



Annual Audit Planning Process

Proposed Internal Audit Plan & Counter Fraud Plan 2024/25

Audit & Standards Committee

23rd April 2024

Aims of Today's Presentation

1. To **demonstrate** to the Committee that a robust methodology has been adopted in formulating the Plan for 2024/25.
2. To provide **comfort** that the Plan focuses on the key risks facing the Council.
3. To confirm that the Plan achieves a **balance** between setting out the planned work for the year and retaining **flexibility** to changing risks and priorities during the year.
4. To provide assurance that there are **sufficient resources** within Internal Audit to deliver the Plan for 2024/25.

The Internal Audit Strategy

- IA Strategy is a key governance document
- Produced annually and formally endorsed by the Audit & Standards Committee
- Sets out:-
 - The risk assessment process;
 - Key principles applied; and
 - Resources needed to deliver the plan

Top Risk Audits/Reviews 2024/25

1	<u>New Care System</u> – Initialisation, Procurement & Project Support	6	<u>Delivering Good Governance: Culture, Values & Behaviours Governance Review.</u>
2	<u>Highways Transformation Programme</u> including Asset Management & Inspection Services.	7	<u>Corporate File Plan</u> – Attendance at Project Board and Compliance with Policies.
3	<u>SEND</u> including Enhanced Access-Plan-Do-Review (EAPDR); SEND Transport; SEND Governance & SEND Ofsted Framework	8	<u>Corporate Improvements-</u> Quality Performance & Improvement Board (QPIB) and Programme.
4	<u>Cyber Assurance</u> – Cyber Security & Assurance; Third Party Access; Server Configuration Management & Privileged Access Management.	9	<u>Children’s & Families New Operating Model and & Response to Children’s Services Ofsted Inspection</u> including the Delivery Model; Staffordshire Children’s Advice & Support Service (Front Door); Quality Assurance Framework; and Management & Oversight of Case Files.
5	<u>Digital Strategy & Transformation</u> including the Artificial Intelligence and the Digital Programme Board	10	10. <u>Commercial Services (Procurement)</u> – Compliance with the Procurement Act 2023.

Direct Linkage to the Corporate Improvement Programme 2024/25

Several of the top risk reviews are directly to the 2024-25 Delivery Plan, Corporate Improvement Commissions and pipeline activities (collectively Corporate Improvement Programme 2024/25) i.e. (i) Childrens Services Improvement; (ii) SEND Improvement; (iii) Highways Transformation; (iv) Digital Innovation; (v) the new Social Care Case Management System.

There are other reviews which also directly correlate to the Corporate Improvement Programme including:

Economic Growth & Skills – Levelling Up Fund; A50 Corridor/ Staffordshire Careers & Job service & Town Centre	Waste Management – Hanford Incinerator	Supported Living
We Are Staffordshire	Countryside Estate and Country Parks	Public Health Commissioning – Drug & Alcohol Treatment Services
Climate Change – Follow-up review; Green solutions Scheme & Flood RM	ASC - CQC – Self Assessment/QA- Assessments and Quality Improvement Framework – Practice Audits	Staffordshire Communities Strategy – Governance, Monitoring and reporting

Key Financial Audits 2024/25

- The key financial audits in 2024/25 included in the Internal Audit Plan are:
 - a. Liberata - Payroll System;
 - b. Budgetary Control (Revenue);
 - c. Sales to Cash – Debt Recovery Function & Debt Management;
 - d. Main Accounting (Nominal Ledger).

Plus:

New BACS system

Corporate Delivery Plan – Savings

Governance Audits 2024/25

SCC Delivering Good Governance

- Corporate Governance Health check
- Culture, Values & Behaviours
- Corporate Decision-Making Arrangements
- Corporate Controls Assurance Mapping
- Local Authority Trading Companies (LATCOs) - Nexxus Care

Partnership Governance

- Midland Engine – National & Local Growth Assurance Framework
- LEP closure and transition arrangements to SCC

Schools Compliance Audits 2024/25

- Continued significant increase in the number of Limited assurance opinions awarded in 2023/24 – similar to 2021/22 & 2022/23 .

In 2024/25:

- Continued focus on school governance and financial controls (including Income, payroll and procurement).
- More Schools to be audited in 2024/25. Increase from 20 school visits to 25 school visits
- Supplement schools' compliance audits with a programme of continuous controls monitoring to give greater assurance over financial transactions.
- Continue with additional Internal Audit communications to schools to increase awareness of fraud risks and controls and best practice.
- Continue to raise the profile of Internal Audit within the schools environment – through bursar forum sessions and other school sessions.

Counter Fraud Plan 2024/25

- The Counter Fraud Plan for 2024/25 is based, as in previous years on the CIPFA's Counter Fraud Code of Practice.
- Increase in Counter Fraud Resources in 2024/25
- Audit time is allocated across the following headings:
 - Strategic Development (35 days)
 - Creating an anti fraud Culture (30 days)
 - Prevent & Deter (125 days)
 - Detection (115 days)
 - Investigations (170 days)



**475
days**

Proactive Counter Fraud Exercises 2024/25

The Counter Fraud Plan is influenced by past occurrences of fraud. In 2024/25, there will be continued audit coverage in the following areas:

- a. Purchasing cards – ASO Purchase Card Cash Handling/withdrawals;
- b. Taxi Operators - greater transparency over financial processes and compliance with contractual conditions particularly when hiring taxi drivers and passenger assistants;
- c. SEND Personal Budgets – Prepaid cards;
- d. Section 17 Payments;
- e. Household Waste Recycling Centres;
- f. Divisional Highways programme;
- g. Appointeeship Bank Account Transactions

Summary of Key Headlines

- Emphasis on strong financial management and controls.
- Continued focus on key digital projects including the Corporate File Plan, Artificial Intelligence and other digital enhancements:
- Time allocated to provide valuable insights into key processes operating within Children Services to assist the Council in its response to its latest Childrens Services Ofsted Inspection.
- Delivering Good Governance – continued work to give assurance over the Council’s prevailing culture and values and transparency of Decision Making.
- Several audits which are directly aligned to the 2024-25 Delivery Plan, Corporate Improvement Commissions and pipeline activities which make up the new Corporate Improvement Programme
- Continued focus on the Council’s procurement and contract management activities including Compliance with the New Procurement Act
- Attention given to key partnerships including Entrust, Amey, S75 Agreements and Midland Engine
- Full Programme of ICT audit reviews and regular Liaison between ICT and IA to discuss ICT control related matters.

Achievement of the key Aims Today

- Have I satisfied you that there is a robust methodology adopted in formulating the Plan for 2024/25?
- Have I provided you with comfort/assurance that the Plan focuses on the key risks facing the Council?
- Have I demonstrated to you that the Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year?
- Have I provided assurance to you that there are sufficient resources within Internal Audit to deliver the Plan for 2024/25?



Appendices

Supplementary Information to support the Plan 2024-25

How the Plan is Formulated

- Fundamental to a good plan is consultation with the organisation at all levels.
- Consultation/discussions with key officers (OMT/WLT/SLT)
60 + Officers;
- Liaison with the Assistant Director – Internal Audit & Financial Services & the Director of Finance .

IMPORTANT: We all need to contribute to the Plan to ensure it is aligned to the Council's priorities and to ensure it adds value to the organisation

Key Principles Applied

- Assurance reviews with a high risk (i.e. >60%) ranking are completed.
- Identification of 'Top Risk' Audits/Reviews.
- Key Financial systems are conducted.
- A Schools' audit programme is developed based upon a risk assessment & specific fraud risk assessment.
- An initial allocation of days to conduct Special Investigations is made – variable year on year.
- An initial contingency allocation – variable year on year is included in the Internal Audit Plan.
- Time is included to undertake pro-active counter fraud work.
- Compliance reviews are also included in the Internal Audit Plan.

Resource Requirement 2024/25

- Continue to focus on the County Council in 2024/25.
- Provide IA services to South Staffordshire Council (225 days & Newcastle –Under-Lyme Borough Council (341 days).
- Sufficient resources are available to deliver the Plan including the ability to procure the required level of support from the Private Sector under existing frameworks available to us and access to the investment resource funding being made available to the Service..

Continuous Controls Monitoring (CCM)

- What is CCM - Regular monitoring of the Council's data for 'Red Flags' that may indicate Fraud.
- Use data analytical and file interrogation software, IDEA
- Typical areas to review: expenses claims; purchasing cards; creditor payments; mileage claims, additional hours claimed.
- Corporate Programme of CCM
- Schools Programme of CCM

Other Time Allocations Worthy of Note

- Contingency Time Allocation (10 days)
- Recommendation Tracking (15 days)
- Innovating Audit - Time to explore RPA and AI within Internal Audit (10 days)

How is the Plan Delivered

- In House Team
- Commitment to ‘grow our own’ with use of Apprenticeship Levy – 3 Members of staff in 2024/25 offered training.
- Use of External Staff via existing available frameworks
- ‘Mixed’ economy allows flexibility/ability to respond to urgent requests & access to specialist skills.
- Generate Income – Circa £230k per annum through external client work.