

<b>Title of Report:</b>	<b>Annual Internal Audit Plan &amp; Resources 2022/23</b>
<b>Committee Report Submitted To:</b>	<b>Audit Committee</b>
<b>Date of Meeting:</b>	<b>14<sup>th</sup> December 2022</b>
<b>For Decision or For Information</b>	<b>For Information</b>

<b>Linkage to Council Strategy (2019-23)</b>	
Strategic Theme	Leader and Champion
Outcome	Establish Key Relationships with Government, Agencies and potential key strategic partners
Lead Officer	Audit, Risk & Governance Manager

<b>Budgetary Considerations</b>	
Cost of Proposal	£20,000 approximately
Included in Current Year Estimates	<b>Yes</b>
Capital/Revenue	Revenue Cost
Code	Internal Audit
Staffing Costs	n/a

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals. <b>N/A</b>		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:

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## 1 Introduction

- 1.1 This document sets out the fourth and final year's programme for the provision of Internal Audit services to Causeway Coast and Glens Borough Council for 2022/23. This is the final year of the four-year Internal Audit Strategy 2019-2023 which is based on the audit needs assessment of the Council.
- 1.2 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Internal audit helps the Council to achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance processes.
- 1.3 The Accounts and Audit Regulations require the Council to undertake an adequate and effective internal audit of its accounting records and of its systems of internal control in accordance with proper practices in relation to internal control. Proper practices are defined within the Public Sector Internal Audit Standards (PSIAS) which became mandatory for all UK public sector internal auditors from 1<sup>st</sup> April 2013.
- 1.4 The Internal Audit service for 2022/23 is provided as a shared service comprised of an in-house Audit Risk and Governance Manager and a contract with a co-sourcing provider Cavanagh Kelly (appointed October 2022). It should be noted between the cessation of Moore NI and the awarding of the contract to Cavanagh Kelly there has not been a co-sourcing partner in place for the first half of the 2022/23 financial year, this may have an impact on the level of internal audit coverage for the Council.

## 2 Internal Audit Resources

- 2.1 In the 2022/23, the budget for Audit Risk and Governance function within Council is £126k. The budget covers the in-house Audit Risk & Governance Manager, co-sourcing contract and an amount to recruit a Risk Officer for Council or procure a risk management system to roll out across the Council. This resource has not been utilized to date.
- 2.2 The co-sourcing contract is for 40 days routine internal audit, corporate governance & fraud, risk management work per annum and annual call off contingency of:
  - 30 days additional internal audit, corporate governance & fraud and risk management work
  - 10 days additional non-routine internal audit, risk management, corporate governance & fraud work

Given their appointment midway through the current financial year, the co-sourcing partner has indicated that they may not be in a position to provide the additional 30 days call off days included within the audit contract for services. This may have an impact on the audit coverage for the year.

- 2.3 There is a risk that the audit days available may not be sufficient to provide reasonable assurance to the CEO, the Audit Committee and Council on the effectiveness of the Councils audit, risk and governance procedures and provide sufficient work to form the annual internal audit opinion.
- 2.4 To mitigate against this risk (see para 2.3) internal audit will focus on the audit areas of higher risk to gain sufficient audit coverage to provide an adequate level of assurance required in those key areas. In addition to direct assurance from internal audit engagements, to gain assurance over key risk areas within Council, it may be possible to place reliance on other work being performed across the Council including statutory audits and work to implement the recommendations made by the NIAO in response to the Extraordinary Audit.
- 2.5 Achievement of the annual Internal Audit Plan is dependent upon the input from both parties within the co-sourced arrangement (as set out in Appendix A). Given the time constraints between now and the end of the financial year, assistance is also required from Directors and Heads of Department in order to ensure planned audit engagements are scheduled on a timely basis. Internal audit will provide regular updates to the Committee about the audit progress and resources available.
- 2.6 For the 2022/23 financial year the internal audit approach is risk-based. We recognise that the risks to Council may change during the current financial year and we will endeavour to take any significant changes in the Council's risk profile into account in our internal audit work.

### 3 Internal Audit Plan 2022/23

- 3.1 The table below sets out the Audit Plan for the financial year 2022/23. An outline scope is included, but this may be amended to reflect key risks identified at audit planning stage. We will develop a timetable for each audit area to be covered following approval of this plan and discussion with senior management.

Audit Area	Days	Possible Outline Scope
<b>Environmental Services Directorate</b>		
Licensing	10	<ul style="list-style-type: none"> <li>Entertainment Licences</li> <li>Dog Licences</li> <li>Income Management</li> </ul>
Energy Management	10	<ul style="list-style-type: none"> <li>Councils Energy Plan</li> <li>Councils Management of Energy Usage</li> </ul>
Harbours, Marinas and Terminals	10	<ul style="list-style-type: none"> <li>Health &amp; Safety – Marine safety code</li> <li>Application of the code</li> </ul>
Animal Welfare	10	<ul style="list-style-type: none"> <li>Statutory Duties</li> <li>Health and Safety</li> </ul>
Fuel Stamp Programme	8	<ul style="list-style-type: none"> <li>Contract Management</li> <li>Allocation of Funding</li> </ul>

Audit Area	Days	Possible Outline Scope
<b>Finance Directorate</b>		
Travel & Subsistence, Mobile Phone	8	<ul style="list-style-type: none"> <li>• Travel &amp; Subsistence Claims</li> <li>• Travel &amp; Subsistence Policy</li> <li>• Authorisation and payments process</li> <li>• Mobile Phone Usage &amp; Payment of Personal Usage</li> </ul>
<b>Corporate Services Directorate</b>		
Democratic Services	8	<ul style="list-style-type: none"> <li>• To be determined</li> </ul>
Insurance	8	<ul style="list-style-type: none"> <li>• Insurance Coverage</li> <li>• Insurance policies and strategy</li> <li>• Completeness of items being insured</li> </ul>
Reception Services	8	<ul style="list-style-type: none"> <li>• Handling of post</li> <li>• Cash Handling</li> </ul>
Registration of Births, Deaths & Marriages	7	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Processing of Applications</li> <li>• Registration Fees</li> <li>• Controls around stationery and cash handling</li> </ul>
Corporate & Business Planning	10	<ul style="list-style-type: none"> <li>• General Arrangements</li> <li>• Planning Processes</li> <li>• Monitoring and Performance</li> <li>• Reporting</li> </ul>
Safeguarding	8	<ul style="list-style-type: none"> <li>• Safeguarding Policy</li> <li>• Management and oversight of safeguarding</li> <li>• Reporting Requirements and Arrangements</li> </ul>
<b>Leisure and Development Directorate</b>		
Tourism Services	8	<ul style="list-style-type: none"> <li>• Cash Handling</li> <li>• Hire and Health &amp; Safety</li> </ul>
Community Facilities	8	<ul style="list-style-type: none"> <li>• Management of Community Centres</li> <li>• Cash handling</li> <li>• Venue Hire and Income</li> </ul>
PCSP	6	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Funding Allocation</li> <li>• Performance Management</li> </ul>
Peace IV	7	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Closing Balances</li> <li>• Close out procedures</li> </ul>
Labour Market Partnership (LMP)*	.10	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Funding &amp; Expenditure Verification</li> <li>• Performance Management</li> </ul>
<b>Follow-up</b>		
Follow-up audits of prior year reports with Limited Assurance Opinions	-	Follow-up of implementation of actions identified in response to recommendations made in previous audit reports
Follow-up of any other prior year recommendations	20	Follow-up of implementation of actions identified in response to recommendations made in previous audit reports

Audit Area	Days	Possible Outline Scope
Audits carried forward from 2020/21 & 2021/22	-	4 backlog audits assignments due from 2020/21 & 2021/22 carried forward
<b>Total</b>	<b>164</b>	

### 3.2 Key points to note:

- It should be noted that there is a shortfall of 16 audit days between the internal audit plan and the internal audit days available (Appendix 1). However as noted above the risk environment has changed since the audit strategy was first developed and audits will be reprofiled depending upon their risk assessments.
- A number of audit areas in this the fourth year of Council are considered to be low risk for example Democratic Services, Reception Services, Animal Welfare and Fuel Stamp Program.
- It is suggested that the number of assessments is reduced, with focus and attention on the high risk areas and statutory audits.
- It is recognised that the environment the Council operates within and the associated risks are continually changing. It is therefore appropriate that the audit plan is not regarded as being fixed and inflexible. The priority and frequency of audit work may change to address key risk areas identified within the Council. At the beginning of each audit assignment, audit will consult with appropriate senior officers to ensure that current risk areas are included in the remit for audit work and agree the scope of the audit work to be carried out.
- Following audit fieldwork for each assignment audit will discuss and agree findings with the responsible Council officers. A draft audit report will be issued for management to respond to audit findings. The final agreed audit report will be presented to the Audit Committee.
- The audit plan has been developed to provide coverage on the key risk areas identified in the Council and therefore does not include audit assignments in all areas within the Council. Audit has however built some contingency days into the audit resources (see Internal Audit Strategy 2019-2023) and should any additional areas require specific attention, audit will adjust the plan accordingly.
- Regular progress reports setting out the overall conclusions in each audit area and performance against the plan will be provided to each Audit Committee meeting. An Annual Report will be presented at the end of the year presenting audits overall assurance of the internal control environment within the Council.

### 3.3 Other Relevant Audit Work Performed

- Ad hoc Advisory work
- Liaison with Risk Management Process
- Provision for investigations/Raising Concerns Follow Up
- Fraud Risk Management Meetings
- Policy Maintenance & Training

- External Audit and IAPG Liaison/Completion of Requirements

#### 3.4 Audit Approach

- Consideration of relevant information and key risks relating to the review area
- Documentation of the systems including reviewing existing arrangements in place and discussions with key staff
- Identification of key risk mitigation measures and evaluation of their adequacy through appropriate tests, discussions with key staff and observation

## 4 Recommendation

- 4.1 It is recommended that Audit Committee notes the approach being considered for 2022/23 and approves the Annual Internal Audit Plan & Resources 2022/23.

## Appendix A – Audit Resources

Description	CCAG	Days 2022-2023	
		Cavanagh Kelly	Total
<b>Available working days</b>	<b>260</b>	<b>40<sup>1</sup></b>	<b>300</b>
LESS:			
Holidays (including statutory holidays)	40		
CPD	12		
	<u>52</u>		<b>-52</b>
<b>Management &amp; Administration</b>			
Strategic and annual audit planning	1	3	
Periodic reporting to Audit Committee	2	2	
Annual reporting	1	1	
Preparation for and attendance at Audit Committee	4	4	
Contract and performance review meetings (x 2)		2	
Administration	20		
Contingency and special investigations <sup>2</sup>	60		
	<u>88</u>	<u>12</u>	<b>-100</b>
<b>Available audit and consultancy days</b>	<b>120</b>	<b>28</b>	<b><u><u>148</u></u></b>

<sup>1</sup> Contract for 40 days of routine internal audit, corporate governance & Fraud and Risk Management Work, with an additional: 30 days call off contingency for additional internal audit, corporate governance & Fraud and Risk Management Work and 10 additional non-routine Internal Audit within the contract. The additional 30 days call off have not been included within the available audit days at this time as Cavanagh Kelly have indicated they may not be in a position to fulfil the additional days as per contract.

<sup>2</sup> Contingency days has primarily been in relation to Councils response to the Extraordinary Audit and dealing with concerns raised under the 'Raising Concerns Policy'.