



City of  
Doncaster  
Council

# Internal Audit Plan 2024/25

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# 1. PURPOSE

- 1.1 This document provides details of the Internal Audit annual plan for 2024/25 for The City of Doncaster Council.
- 1.2 Internal Audit's mission statement per UK Public Sector Internal Audit Standards (UKPSIAS) is defined as:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

The definition of Internal Audit per the above standards is:

*“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.*

- 1.3 This plan and the construction of it are in line with the above standards.
- 1.4 This audit plan is important because it sets out the components of the control environment that need to be audited. These needs are identified after an assessment of risks throughout the Council taking into account any known weaknesses or concerns, along with sources of assurance that can be relied upon to give assurance over risks in those areas.
- 1.5 The plan will continue to be reviewed in full and on an ongoing basis as and when it is appropriate to do throughout the 2024/25 year. This has been standard practice for many years to ensure the work of the service was relevant to the needs of the organisation whilst remaining compliant to its governing standards.
- 1.6 Any significant changes to the plan will be reported to Audit Committee as required by the UK Public Sector Internal Audit Standards.

## **2. AUDIT REQUIREMENTS**

2.1 Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state that:

*“A relevant authority must 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 or guidance”*

2.2 Internal Audit also has an important role in supporting the Service Director of Finance and Technology to discharge her statutory responsibilities, which include:

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

2.3 Throughout our activities, we are bound by the UK Public Sector Internal Audit Standards. These are professional standards that set out the key elements of an effective internal audit team. Further detail is set out in section 9 of this report.

2.4 Further information on these standards and compliance with them (along with the results of a review of the Internal Audit function) are reported to Audit Committee separately.

## **3. KEY INTERNAL AUDIT AIMS**

3.1 Internal Audit intends through its activities to assist the Council in achieving its key priorities, objectives and outcomes. Internal Audit contributes to these aims by helping to promote a suitably secure and robust internal control environment, including the effective management of risks that could prevent the achievement of key priorities.

3.2 In all of the work we undertake, we seek to add value by:

- Providing independent assurance on the quality and effectiveness of internal controls and processes;
- Providing timely reviews of emerging areas of risk, control or governance issues to identify / recommend ways to improve these areas, reduce risks or improve value for money;
- Examining governance processes and ethical standards and compliance with them to improve standards and transparency, and to protect the Council’s reputation;

- Preventing, detecting and pursuing fraud through our anti-fraud and data matching initiatives (and by recommending control or governance improvements where there are detected incidents to prevent them reoccurring and minimise any losses as a result);
- Stimulating risk awareness and management throughout the organisation and providing timely advice and support to manage and mitigate risks;
- Providing timely service and best practice advice during the set-up of new systems or processes or during significant changes to existing systems or processes to ensure that internal control environments are appropriate. Internal Audit's mission statement per UK Public Sector Internal Audit Standards (UKPSIAS) is defined as "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight". It is through the consultancy and advisory work that the team is most visibly seen as being insightful and adding value and is a well-regarded aspect of the team's work;
- Providing oversight of management implementation of the agreed actions arising from audit recommendations, with escalation as appropriate if remain outstanding. (follow-up work)

## **4. CONSTRUCTING THE AUDIT PLAN**

4.1 This plan has been prepared in line with the UK Public Sector Internal Audit Standards (UKPSIAS). It is a risk-based plan that has been compiled through undertaking a comprehensive risk assessment of the Council's functions and services and risk, control and governance arrangements supplemented by discussions with key officers, Service Directors and Executive Directors throughout the Council. This risk assessment was then used to compile a list of audit needs.

4.2 Visually, our approach to audit planning is: -



Our work that we identify as an audit need falls generally into the areas of governance, risk and control. Audits that concentrate on controls generally support our audit work in providing assurance to the Council’s S151 Officer (Chief Financial Officer), whilst audits concentrating more on the governance elements support the Council’s annual governance statement. It should be noted that our audits can and do cover more than one of these areas (governance, risk and control). Wherever we look at control work, we will consider fraud as a matter of course and will consider ethics during any of our governance work. In our work we seek to utilise and examine ICT and data / information management risks wherever they are applicable to our work, as ICT and data underpin all of the Council’s activities.

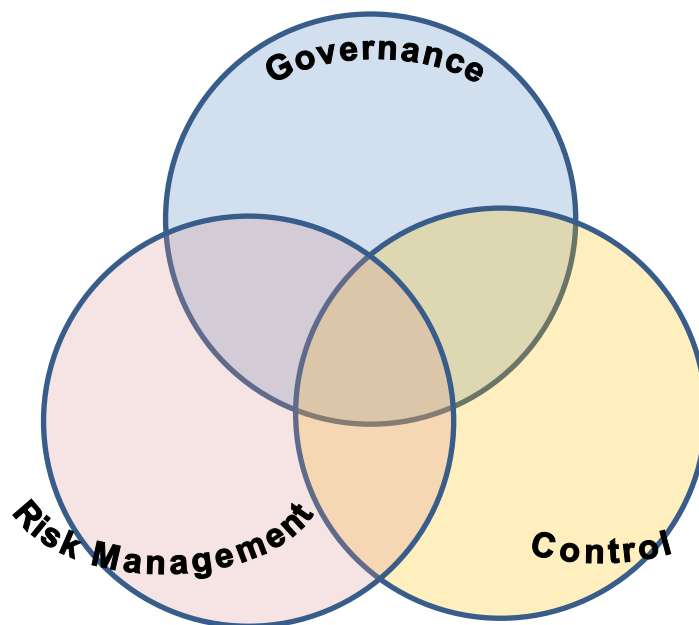
“Fighting Fraud and Corruption Locally” Guidance issued in 2020 resulted in the audit plan being presented in a different way to previous years. The plan clearly sets out our proactive and reactive fraud work which is set out in the Counter Fraud Plan and has been produced from more detailed assessment etc set out in the Counter Fraud Activity Report which this plan needs to be considered against. The plan also set out the data driven work which we intend to deliver. A realignment exercise within the team alongside a secondment and the utilisation of other highly skilled data staff within the organisation has increased resources and anticipated outputs in this area.

- 4.3 Our audit planning applies to all services across the Council. This is known as the audit universe. We are using our new software to be able to better risk assess the audit universe for better reporting to management and supporting plan changes.
- 4.4 Inevitably when we undertake our risk assessments, there are more needs / demands than available resources to review all the areas identified as having a certain level of residual audit risk. As a result, needs were ranked with a priority rating and those audits / projects that added lower overall value to the Council as agreed with the relevant Directors were excluded from the plan as usual.
- 4.5 A contingency has been allowed for within the plan to deal with new and emerging risks and issues and a separate allowance for the investigation of fraud or irregularities that may be referred to us or uncovered during the year. However, when all new risks emerge, they are compared to those items of need that did not make it into the final plan to ensure that we continue to concentrate on those areas where there is the greatest need and we can add the highest value from our activities. If, towards the end of the financial year, there are unused elements of either contingency, items of need from the list that did not make the final plan will be re-considered for inclusion. This has historically been an unlikely scenario.
- 4.6 The risk assessment process used to identify items for the audit plan has considered:-
- The Borough Strategy and the Corporate Plan and associated outcomes and objectives;
  - The Council's Annual Governance Statement
  - Risks including corporate strategic risks and service specific risks;
  - Key governance and ethical frameworks that govern the Council and its activities;
  - Financial and budgetary information;
  - Procurement activities and items of high procurement / commissioning spend;
  - Service plans and their associated risks;
  - Corporate projects and known / planned technological changes;
  - Information assets and business systems within service areas (or their absence);
  - Data protection risks
  - Legislative changes (where appropriate) and national initiatives such as the NFI;
  - Fraud risks; - these are covered in detail within the Counter Fraud Report
  - Partnership risks and significant partnerships;
  - Savings targets within the Council and specifically within the Children's, Young people and Families Directorate;

- Concerns or service changes as identified by key officers, Executive Directors or Service Directors; and
- Areas highlighted for consideration at a regional or national level.

4.7 Internal audit activity, as defined by UKPSIAS, consists of 2 main distinct forms of activity; assurance activity and consulting activity with the majority of our work being directed at assurance activities. In line with the definition, our assurance activity work focuses on 3 main areas: improving risk management processes, improving governance processes and improving the control environment. As such, our assurance work can be subdivided into these 3 elements.

4.8 Visually this mix can be represented as follows:



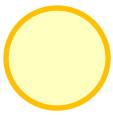
4.9 Crucially, our assurance work can cover more than one of these areas.

 **Governance**

Internal audit must assess and make appropriate recommendations for the improvement of governance processes including ethics and values within the organisation.

 **Risk Management**

Internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.



## **Control**

The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

4.10 When the work set out in the plan is analysed against the 3 elements of risk governance and control, it demonstrates there is coverage against all three elements on a basis reasonably consistent with previous years. This means that sufficient work is focussed against the three areas, allied with other sources of assurance that the Head of Internal Audit will be able to give an annual opinion covering these three areas.

4.11 A greater level of time has been allowed for consultancy based work where there has been a high demand for these services and also for smaller pieces of advisory work. This is in line with the aspect of the mission statement of internal audit requiring the team to be insightful and adding value. The reason for the increase is the development work planned for our data driven work. The time to then audit the outputs of this work is included as either assurance work or within the counter fraud plan.

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## **5. Audit Resources**

5.1 The level of internal audit resource planned in 2024/25 is 9.60 FTE's representing both base resource and additional temporary resources to target the data driven work. The Head of Internal Audit has completed his assessment of the structure of the team against the needs of the Council and relevant structural changes have been made. The changes have generated:-

- more targeted resource to deliver data driven work.
- additional capacity for management of the team and delivery of more complex work which is becoming an increasing reflection of need for the team.
- additional capacity at the lower level of the team through "Growing our Own" via an apprenticeship for a trainee auditor; in addition, the role has been structured to offer progression and anticipated retention through a career graded appointment.
- increasing skills and knowledge of an already very experienced team through targeted training designed to develop the overall team skills set, for current and future years.



5.2 This will ensure the team are appropriately resourced to deliver its services to the Council, St Leger Homes and other partner organisations.

5.3 Our resource calculations are broken down as follows:

	<b>2023/24</b>	<b>2024/25</b>
<b>Overall Capacity in Hours</b>	<b>17,542</b>	<b>18,752</b>
<b>Less All Overheads:-</b>	7,581	8,588
<b>Total Time Available for Deliverable Audit Work</b>	<b>9,961</b>	<b>10,164</b>

5.4 The increase in overheads this year is due to a number of factors but the majority of the increase relates to planned training within the team.

## 6. SUMMARY OF THE DRAFT AUDIT PLAN

6.1 The proposed audit plan can be summarised as follows:

### 2023/24 Audit Plan

### 2024/25 Audit Plan

#### Breakdown of the Plan By Type of Work

	Hours	Plan %
Assurance Work	4,296	43.1%
Consultancy Work	891	8.9%
Responsive Work*	2,963	29.8%
Follow-up Work	581	5.8%
Fraud Plan	1,230	12.4%
<b>Total</b>	<b>9,961</b>	<b>100%</b>

	Hours	Plan %
Assurance Work	4,725	46.5%
Consultancy Work	1,347	13.3%
Responsive Work*	2,323	22.9%
Follow-up Work	406	4.0%
Fraud Plan	1,363	13.4%
<b>Total</b>	<b>10,164</b>	<b>100%</b>

\*Responsive work includes time set aside to deal with in year identified issues, an allowance to give proactive advice where needed and an allowance for contingency items which includes investigations some of which will be fraud related The aim is to direct resources more flexibly, providing updates as part of quarterly updates.

## 7. FURTHER FACTORS IN PRODUCING THE PLAN

### 7.1 Key factors taken into consideration include:

- a. Ongoing work requiring completion from the work in 2023/24.
- b. Core work required to deliver our basic assurance needs e.g., key financial systems and work to discharge the duties of the team e.g., in reporting to Audit Committee. This also covers ICT audit work where we use the ICT Audit expertise of another Council Team who provide their services to over forty other local authorities and other public bodies.
- c. A significant allowance for detailed risk and assurance assessment work is included within the resource plan to help keep the work of the team during the year being risk focused through fluid planning and in generating the plan for 25/26 which all incorporates regular liaison with management.
- d. An increased allowance for advice and consultancy work as this adds considerable value and is often undertaken in collaboration with other support functions e.g., Financial Management, Policy Insight and Change Teams etc. It represents the continuing move away from the more traditional “standard” audits but inevitably requires a higher skill set within the team. The allowance also includes this year a significant amount of development time to drive our data driven audit work.
- e. An allowance for contingency to be able to deal with inevitable risks and issues that will emerge during the year. This allowance is intended to provide us with the ability to deliver sharper, more responsive, work of whatever nature needed.
- f. An decrease in follow up time providing assurance that management have delivered actions identified from previous audit work. The decrease in time represents less specific follow up work agreed than in the previous year e.g., North Bridge Stores.
- g. Development time for more efficient auditing in the future. We have seconded resources into the team as well as realigning our internal resources to increase our data analysis capacity. This increases the amount of data driven work in the team as a key focus for the team this year and follows unsuccessful attempts to recruit into these areas externally.
- h. An allowance for the time required to further develop and to continue to train the team in using its audit management software effectively following a major upgrade in the 2022/23 year.
- i. An increase in the time allowance for training new members of the team including the Apprentice and to support further training and qualifications of other staff in the team in support of the upskilling and retention strategy.

- 7.2 The audit planning process includes review of all service areas and key processes across the Council. The risk assessment involved in this review culminates in the production of a long list of risks potentially subject to audit. The list was reduced through discussions with management about items that may be given lower priority. This has resulted in our Audit Plan for 2024/25 set out at Appendices A & B.
- 7.3 As a result of the Fighting Fraud and Corruption Locally Strategy 2020, counter fraud activity is shown as a separate plan as Appendix C as has been the case in the three previous years. This is designed to meet the requirements of the new strategy and make the counter fraud plan more transparent. Counter fraud work links to the audit plan and both plans inform each other's risk assessment. All work on counter fraud controls is aimed at preventing, detecting or investigating fraud and is included within the Counter Fraud Plan.
- 7.4 Our audit planning has always involved the regular review of the plan. The plan at this stage is still very subjective dealing with many unknown factors and as such it is important to understand the principles, strategies and constraints associated with the production of the plan.
- 7.5 The plan is an important element for the Head of Internal Audit to arrive at his opinion on the adequacy of the Council's risk, governance and control arrangements.
- 7.6 Taking into account all the above factors and the strategy adopted to respond to the ongoing challenges for the team and the Council as a whole, the Head of Internal Audit considers that sufficient internal audit work will be able to be delivered alongside the other factors that are taken into account when arriving at his annual opinion on the Council's, risk, governance and control arrangements.
- 7.7 As stated in previous years, there are many caveats associated with this opinion made at this point in time. Whilst the impacts of the Covid-19 pandemic have heavily diminished for the team, central government funding creates challenges for the services we review and there always more local issues such as an unmanageable demand for audit support in investigating irregularities. Whilst it is hoped that these factors continue to be a lower risk than previous years, these and other factors will be under constant review and any concerns will be raised with management and reported accordingly to the Audit Committee.

## **8 Audit Charter and Strategy**

- 8.1 Internal Audit maintains a Charter and Strategy which, between them, set out the mission for Internal Audit, its operating arrangements, position within the Council structure, its rights of access to all documentation and all officers and members, the service's objectives and its resources and plans for achieving the objectives. The Charter and Strategy also show how the service complies with key elements of the audit standards.
- 8.2 The Charter and Strategy are reviewed on an ongoing basis and formally considered each year for any revisions / updates required. A full review was carried out in 2019 with the revised Charter and Strategy reported to the Audit Committee in June 2019 following updated guidance from CIPFA. The review carried out in 2021 reflect changes needed as a result of the Covid-19 pandemic. The charter and strategy were considered to still be up to date for the 2023/24 year and a full review of these is scheduled during the 2024/25 year to meet the requirements of the new Global Internal Audit Standards (GIAS) as set out in the forthcoming Public Sector Internal Audit Standards (PSIAS).

## **9 Quality Assurance and Improvement Programme (QAIP)**

- 9.1 All public sector internal audit services are required to comply with The UK Public Sector Internal Audit Standards (the Standards / UKPSIAS). The Standards require Heads of Internal Audit to establish and carry out Quality Assurance and Improvement Programmes. Doncaster Internal Audit Service maintains appropriate ongoing quality processes designed to ensure that internal audit work is undertaken in accordance with relevant professional standards.
- 9.2 Specific Quality Assurance and Improvement checks are conducted as follows:
- The Head of Internal Audit maintains a self-assessment against the Standards to confirm conformance with the Standards.
  - Audit files are subject to review on a sample basis by the Head of Internal Audit to confirm quality standards are being maintained. The results of the reviews are documented, and any key learning points shared with the audit staff concerned. Appropriate action is then planned in response to any findings.
  - From time to time Internal Audit will seek feedback from clients on the quality of the overall internal audit service. Feedback will generally be sought through the use of surveys.

- At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Audit Committee.
- This assessment was completed in 2021 and concluded that Internal Audit met the highest standard of assessment “Generally Conformed” with the Audit Standards which is important assurance for Management and the Audit Committee.
- The self-assessment completed by the Head of Internal Audit for 2023/24 concluded that the service is maintained compliance with the Public Sector Internal Audit Standards.