

**To: Audit, Risk and Scrutiny Board**

**On: 13 March 2023**

---

**Report by: Chief Auditor**

---

**Heading: Annual Internal Audit Plan 2023/2024**

---

**1. Summary**

- 1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2023/24 has been developed. The audit plan takes into account the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which will provide assurance on the robustness on key internal controls, the plan seeks to reflect the key priorities and challenges for the council.
- 1.2 A number of methods have been employed to facilitate production of the risk based audit plan for 2023/24:
- Consultation with all Directors and their Senior Management Teams,
  - Consultation with Senior management from the associate bodies;
  - Benchmarking with other Local Authorities;
  - Review of strategic, corporate and service risk registers;
  - Cumulative audit knowledge and experience;
  - Review of key external audit and inspection reports.
- 1.3 The total available resource is 1184 days, the operational audit time available for 2023/24 has been identified as 940 days (79%). The remaining 244 days (21%) relates to training, service development, administration and management. Coverage of the plan is achieved through the use of in-house staff and where relevant, commissions from other providers.

- 1.5 Operational and non-operational time has been calculated in accordance with CIPFA benchmarking criteria. Non-operational time includes provision for training, performance management and service development. In addition to the internal audit assurance function the Chief Auditor has managerial responsibility for risk management, insurance and corporate counter fraud which are excluded from the calculation of available operational audit resources.
- 1.6 Delivery of the risk based annual audit plan supports effective member scrutiny of the council's internal financial and other control mechanisms.
- 

## 2. **Recommendations**

- 2.1 Members are asked to approve the content of the risk based audit plan for 2022/24.
- 2.2 Members are asked to note that the progress of the 2023/24 annual audit plan and summaries of the findings from each audit assignment will be reported to the Board on a quarterly basis.
- 

## **Implications of the Report**

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The subject matter of this report is the risk based Audit Plan for 2023 –2024

11. **Privacy Impact – None**
12. **COSLA Implications - None**

---

**Author** Andrea McMahon, Chief Auditor





# Annual Internal Audit Plan 2023/24



## Finance & Resources Internal Audit

Date	March 2023	

**Renfrewshire Council**  
**Annual Internal Audit Plan 2023/24**

***Contents***

	<b>Page</b>
Audit Plan Overview	4 - 8
 <b>Supporting Appendices</b>	
1      Annual Council Internal Audit Plan 2023/24	9 – 10
2      Annual Other Bodies Internal Audit Plan 2023/25	11
3      Analysis of plan by service	12
4      Annual Audit Plan 2023/24 – Integration Joint Board	13

# Audit Plan Overview

## 1. Introduction

- 1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2023/24 has been developed. In formulating the audit plan a risk assessment has been undertaken, giving consideration to the following sources of information:

Risk assessment	(1) Risk assessment and prioritisation of all auditable activities (audit universe).
	(2) Strategic and Corporate Risk Register.
	(3) Service Risk Registers.
Consultation	(4) The Chief Auditor has met with each member of the CMT and their senior management teams to ascertain any changes to operational practice and national policy and to determine their priorities and risks.
	(5) Senior Management from the associate bodies and One Ren have been consulted to ascertain their priorities and risks.
	(6) The Chief Executive has been consulted on what he sees as the council's priority and risk areas for the forthcoming year.
	(7) Feedback from, and the expectations of, the Audit, Risk and Scrutiny Board are identified through the regular meetings with the members of the board.
	(8) The Chief Auditor has met with Audit Scotland to ascertain their approach to the statutory audit where assurance on key internal controls could be provided to avoid any duplication of effort.
Benchmarking	(9) Other Local Authority internal audit plans.
	(10) Discussion with other Chief Auditors through the Scottish Local Authority Chief Auditors Group.
Review of key internal reports	(11) Creating a fairer Renfrewshire built on innovation, wellbeing and opportunity – Renfrewshire's Council Plan
	(12) The results of internal audit work in 2022/23 and in previous years.
Review of key external reports	(13) Audit Scotland: Renfrewshire Council - Report to Members and the Controller of Audit on the 2021/22 Audit.
	(14) Audit Scotland: Best Value reports issued during 2022/23.

- 1.2 On the basis of the above, the audit engagements planned for 2023/24 are set out in Appendix 1, 2 and 4, for the Council, Associate Bodies and the Integration Joint Board in the following categories of audit activity:
- Assurance,
  - Governance,
  - Contingency,
  - Planning and Reporting
- 1.3 It is the responsibility of management to ensure that they have good governance, risk management and internal control arrangements over the functions they are responsible for. It is internal audit's role to provide an independent, objective assurance and consulting activity. The scope of the internal audit plan encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes; as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. Delivery of the internal audit plan supports the requirement for the Chief Auditor to provide an annual opinion which is used to inform the annual governance statement.

- 1.4 The Chief Auditor shares information and coordinates activities with other internal and external providers of assurance and consulting services, as appropriate, to ensure proper coverage and minimise duplication of effort. Internal audit may place reliance on the work of other providers of assurance and the ability to do so will be considered during each audit engagement.
- 1.5 The plan also includes provision for managing and developing the internal audit activity including audit planning, reporting, periodic quality assessments and for following up on previous recommendations and reactive investigative work. The plan includes contingency time to allow for completion of work carried forward from 2022/23 and provides for consultancy engagements to be undertaken where these can improve the council's operations, add value and improve the management of risks. Contingency time also provides for sufficient flexibility to accommodate changing risks and priorities during the course of the year. More detail on each of these elements is set out in sections 4 to 7 of this plan.
- 1.6 The internal audit service is delivered and developed in accordance with its purpose which, as set out in the Internal Audit Charter, is to provide assurance by independently reviewing the council's risk management, control and governance processes.

## **2. The current business environment and key risk areas**

- 2.1 The audit plan detailed in Appendix 1 has been developed to support the achievement of the council's objectives and the challenges we face in achieving those objectives. The key challenges included in the planned audit work are detailed below.

### **(1) Financial Challenges**

Our organisation faces an unprecedented financial challenge to make significant savings after many years of already delivering substantial efficiencies and reduction in our spending. Alongside this, our communities are experiencing a cost-of-living crisis and the demand for our services is higher than ever before. Therefore, the financial outlook continues to be subject to significant and regular scrutiny. The 2023/24 audit plan includes time for reviewing:

- the procurement of goods and services;
- treasury management;
- non-domestic rates;
- hardship and other discretionary payments.

### **(2) Supporting organisational development**

The Council is fundamentally remodelling how and where we work as part of our recovery from the COVID-19 pandemic. We seek to have a skilled and well supported workforce with access to modern technologies that support our organisation and it's employees to deliver on our priorities. The 2023/24 audit plan includes time for reviewing:

- health and safety arrangements;
- recruitment processes;
- project management;
- asset management to support hybrid working; and
- ERP Utilisation.

### **(3) Contract management**

The Council spends significant sums of money on contracts with external suppliers of goods and services. Good contract management will ensure the outcomes envisaged at the inception of the contract are delivered in practice and ensure best value for money. Poor contract management can impact reputation, contractual relationships and incur additional costs. The 2023/24 audit plan includes time for reviewing the:

- roads plant and labour contract; and
- vehicle hire contracts.



- 2.2 There are a number of significant risks, arising from the external and internal environment, which could impact on the council's ability to achieve its objectives. The most significant risks and the risk control measures to manage these risks, are identified through the council's corporate risk management process. Subject to the overall flexibility of the Audit Plan, priority will be given to audit engagements which impact on the council's strategic and corporate risks.

### 3. Allocation of Resources

- 3.1 In addition to the internal audit assurance function the Chief Auditor has managerial responsibility for risk management, insurance and counter fraud which are excluded from the calculation of available operational audit resources.
- 3.2 Operational and non-operational time has been calculated in accordance with CIPFA benchmarking criteria. The calculation of operational staff time has been based on 6 full time equivalent employees plus 60 days to be provided from other service providers. The internal audit team is appropriately resourced with 4 qualified and 2 non-qualified staff. Non-operational time includes provision for training, performance management and service development.
- 3.3 Resources from any unfilled elements of posts and other available audit resource will be used flexibly to ensure that the audit plan commitments are met, through the engagement of temporary staff and other audit service providers where appropriate. Where engagements are undertaken by the other audit service providers, these can provide an opportunity for benchmarking and training and development. Sufficient resources are available to engage specialist contractors where necessary to address any specific risks faced by the council.
- 3.4 The total available resource is 1184 days; the operational audit time available for 2023/24 has been identified as 940 days (79%). The remaining 244 (21%) days relates to training, service development, administration and management. Resources are assessed as being sufficient to provide an evidenced based opinion.
- 3.5 The following paragraphs provide an overview of how the audit time has been allocated to audit categories for the Council and the Associated Bodies we provide services to. A summary of the operational time by audit category is detailed in table 1 below. The analysis of non-operational audit activity is detailed in the table 2 below. The planned operational/non-operational time for 2022/23 is given for comparative purposes.

Category of audit	2022/23		2023/24	
	Planned Days	% of Operational Time	Planned Days	% of Operational Time
GOVERNANCE	112	12%	96	10%
ASSURANCE	381	40%	391	42%
CONTINGENCY <sup>note 1</sup>	314	34%	319	34%
AUDIT PLANNING / REPORTING	134	14%	134	14%
<b>TOTAL OPERATIONAL TIME</b>	<b>941</b>	<b>100%</b>	<b>940</b>	<b>100%</b>

**Table 1**

**Notes**

1. This category includes time for the finalisation of the previous year's audits, corporate exercises and groups, investigations, significant project consultancy activities and emerging priorities.

	2022/23		2023/24	
Activity	Planned Days	% of Non - operational Time	Planned Days	% of Non - operational Time
TRAINING	57	23%	63	26%
STRATEGIC MANAGEMENT	20	8%	16	7%
TEAM ADMINISTRATION	96	38%	96	39%
DEVELOPMENT <sup>note 1</sup>	79	31%	69	28%
<b>TOTAL NON-OPERATIONAL TIME</b>	<b>252</b>	<b>100%</b>	<b>244</b>	<b>100%</b>

**Table 2**

**Notes**

1. This category includes time allocated to development activities to support continuous improvement activities.

#### **4. Governance (10% of operational time)**

- 4.1 Internal Audit must evaluate the risk exposures relating to the council's and associate bodies governance arrangements. The engagements within this category form the basis for the Chief Auditor's annual audit opinions and support the annual governance statements.
- 4.2 The results of the risk assessment are detailed at Appendix 1 and 2, Part A in respect of the current year, with a total of 96 days being allocated to these engagements for 2023/24.

#### **5. Assurance (42% of operational time)**

- 5.1 A risk based assessment has been undertaken of all auditable areas taking into account the risk management framework and the expectation of senior management and the Audit, Risk and Scrutiny Board. The engagements within this category also form the basis for the Chief Auditor's annual opinions and support the annual governance statements. For each engagement internal audit will consider whether there are any available external sources of assurance can be relied upon to deliver the plan. Time is also allocated to following up on the implementation of prior year audit recommendations.
- 5.2 The results of the risk assessment are detailed at Appendix 1 and 2, Part B in respect of the current year, with a total of 391 days being allocated to these engagements for 2023/24.

#### **6. Contingency (34% of operational time)**

- 6.1 This category includes time allocations for finalisation of the 2022/23 audit plan, undertaking reactive investigations of theft, fraud or other malpractice and provides for post-report work which includes attending disciplinary or appeal hearings, employment tribunals and court, as required.
- 6.2 The council is also undergoing a significant period of change and although these changes represent significant priorities and risks for the council, the arrangements may not be sufficiently well established to be suitable for evidence based audit reviews. In recognition of this, the 2023/24 audit plan includes provision for the on-going and anticipated involvement in significant project consultancy activities, optimisation of the Business World product, participation in corporate groups, as well as smaller scale internal control reassessment by services.
- 6.3 The allocation of time for this category is an estimate based on prior experience and available resources. However, this will be monitored during the course of the year to ensure that internal audit continue to be in a position to respond to other priority areas which emerge during the course of the year, and, if necessary, revise the audit plan accordingly. Appendix 1 and 2, Part C details the indicative time of 319 days allocated across the contingency heading.

## **7. Audit Planning / Reporting (14% of operational time)**

- 7.1 This category includes annual planning activity and reporting arrangements to the Corporate Management Team and the Audit, Risk and Scrutiny Board, the Integration Joint Board Audit, Risk and Scrutiny Board and the Boards of the other bodies we provide internal audit services to under a service level agreement. Appendix 1 and 2, Part D details the time of 134 days allocated to planning and reporting activities.

## **8. Analysis of Plan by Service**

- 8.1 Appendix 3 shows the amount of operational audit time allocated to individual services in 2023/24 and compares it to the planned days for 2022/23.
- 8.2 The planned days allocated to all services relates to work which is cross-cutting rather than service specific as well as time which is allocated out to services as the year progresses, such as contingency and investigations.

## **9. Conclusion**

- 9.1 The annual internal audit plan for 2023/24, based on the strategic risk assessment, reflects the current priorities and challenges for the council, and demonstrates that the internal audit service continues to deliver added value while continuing to improve the service in line with best practice.
- 9.2 The allocation of internal audit resources is sufficient to allow for flexibility to deal with emerging priorities and provide adequate coverage of governance, risk management and internal control to inform the annual assurance statement.
- 9.3 The plan may be subject to amendment during the course of the year due to the emergence of issues of greater priority, or other unforeseen circumstances. The Audit, Risk and Scrutiny Board will be requested to approve any necessary changes.

**Chief Auditor**  
**March 2023**

**Council Internal Audit Annual Plan 2023/24**

Entity	Engagement Title	Service	Days Allocated
<b>Part A – Governance</b>			<b>51</b>
Corporate Governance	Corporate Governance Framework	Corporate - All Services	6
Policies & Procedures	Recruitment	Corporate - All Services	25
Schools Procedures	Administration of Medicines	Children's Services	20
<b>Part B – Assurance</b>			<b>343</b>
Follow Up	Follow Up	Corporate - All Services	40
Health & Safety	Health & Safety	Corporate - All Services	20
Programme Management	Project Management	Corporate - All Services	25
Procurement	Purchasing processes	Corporate - All Services	30
ICT Planning & Organisation	Asset Management (hybrid working)	Corporate - All Services	20
ICT Delivery & Support	ERP Utilisation	Corporate - All Services	20
Non Domestic Rates	Non Domestic Rates	Finance & Resources	15
Treasury Management	Treasury Management	Finance & Resources	20
Other Financial Assistance	Hardship and Discretionary Funds	Finance & Resources	20
Housing Assurance Statement	Housing Assurance Framework	Environment & Infrastructure	8
Commercial & Industrial Rents	Commercial & Industrial Rents	Chief Executive's	20
Waste Management	Waste Management	Environment & Infrastructure	25
Building Services Operations	Building Services Stores	Environment & Infrastructure	20
Contract Management	Roads Labour & Plant Contract	Environment & Infrastructure	20
Transportation & Fleet	External vehicle hire	Environment & Infrastructure	20
Criminal Justice Services	Unpaid work procedures	Children's Services	20
<b>Part C – Contingency</b>			<b>311</b>
Contingency	Contingency	Corporate - All Services	124
Contingency	Corporate Groups	Corporate - All Services	50
Contingency	Investigations	Corporate - All Services	137

<b>Part D – Planning &amp; Reporting</b>			<b>115</b>
Planning & Reporting	Planning & Reporting	Corporate - All Services	115

**Appendix 2**

**Other Bodies Internal Audit Annual Plan 2023/24**

Entity	Engagement Title	Service	Days Allocated
<b>Part A – Governance</b>			<b>45</b>
Integration Joint Board – Governance Arrangements	Corporate Governance Framework	Integration Joint Board	5
Integration Joint Board – Governance Arrangements	Performance Management	Integration Joint Board	20
RVJB - Governance	Information Governance	Valuation Joint Board	20
<b>Part B – Assurance</b>			<b>48</b>
SE – Contract Monitoring	Implementing collaborative procurement	Scotland Excel	25
OneRen – Other Systems	Payroll Processes	OneRen	23
<b>Part C – Contingency</b>			<b>8</b>
Contingency	Contingency	All Associate Bodies	8
<b>Part D – Planning &amp; Reporting</b>			<b>19</b>
Planning & Reporting	Planning & Reporting	All Associate Bodies	19

## Appendix 3

### Analysis by Service

Service	2022/23		2023/24	
	Planned Days	% of Operational Time	Planned Days	% of Operational Time
All Services <sup>note 1</sup>	512	55%	612	65%
Chief Executive's Service	60	6%	20	2%
Finance & Resources	95	10%	55	6%
Children's Services	40	4%	40	4%
Adult Services	20	2%	0	0%
Environment & Infrastructure	50	5%	93	10%
Community & Housing	28	3%	N/A	N/A
<b>COUNCIL TOTAL</b>	<b>805</b>	<b>85%</b>	<b>820</b>	<b>87%</b>
Scotland Excel	25	3%	30	3%
Clydeplan	10	1%	4	0%
Renfrewshire Valuation Joint Board	20	2%	25	3%
Renfrewshire Health & Social Care Integration Joint Board (Appendix 4)	55	6%	35	4%
OneRen	26	3%	26	3%
<b>TOTAL</b>	<b>941</b>	<b>100%</b>	<b>940</b>	<b>100%</b>

#### Notes

- 1 Planned time includes, Follow up Audit, Contingency, Planning and Reporting and an element of Cross cutting Assurance and Governance Audits and is allocated against services during the course of the year

## Appendix 4

### Annual Audit Plan 2023/24– Integration Joint Board

<b>Audit Category</b>	<b>Engagement Title</b>	<b>No. of days</b>	<b>Detailed work</b>
Governance	Local Code of Corporate Governance	5	Annual review of the adequacy and compliance with the Local Code of Corporate Governance to inform the governance statement.
Governance	Performance Management	20	The purpose of the audit is to review the arrangements in place for managing and monitoring organisational performance.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & Training	7	The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	3	Time for advice and consultancy on relevant priorities and risks or change related projects and following up on the implementation of internal audit recommendations.