City Connect 2022/23  
Transforming Cities Fund 2022/23  
City Region Sustainable Transport Fund 2022/23  
Getting Building Fund – One City Park 2022/23  
Getting Building Fund – Bradford City Village 2022/23  
Clean Air Implementation Fund Revenue Grant 2022/23  
Clean Air Implementation Fund Capital Grant 2022/23  
Clean Air Fund Revenue Grant 2022/23  
Clean Air Fund Capital Grant 2022/23  
UK Shared Prosperity Fund 2022/23  
Gainshare Capacity Fund 2022/23  
Levelling Up Fund 2022/23  
Town Deal Funds – Shipley and Keighley 2022/23

## **5.9 Follow Up Audits**

The Chief Executive and Strategic Directors have the responsibility, in accordance with Financial Regulations, to ensure that the agreed action on Internal Audit report recommendations has been implemented; and on an annual basis Internal Audit seek written confirmation of the level of progress of implementation.

During the year Internal Audit will continue to liaise with service managers to assess the status of agreed recommendations to help form an opinion of the control framework across the Council as a whole. Narrative to support the current status of implementation will be sought and wherever possible supporting evidence obtained.

Appendix A shows that the number of resources allocated to follow ups in 2023/24 remains at 45 days to reflect the support that Internal Audit will provide to service managers to assist in the timely implementation of recommendations.

## **5.10 Advice & Controls Awareness**

Advisory and control awareness work is mainly demand led and includes provision for advice on business issues. An allocation of 92 days has been made for this work in 2023/24, which is a decrease from the 114 days allocated in 2022/23.

## **6. WEST YORKSHIRE PENSION FUND (WYPF)**

The WYPF Internal Audit Plan (see Appendix F) is for 255 days commissioned work that is split between investments and the administration of pensions. The number of days was increased from 170 in previous years to 255, from 2018/19, at the request of the WYPF Head of Finance, due primarily to increasing risk as a result of the Northern LGPS and also an increase in activity in shared services to other Pension Funds such as Lincolnshire Pension Fund, London Borough of Hounslow Pension Fund, London Borough of Barnet and Fire and Rescue Services. During 2023/24, Internal Audit will continue to use some of the extra days to increase sample sizes used in testing controls. This is due to an increase in shared service partners such as the London Borough of Barnet and further Fire and Rescue Services during 2022/23. This allows Internal Audit to provide a level of assurance on transactions in respect of the shared service partners without diluting the assurance provided for the WYPF. The extra days provided to the WYPF achieves additional income to Internal Audit of approximately £30K.

The volume and value of transactions is used to initially determine the frequency of an audit and necessitates that some of the key financial systems are reviewed more frequently than others. Consideration is also given to the significance of previous recommendations made, new legislation, new systems and the Director's priorities. The timing or frequency of an audit may change if a system is changed or Internal Audit is asked to bring forward a specific audit or has specific concerns. If new systems are introduced these will be prioritised to be audited once the system is embedded.

### **Investments**

Equities are audited every year due to the value of the investments, (63% of WYPF's market value at 31.12.22). Other asset classes are audited on either a three or five yearly basis dependent on risk considerations.

Treasury Management is currently being audited on an annual basis following the banking crisis and the increased risk to cash holdings. The Head of Finance has also requested that we carry out a Quality Check on the WYPF statement of accounts on an annual basis.

A further piece of collaborative audit work with the Northern LGPS, the collective investment pool, will take place as part of the 2023/24 Internal Audit Plan.

## **Pensions**

Ensuring that New Pensions and Lumps Sums are correctly calculated and paid is crucial to the success of the system because all future payments are based on this calculation. Therefore this area is audited annually, using a different pensioner type each year. In a similar way, New Pensions and Lump Sums relating to the Fire and Rescue Services is also to be audited annually, again with a different pensioner type each year.

Pensioners Payroll and Local Government Scheme Contributions are audited twice in every five year period. All of the other pension audits occur at least once in every five years subject to agreement with the Head of Finance on an annual basis.

## **Contingency**

The WYPF Internal Audit Plan also contains a small contingency to accommodate requests for additional work during the year.

## **7. COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**

- 7.1 In order to comply with Public Sector Internal Audit Standards, the Service should adopt a Quality Assurance Improvement Plan (QAIP). In 2023/24 this plan will continue to focus on ensuring the Service is able to work effectively and provide the required assurances as the Council responds to the current environment. This will include determining how auditors are best able to work in the new hybrid working environment.
- 7.2 The Public Sector Internal Audit Standards External Assessment is currently being completed by CIPFA. Any agreed recommendations from the assessment will be included in the Internal Audit Services Quality Assurance Improvement Plan
- 7.3 The 2023/24 audit plan will enable the Head of Internal Audit, Insurance and Risk to form an opinion at the end of the year on the Council's control, risk and governance arrangements. The audit plan has been developed to show clearly how the work planned will contribute to forming audit conclusions on control, risk and governance that will feed into the year end opinion.
- 7.4 The Head of Internal Audit is not involved in audits where they have had either existing or previously held operational responsibility. If an audit is undertaken of Risk Management or Insurance the reports are reviewed by an Audit Manager and reported directly to the Director of Finance and IT to avoid a conflict of interest.

## INTERNAL AUDIT PLANS FOR 2023/24 AND 2022/23 BY AUDIT ACTIVITY

	2022-23 Plan	2023-24 Plan
<b>Full Time Equivalents (net of leave &amp; public holidays)</b>	<b>9.3</b>	<b>8.4</b>
	<b>Days</b>	<b>Days</b>
Fundamental Financial Systems	278	277
Significant Systems	527	456
Strategic & Departmental Risks/Council Plan	20	80
Schools	255	210
Computer Audit	60	60
Grants	108	70
Follow-up Audits	45	45
Advice & Control Awareness	114	92
West Yorkshire Pension Fund	255	260
Administration	202	187
Management: Plan Delivery	208	189
Management: Technical	45	40
Training	120	103
Non-Audit Functions	44	44
Covid 19 Support	30	0
Bradford Children and Families Trust	0	60
Contingency Provision	104	11
<b>TOTAL PRODUCTIVE TIME</b>	<b>2415</b>	<b>2184</b>

**PSIAS Standards Alignment**

The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion that concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

The 2023/24 annual audit plan, Appendices B to F, indicates how it contributes to the forming of the annual audit opinion conclusions on control, risk and governance as follows:

- C = Control
- G = Governance
- R = Risk Management



## COUNCIL STRATEGIC RISKS– PLANNED COVERAGE 2023-24, 2024-25, 2025-26

		RAG @ Q3 22-23	Audit Plan Year	Audit Plan Year	Audit Plan Year
PSIAS	AUDIT		2023-24	2024-25	2025-26
R	Critical Facilities	Amber	X		
R	Inadequate Housing Supply	Amber	X		
R	Delivering Economic Growth	Red		X	
R	Safer Cohesive Community	Red			X
R	Environment and Sustainability	Red		X	
R	Financial Resilience and Sustainability	Red			
R	Information Security	Green			X
R	Adults Demographic Change	Amber			
R	Delivery of Skills and Training Priority	Amber			X
R	SEND Services	Amber		X	
R	Ofsted Improvement Plan	Red -			
R	Educational Attainment	Amber			X
R	Children Safeguarding Incident	- Red			
R	Covid Multiple Outbreaks	Red			
R	Shortage of staff within the external care market.	Red			X
R	Elective Home Education	Amber		X	
R	Terrorist Incident	Red			
R	Cost of Living Crisis	Red		X	
R	Supply Chain Risk	Amber	X		
R	Human Capital, Diversity and Talent Management	Amber	X		
R	Digital Switchover - Adult Social Care operations	Red			X

**Risk Score**

Risks are assigned a score for both likelihood and the impact as follows. The risk score is calculated by multiplying the likelihood score with the impact score (each scores 1 to 4 with increasing seriousness). Risks with a score of 9 or over are determined as red and require management action to reduce or manage the risk. Scores between 6 and 8 (inclusive) are at amber and need monitoring. Risks with a score below 6 are assessed as green and should be viewed as under control.

## FUNDAMENTAL SYSTEMS – PLANNED COVERAGE 2023-24 TO 2024-25

PSIAS	Fundamental System	AUDIT PLAN YEAR		
		2023-24	2024-25	2025-26
	<b>Council Tax/NNDR</b>			
C, R	Valuation/Liability/Billing/Collection/Refunds	X		
C, R	Enforcement & Write Offs	X	X	
C	Reliefs and Exemptions			X
	<b>Benefits</b>			
C, R	Discretionary Housing Benefits	X		
C,R	Free School Meals		X	
C	HB Overpayments/UC migration/SHIP			X
	<b>Accounts Receivable</b>			
C, R	Invoicing/Billing	X		
C	Recovery		X	
C,R	Enforcement, Refunds & Write Offs			X
C	Accounts Receivable Key Controls		X	
C,R	Adult Social Care Accounts Receivable (post migration to 4 weekly billing maybe jointly with ASC)			X
	<b>Accounts Payable</b>			
C	Requisitioning/Ordering/Receipting		X	
C	Payments including feeder files and miscellaneous payments			X
C	Supplier Maintenance			X
C	Accounts Payable Key Controls	X		
	<b>Procurement</b>			
C, R	Corporate Contracts & Frameworks		X	
C, R	IR35	X		
C, R	Agency Spend		X	
C	Procurement Processes (Quotes, Tenders, Contracts Award) incorporating Social Value and Inclusive Growth		X	
C, R	Purchase cards			X
C, R	Contract Management/Variations			X
	<b>Payroll</b>			
C	Starters & Leavers*		X	X
C, R	Certification of Pension Contributions	X	X	X
C, R	Payroll Processing including temporary & permanent variations, voluntary deductions, salary sacrifice, statutory payments and Apprenticeship Levy	X	X	
C, R	External Payroll Provision including billing for salary costs	X		
C	Third Party Payments			X
C	Expenses and Allowances			X
C	BCFT Payroll		X	
C	Payroll Key Controls	X	X	X
	* alternate between Schools and Council			

PSIAS	Fundamental System	AUDIT PLAN YEAR		
		2023-24	2024-25	2025-26
	<b>Cash, Banking, Investments and Loans</b>			
C	Cash Management (including petty cash, cash in transit, banking – alternate between Council and BCFT)	X		
C	Controls and Payments - Cash balancing & reconciliation	X		
C	Bank reconciliation/unallocated cash			X
C	Bank Credit Exceptions		X	
C	Administration of Cheques		X	
C,R	Treasury Management			X
	<b>Budgetary Control</b>			
C, R	Budgetary Control	X		
	<b>Capital</b>			
C, R	Capital Programme	X		
C, R	Capital Schemes		X	
C, R	Final accounts review			X
	<b>Human Resources</b>			
C	Flexitime / Timerecording	X		
C	Sickness Absence		X	
C	Hybrid Working Arrangements		X	

## SIGNIFICANT DEPARTMENT SYSTEMS INCLUDING SCHOOLS – PLANNED COVERAGE 2023-24 TO 2025-26

		<b>CORE DEPARTMENT SYSTEMS INCLUDING SCHOOLS</b>			
	<b>PSIAS</b>		<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
<b>Health &amp; Wellbeing</b>	C, R	Continuing Healthcare	X		
	C, R	Self Directed Support (Direct Payments/ISFs etc)			X
	C, R	S117 Mental Health			X
	C, R	Transitional Planning/Preparation for Adulthood	X		
	R	Better Care Fund including Support & Enablement	X		
	C, R	Financial Support Services/ Transformation and Change Programme	X		
	C	New Charging Policy (Non-Residential Care Services)	X		
	C,G	BACES			X
	C, R	Deferred payment for care			X
	C,R,G	Public Health Contracts / Monitoring/ Service Delivery		X	
	G	Liberty Protection Safeguards			X
	C, R	Court of Protection/Office of the Public Guardian/ Deputyships/ Receiverships & Appointeeships	X		
	C,R,G	Resource Allocation System		X	
	C	ContrOCC & System One /Data Quality	X		
	C,R,G	Commissioned Care		X	
	C,R	No recourse to public funds		X	
R	Departmental Risk Management			X	
<b>Children's Services</b>	C	Outdoor Centres			X
	C,R,G	Early Years (0-5)		X	
	C, R	School Transport/Travel Assistance		X	
	R,G	Education Attendance/Safeguarding	X		
	R	Departmental Risk Management		X	
	C,R,G	Trust Contractual Side		X	
	C, R	Transitional Planning/Preparation for Adulthood (cross cuts with H&WB and Trust)	X		
	C,R,G	School Funding Allocation			X
<b>Corporate Resources</b>	R	Risk Management		X	
	C, R	Building Maintenance/Services/TF/ CAFM			X
	R,G	Health & Safety		X	
	C, R	Rents incl miscellaneous, market and other rents	X		
	C, R	Energy Management / Carbon Reduction / Utilities		X	
	C,R,G	Housing Revenue Account	X		
	C, R	Insurance		X	

	C,R,G	Exception to Contract Standing Orders	X		
	C, R	Members' Allowances		X	
	C	Grants certification	X		
	R,G	Key Decision Making/Legal Compliance	X		
	C, R	FM Catering and Cleaning Service	X		
	R	Departmental Risk Management		X	
	G	Annual Governance Process	X		
<b>Place</b>	C,R	S106 and Community Infrastructure Levy			X
	C	Museum Artefacts		X	
	C, R	Waste Management/Recycling		X	
	C, R	Licensing (Taxis etc)			X
	R,G	Grants to Voluntary Organisations	X		
	C	Car Parking		X	
	C	Transport incl vehicle repairs and maintenance, fuel recharge		X	
	C, R	Homelessness/Housing			X
	C	Planning Applications and Building Regulations Fees			X
	C,G	Regeneration Grants / Loans/Business Rates Relief			X
	C	Cemeteries and Crematoria			X
	C	Clean Air Fund Exemption	X		
	R	Departmental Risk Management		X	
	<b>Chief Executive</b>	G	Performance Management	X	
G		Conflicts of Interest	X		
G		Partnership Governance		X	
R		Departmental Risk Management			X
<b>Schools</b>	C, G, R	School Audits - Finance and Governance	X		
	G,R	Safeguarding & Recruitment			X
	C,G,R	Themed Audit		X	
	C	Independent Payroll		X	
	C, G, R	SFVS Assessment	X		
	C, G, R	SFVS Training	X		
	C, R	In Control news letter	X		
	C	6 <sup>th</sup> Form Funding Assurance	X		

## COMPUTER AUDIT PLAN 2023/24 TO 2025/26

	Audit	Rationale	Audit days
1	Physical security and Environment - Data Centres and core sites	The core/engine of the whole ICT infrastructure. If ICT get this wrong, then it highlights a major concern about how they are managing the rest of ICT. It is critical that these rooms are secure, resilient and can withstand physical and environmental attacks.	6
2	Vulnerability management	Failure to effectively manage vulnerabilities in a timely and controlled manner could have a devastating impact in service availability and continuity. Managed poorly and the council could ground to a halt following an attack and suffer significant financial penalties	10
3	Hardware Asset Management	Failing to track assets from cradle to grave allows opportunities for items to disappear and not be traced	10
4	Email Management	Deemed a critical system for communication and it is paramount that it is always available, data is managed and effective encryption is used	10
5	Third party access management	Significant concerns over poorly managing 3rd party access. Rightly scored high in the assessment due to the powerful level of access usually given to 3rd party suppliers.	10
6	PCI/DSS compliance	Significant risk - if you are not compliant or get it wrong, ultimately the banks can remove your ability to pay by card, which would have a devastating operational impact on collecting income.	10
7	Service desk management	a major system for recording all ICT related issues. The knock on effect of not managing this service effectively will impact on all core service management areas.	20
8	ICT business continuity and disaster recovery	critical that service is always available and when there is a failure/outage/incident ICT must have robust and resilient systems in place to respond and recover asap	20
9	Mobile Device Management	Data breaches will be significant without an effective mobile device management system. Common areas where organisations get things wrong are poor configuration and poor authentication.	10
10	Software Asset and Licence Management	Similar concerns with hardware asset management. There are financial impacts and reputational damage to not effectively managing the estate. E.g. under/over utilisation of licenses, uncontrolled and unauthorised software installed	15
11	Application Management (Finance or social care)	it is critical that all core applications that store, process, transport and manage personal and sensitive data are being effectively managed. Poor access control and audit trails are common place	10
12	Network management	All ICT service run through a network and ineffective management over the network could result in unnecessary unplanned downtime and will affect service continuity	10
13	CONTINGENCY	CONTINGENCY TO BE SHARED BETWEEN YEARS	39

## WEST YORKSHIRE PENSION FUND AUDIT PLAN 2023-24 to 2025/26

		Audit Plan Year		
		2023/24	2024/25	2025/26
<b>PSIAS</b>	<b>Pensions Administration</b>			
C	Local Government Scheme Contributions	x		
C	New Pensions and Lump Sums	x	x	x
C	Transfers Out			x
C	Transfers In		x	
C	Reimbursement of Agency Payments			
C	Life Certificates			x
C	AVC Arrangements			
C	Admission of New Bodies		x	
C	Pensioners Payroll	x		x
C	Purchase of Additional Pension			
C	Annual Benefit Statements		x	
C	New Pension and Lump Sums - Fire Service	x	x	x
G	Information Governance including GDPR			x
C	Accuracy of Contributions Recorded on Member Records	x		
C	Exit Credits			x
G	Business Continuity			x
C	Recruitment and Selection	x		
R	Shared Service Partner Admission			
C	Counter Fraud Work	x		
	<b>Investments</b>			
C	Equities	x	x	x
C,R	UK Fixed and Index Linked Public and Corporate Bonds		x	
C,R	UK and Overseas Unit Trusts (Property and Other)		x	
C,R	Fund of Hedge Funds			x
C,R	UK and Overseas Private Equity		x	
C	Global Bonds	x		
C	Cash Treasury Management (Short term Lending)	x	x	x
C	Stock Lending			
C	Compliance with IAP Investment Decisions and Policies	x		x
C	Verification of Assets			x
C	Infrastructure	x		
C,R	Listed Alternatives			x
C,R	GLIL			
C	Annual Accounts Verification	x	x	x
C,R,G	NLGPS Collaborative Work - NPEP	x		