

Appendix 1



Internal Audit
Draft Audit Plan & Charter 2022/23



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In the event of any questions arising from this report please contact Andrew Wood, Audit Manager andrew-wood@tamworth.gov.uk

The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 Introduction

Background

This report sets out the Internal Audit operational plan for Tamworth Borough Council (TBC) for endorsement by the Audit & Governance Committee. The purpose of this plan is to identify the work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as endorsed by the Audit Committee.

02 Audit Planning

As part of the planning for 2022/23, the proposed plan of work has been developed based on:

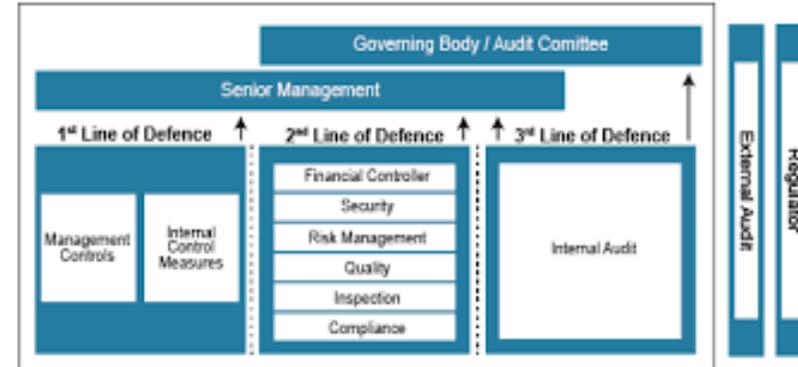
- **Key risks** – the plan for 2021/22 is based on an analysis of strategic and operational risks; strategic objectives; internal control and governance processes and other factors which may affect the year ahead, including any changes within the external environment and the sector .
- **Reference to previous assurance work** – a review of the outcome of previous audit and assurance work undertaken and where assurance is now required again.
- **Level of resources** – in 2020/21 a benchmarking exercise was undertaken to compare the level of audit resources with similar council's. Audit days were reduced from 318 days (2019/20) to 256 days

(2020/21) and 260 days (2021/22) to be competitive with peers. It is proposed to increase the number of days slightly to 269 days during 2022/2023. The Council's risk profile has been reviewed and it has not changed. This is not unusual (a reasonable assurance opinion has been given for the last 3 years) and the level of fraud risk has remained low. For these reasons the 2022/23 draft plan resources have not materially changed.

- **Agile approach** – our approach will be one where we will respond to the changing assurance need, by having a level of contingency, we will be able to change the focus of the audits / audit deliver

Discussions with the Corporate Management Team (which include the Section 151 Officer) have been included and their views reflected in the final plan.

Our strategy is based upon a three lines of defence model of assurance:



Internal Audit seeks to identify assurances provided through the first and second lines of defence and selects the most appropriate method for obtaining assurance to support the Head of Internal Audit's opinion and the Council's governance requirements.

03 Internal Audit Plan

The detailed audit plan at **Appendix 1** sets out the assurance requirement in terms of core financial systems; strategic and operational risk; ICT; governance, fraud and other assurance. The draft plan is for a total of 269 days and in particular seeks to provide assurance over areas of higher risk.

04 Joint Working

During 2021/22 we renewed the shared service agreement with Lichfield District Council to include their auditor resources took place. Despite challenges with remote working, the arrangement has been largely successful in terms of customer feedback and performance against KPI's (reported to Audit & Governance Committee in audit's routine performance reports). This agreement is for two years and covers the period 1 October 2021 to 30 September 2023.

During 2022/2023, as part of continued compliance with Public Sector Internal Audit Standards, we will be required to undertake an external assessment. The Audit Manager in Quarter 1 will undertake an internal self-evaluation prior to the inspection, this will identify any areas of improvement for the service.

05 Charter

The Audit Charter is at **Appendix 2**.

Appendix 01: Detailed Audit Plan 2022/23

Assurance Requirement	Audit	Scope	Risk	Planned Days	Total Days	Proposed Quarter
Core Financial Systems	Council Tax	Risk based review covering the adequacy and effectiveness of controls around the maintenance of systems; billing, discounts and reliefs, collection, refunds and write offs.		10	40	Q2
	Payroll	Risk based review of Payroll systems to ensure controls in place for the timely and accurate payment of salaries and subsistence allowances to staff and members. In include; new starters, leavers, accounting for tax and deductions.		10		Q3
	Housing Rents	Risk based review of housing rents systems to ensure correct rent charged, payments recorded, rent accounting systems are accurate. Controls in place for the setting up of rent debit.		10		Q3
	Business Grants	Risk based review grants allocated to businesses to ensure compliance with award criteria and accurate/robust payment systems in place and operating. Proactive assessment processes in place prior to grant award. Robust processes in place for the repayment and recovery of grants.		10		Q1
Strategic & Operational Risks	Cemeteries	Risk based review of the cemetery operations to ensure compliance with Health & Safety requirements, together with overall management controls of the service. Development of new systems/review.		10	96	Q4
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.		10		Q3
	Future High Street Fund	Programme assurance review (as recovery and rest above) of progression towards		10		Q3

Assurance Requirement	Audit	Scope	Risk	Planned Days	Total Days	Proposed Quarter
		transformation of the town centre following the £21.65m allocation of Future High Street Funding.				
	Housing White Paper – follow up	Risk based review of organisation implementation for new regulatory inspection regime.		6		Q3
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.		10		Q1
	Income Management	Risk based review of the Council's controls around the management of income throughout the Council is ensure that this collected in a robust manner that accounts for monies received.		10		Q4
	Project Management	Programme assurance based review of Council's Project Management systems. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.		10		Q3
	Health & Safety – Landlord and Premise Compliance	Compliance review to ensure that the Council maintains compliance with relevant H&S legislation as it affects; gas, electrical, asbestos, lifts, fire assessments and general H&S within both housing stock and Council premises.		10		Q1
	Events Management	Risk based review looking at key aspects of the council's operations in relation to the management of events, to include; bidding for external events, management of internal events.		10		Q3
	Contracts and Investment	A risk based review of Housing Repairs and investment contract management.		10		Q1
ICT	Web Portals	ICT review of the development and management of web portals to ensure that this is developed and rolled out in a consistent and managed manner. To ensure that web portals		10	20	Q2-Q4

Assurance Requirement	Audit	Scope	Risk	Planned Days	Total Days	Proposed Quarter
		do not place Council systems at risk. Web Portal management is maintained and regularly updated.				
	GDPR	A risk based review to ensure compliance with GDPR legislation across the authority.		10		
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement		5	37	Q3
	Municipal Charities	Preparation of municipal charities accounts		2		Q3
	Pensions	Assurance statement		4		Q4
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.		10		Q1-Q4
	Annual Governance Statement	Production of the AGS.		13		Q1-Q2
	Annual Audit Opinion	Production of the Annual Audit Opinion		3	Q1-Q2	
	Follow Up of Recommendations	To follow up all no and limited assurance reports and all high priority recommendations.		20	76	Q1-Q4
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee		26		Q1-Q4
	Ad hoc / Contingency / Consultancy	Contingency allocation to be utilised upon agreement of the Chief Finance Officer		22		Q1-Q4
		IA QAIP and PSIAS	Review of PSIAS standards and review		8	
Total					269	