

DATA LABEL: PUBLIC



AUDIT COMMITTEE

INTERNAL AUDIT PLAN 2023/24

REPORT BY AUDIT, RISK AND COUNTER FRAUD MANAGER

A. PURPOSE OF REPORT

To inform the Audit Committee of the 2023/24 internal audit plan.

B. RECOMMENDATION

It is recommended that the Audit Committee approves the 2023/24 internal audit plan.

C. SUMMARY OF IMPLICATIONS

I Council Values	Being honest, open and accountable. Making best use of our resources.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	The Local Authority Accounts (Scotland) Regulations 2014 require the council to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.
III Implications for Scheme of Delegations to Officers	None.
IV Impact on performance and performance Indicators	None.
V Relevance to Single Outcome Agreement	Our public services are high quality, continually improving, efficient and responsive to local people's needs.
VI Resources - (Financial, Staffing and Property)	The plan is based on the available staff resource.
VII Consideration at PDSP	None.
VIII Other consultations	Audit Committee, Corporate Management Team including the Head of Finance and Property Services, internal audit staff.

D. TERMS OF REPORT

The Public Sector Internal Audit Standards (PSIAS) require that a risk based audit plan be prepared. The internal audit plan for 2023/24 is attached as an appendix to this report and sets out the planned internal audit work for the year to 31 March 2024.

The audit plan contains an appendix which sets out the methodology for preparing the plan. In summary, audits are included in the plan on the basis of a review of the risks within the corporate risk register, feedback from the Audit Committee and senior managers, previous internal audit and counter fraud work, and knowledge of the council and its operations. Audits included in the plan are where possible referenced to the relevant risk in the corporate risk register.

E. CONCLUSION

The internal audit plan ensures that internal audit work is properly planned and focuses on areas of greatest perceived risk.

F. BACKGROUND REFERENCES

None.

Appendices/Attachments: Internal Audit Plan 2023/24

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Kenneth Ribbons
Audit, Risk and Counter Fraud Manager

Date of meeting: 24 March 2023



WEST LOTHIAN COUNCIL

AUDIT RISK AND COUNTER FRAUD UNIT

INTERNAL AUDIT PLAN

2023/24

CONTENTS

	Page
Introduction	1
Summary of Audit Activities	3
Risk Based Audit – Council Services	4
Risk Based Audit – External Bodies	8
Appendix	9

INTRODUCTION

Independence and Objectivity

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 require that the council operates a professional and objective internal audit service in accordance with recognised standards and practices in relation to internal auditing. Recognised standards and practices are those set out in the Public Sector Internal Audit Standards (PSIAS).
- 1.2 The PSIAS require that internal audit be independent and that internal auditors must be objective in performing their work.
- 1.3 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.

Risk Based Audit Plan

- 1.4 The PSIAS require that a risk based audit plan be prepared. This annual audit plan fulfils this requirement, and plays an important role in ensuring that the effectiveness of control over key risks is systematically reviewed.
- 1.5 The methodology for developing the risk based internal audit plan is set out in the appendix. In summary, audits are included within the plan on the basis of a review of the corporate risk register, consultation with the Audit Committee and Corporate Management Team, consideration of previous internal audit and counter fraud work, and knowledge of the council and its operations. Audits in the plan are, where possible, referenced to the corporate risk register. The risks in the corporate risk register link to corporate priorities.

Conflicts of Interest

- 1.6 I also have responsibility for managing the council's counter fraud and risk management functions. In accordance with the requirements of the PSIAS for independence and objectivity, any internal audit work on counter fraud or risk management arrangements will therefore be overseen by a third party. There is currently a joint working arrangement with the Falkirk Council internal audit team, and they would undertake any internal audit work required.
- 1.7 In addition, if there is a requirement for the internal audit team to conduct audit work on areas which have had a material risk management input, the council's Executive Management Team has agreed that the Senior Auditor will formally sign off the audit report.

Resources and Sources of Assurance

- 1.8 The PSIAS require that I explain how internal audit's resource requirements have been assessed, and also require me to provide an annual opinion on the council's framework of governance, risk management and control. I have assessed internal audit's resource requirements as being the level of resource that would be sufficient to enable me to provide an annual evidence based opinion. I am satisfied that the current level of resource is sufficient to enable me to do this.
- 1.9 The PSIAS also require that I include in my plan my approach to using other sources of assurance. In addition to my internal audit work, in providing my annual evidence based opinion I will have regard to:

- the outcome of our counter fraud work undertaken during the year;
- any work undertaken by the council's risk consultant;
- the work of the council's Governance and Risk Board, an officer body exercising oversight over governance and risk matters.

Proper Administration of Financial Affairs

- 1.10 The Head of Finance and Property Services has a statutory duty under Section 95 of the Local Government (Scotland) Act 1973 to ensure that the council has made arrangements for the proper administration of its financial affairs, and for safeguarding income and expenditure. The annual audit plan assists the Head of Finance and Property Services to discharge this responsibility.

Progress Reporting

- 1.11 Completion of the annual audit plan is a key performance indicator. Progress in completing the annual audit plan is reported to the Audit Committee and to the Head of Finance and Property Services.

Kenneth Ribbons

Audit, Risk and Counter Fraud Manager

24 March 2023

PLANNED AUDIT ACTIVITIES 2023/24

Risk Based Audit		Days
• Carry forward from 2022/23	30	
• Audit work 2023/24	330	
• Follow up of previous recommendations	45	
• External organisations	<u>70</u>	
		475
Unplanned Reactive Work		30
Other Work		
Governance and Risk Board		5
Total		<u>510</u>
Resources		Days
Total Resources		780
Less annual leave / public holidays / other leave		<u>100</u>
Net resources		680
Productive audit time		510
Productive time as a percentage of net resources		75%

WEST LOTHIAN COUNCIL: RISK BASED AUDIT PLAN 2023/24

The objective of each audit will be to determine whether appropriate and effective controls are in place to mitigate the risk identified. Additional comments are set out where considered appropriate.

Key to Audit Priorities	
Priority	Description
1	High current risk as per the corporate risk register
2	Original risk score 25 (high) as per the corporate risk register
3	Other area of identified risk

Service	Audit Topic	Risk Register	Risk	Comments	Priority	Estimated Days
Council Wide	Financial Planning	WLC025	Economic Downturn	Controls in the risk register relate largely to the monitoring of the economic position.	1	15
	Climate Change	WLC018	Failure to meet statutory obligations / Failure to meet council objective of net zero emissions / Failure to effectively adapt to climate change.	To review of the council's Climate Change Declaration (CCD) and to review progress and reporting in relation to the climate change strategy actions.	3	20

Service	Audit Topic	Risk Register	Risk	Comments	Priority	Estimated Days
	Business Continuity	WLC005	Disaster or incident - failure to maintain critical services	To be undertaken by Falkirk Council under the terms of our joint working arrangement.	2	15
	Employee Code of Conduct	WLC020	Failure to prevent and detect fraud / theft	To review the processes for ensuring employee awareness with the Code of Conduct and ensuring that appropriate declarations are made.	3	20
Corporate Services	Payroll	HRS003	Failure to manage employment contracts in accordance with the law	To review controls over the processing of timesheets submitted to ensure completeness and accuracy.	3	20
	Procurement	WLC002 / WLC003	Breaches of procurement rules / breaches of council Standing Orders, policies and procedures for the procurement of contracts	To review a sample of contracts for compliance with procurement legislation, council Standing Orders and procurement procedures.	3	20
	Project Management	ITS003	Failure to effectively manage IT projects	To review controls based on a sample of managed projects.	3	20
Education Services	Health and Safety	ED030	Attacks on or violence to pupils	To review the controls within the corporate risk register to mitigate this risk.	3	20

Service	Audit Topic	Risk Register	Risk	Comments	Priority	Estimated Days
	School Security	ED029	Unauthorised access to a school	This will involve visits to a number of schools to review the security arrangements. To include the processes for out of hours lets.	3	20
Finance and Property Services	Financial Monitoring	WLC029	West Lothian Leisure - failure to prepare and agree a medium term financial plan.	To review the arrangements in place within the council for monitoring WLL's financial performance.	1	15
	Property Compliance	WLC039	Death or injury due to fire within operational buildings	To review the fire safety risk assessment process and associated controls.	2	20
	Council Tax	WLC020	Failure to prevent and detect fraud / theft	To review control over the processing of council tax discounts, exemptions and reductions.	3	25
	Discretionary Housing payment	WLC020	Failure to prevent and detect fraud / theft	To review controls to ensure that payment is made accurately and correctly.	3	20
	Blue Badges	WLC020	Failure to prevent and detect fraud / theft	To review controls over the processing of blue badges in the context of the new Blue Badge Code of Practice.	3	20
Housing, Customer and Building Services	Property Compliance	BUS004 / HCBS011	Failure to comply with electrical testing requirements / Death or injury due to house fire	To review compliance with electrical testing and fire safety requirements.	3	25

Service	Audit Topic	Risk Register	Risk	Comments	Priority	Estimated Days
Planning, Economic Development and Regeneration	Food Safety	EH006	Food safety and public health impacts of food supply chain disruption	To review the controls within the corporate risk register to mitigate this risk.	1	15
Social Policy	Care at Home	SPCC002	Insufficient supply to meet service demands - care at home	To review the controls within the corporate risk register to mitigate this risk.	1	20
TOTAL						330

EXTERNAL ORGANISATIONS

Organisation	Objective	Estimated Days
West Lothian Integration Joint Board	To be agreed with the Board's Audit Risk and Governance Committee	30
West Lothian Leisure	To be agreed with the management of West Lothian Leisure	20
Improvement Service	To be agreed with the management of the Improvement Service.	20
TOTAL		70

APPENDIX

METHODOLOGY FOR DEVELOPING THE RISK BASED INTERNAL AUDIT PLAN

No	Action
1.	Consider the effectiveness of the council's risk management framework and the extent to which reliance can be placed on the corporate risk register.
2.	Review the high risks in the corporate risk register. High risks are those risks with a current risk score between 12 and 25. Aim to audit high risks once every four years.
3.	Review those non-high risks in the risk register where the original risk is 25. Aim to audit risks with original risk of 25 once every five years.
4.	Review previous years' internal audit and counter fraud work, including follow up work, and consider whether there are any areas of risk which require attention.
5.	Consult with Audit and Governance Committee members, Corporate Management Team, and internal audit staff, in relation to the risk based internal audit plan. Consider suggestions in accordance with the council's risk register.
6.	Review the output from external audit.
7.	Consider whether there are any material risks requiring audit which arise from changes in operations, new systems or applications, government legislation, staffing changes, etc.