

INTERNAL AUDIT WORK PROGRAMME 2024/25

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Annex 1



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INTRODUCTION

- 1 This document sets out the proposed 2024/25 programme of work for internal audit, provided by Veritau for Redcar and Cleveland Borough Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the Council's audit charter. In order to comply with those standards and the charter, internal audit work must be risk based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council, and to produce a body of work which allows us to provide that opinion.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

APPROACH

Background

- 5 In order to best meet professional standards, internal audit is required to adopt flexible planning processes that are sensitive to risk. This flexibility and risk-based approach are driving principles for delivery of Redcar and Borough Cleveland Council's 2024/25 internal audit work programme.
- 6 The Council is facing unprecedented financial pressures as a result of the continued increase in demand for its services and the impact of inflation and economic uncertainty. In the Council's budget proposals report in February 2024 to Cabinet the Council's financial position was described as 'extremely challenging' and it set out a number of proposals to ensure the Council continues to operate on a stable footing.
- 7 The Council therefore needs to act to maintain a stable and resilient financial position while still delivering on the priorities set out in the Council's Corporate Plan 2024-27.
- 8 The priorities set out are:
 - Start life well
 - Live and age well
 - Prosper and flourish
 - Clean and tidy
 - A strong and sustainable Council

- 9 Internal audit work covers a range of risk areas to ensure that, overall, the work undertaken will enable us to meet the requirement to provide an overall opinion on the Council's framework of risk management, governance and internal control.

The opinion framework

- 10 In order to consider the requirements of the PSIAS and the Council's internal audit charter for producing an annual opinion Veritau has developed an opinion framework. Details on the opinion framework were provided to the committee in our consultation report in February 2024.
- 11 The opinion framework contains 11 key assurance areas as follows:
- strategic planning
 - organisational governance
 - financial governance
 - risk management
 - information governance
 - performance management and data quality
 - procurement and contract management
 - people management
 - asset management
 - programme and project management
 - ICT governance
- 12 Overlaid on these key assurance areas are two further components of the framework:
- Organisational objectives
 - Organisational risks
- 13 The Council's organisational objectives are set out above at paragraph 8. The risks considered when producing the work programme are those set out in the Council's Corporate Risk Register (CRR). There are many other risks associated with the wide range of services the Council delivers. However, the risks on the CRR are those considered most significant to the achievement of the Council's objectives. There are currently 8 risks on the CRR. Where appropriate, service risks are considered as part of individual audit assignments.
- 14 The current 8 risks on the CRR are:
- Balancing the Medium Term Financial Plan
 - Workforce capacity and loss of critical skills (recruitment and retention)
 - IT disruption due to attack
 - Increased exclusions from schools
 - Coastal erosion / land instability at Cowbar
 - Flooding
 - Non-compliance data protection legislation because of inadequate records management
 - Impact of increased numbers of children in care

- 15 The work programme has been developed by looking to have appropriate coverage across all 11 of the key assurance areas where we require information to enable us to provide the annual opinion. In deciding what work is a priority in each area, we have also considered which audits will also provide coverage of strategic risks and corporate ambitions and priorities.
- 16 In addition, we have also been running a pilot of assurance mapping over the past year. This has reviewed how the Council receives assurance on its risks from various sources including internal audit.
- 17 The assurance mapping exercise has involved holding workshops for each of the 11 key assurance areas with key Council officers. The output of this will be an assurance map for each of the areas. This has helped to inform our ongoing risk assessment.

Developing the work programme

- 18 The requirement to provide assurance across these areas to arrive at a strong, evidenced-based annual opinion is taken into account when identifying and prioritising work throughout the year. The process for developing the 2024/25 work programme has involved the following key steps:
 - undertaking a detailed review of the Council's corporate risk register, including changes in risk profile over time, controls and actions
 - understanding the results of the assurance mapping exercise described in paragraphs 16 and 17
 - understanding the Council's longer- and shorter-term objectives through an extensive desktop review of committee reports, decisions, performance data, and Council Plan priorities
 - evaluating other known risk areas (for example, areas of concern highlighted by management or through our experience at other clients)
 - considering fundamental controls, the results of recent audit work, outcomes from any external reviews, and changes in Council services and systems
 - consulting with Members at the meeting of the Governance Committee on 5 February 2024
 - attending Directorate Management Team (DMT) meetings during March 2024 to understand their priorities and understanding of current risks; and
 - discussing current risks and priorities with the Chief Accountant and Director of Finance as part of regular liaison meetings.
- 19 The results of these assessments and considerations have been combined to allow us to evaluate the impact and value each potential audit would bring.
- 20 The overall programme, and the relative priorities for work within it, will be revisited and updated throughout the year. Work to be started will be based on the most immediate priorities at any point. We will regularly consult with officers on the priority, scope and timing of work to help ensure that we provide assurance in the right areas at the right time. We

will also provide regular updates on the scope and findings of our work to the Governance Committee throughout 2024/25.



2024/25 INTERNAL AUDIT WORK

- 21 The work programme is based on a total commitment of 555 days. Further details on the current priorities and expected timings for internal audit work during 2024/25 are provided in appendices A and B.
- 22 Appendix B also contains details of work that is currently ongoing and indicates the expected dates when the details of this work will be reported to the committee.
- 23 The programme is designed to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the Council's strategic priorities and objectives.
- 24 Functionally, the indicative programme is structured into a number of sections, as set out below. In assessing the work to be included in each section, consideration is given to the Council's organisational objectives and risks as well as our 11 key assurance areas set out at paragraph 11.
 - **Corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the Council.
 - **Technical / projects** – to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.
 - **Financial systems** – to provide assurance on the key areas of financial risk. This helps provide assurance to the Council that risks of loss or error are minimised.
 - **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the Council if they were to materialise.
 - **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
 - **Client support, advice & liaison** – work we carry out to support the Council in its functions. This includes the time spent providing support and advice, and liaising with staff.
- 25 It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this programme and the indicative days assigned to each of the areas in appendix A are not fixed. As described in paragraph 20, work will be kept under review to ensure that audit

resources continue to be deployed in the areas of greatest risk and importance to the Council. This is to ensure the audit process continues to add value.

- 26 Secondly, it will not be possible to deliver all of the audits listed in the programme. The programme has been intentionally over-planned, to build in flexibility from the outset while also providing an indication of the priorities for work at the time of assessment. Over-planning the programme enables us to respond quickly by commencing work in other areas of importance to the Council when risks and priorities change during the year.

APPENDIX A: Indicative Internal Audit Work Programme 2024/25

Area	Indicative Days	Potential activity
Corporate & cross cutting	150	Savings and transformation programmes Information governance (including Freedom of Information Act requests) Information security Records management Contract management Purchasing cards Decision making and governance Corporate complaints Diversity and inclusion Absence management Business continuity Volunteers Succession planning Asset management
Technical / projects	63	Major projects (including Eston Swimming Baths) Digitalisation / IT projects IT disaster recovery Cyber security (network security, firewalls, malware protection)

Area	Indicative Days	Potential activity
		Waste management project
Financial systems	60	Main accounting Debtors Payroll Council Tax and NNDR Benefits Creditors
Service areas	170	Planning applications Coastal erosion (including at Cowbar) Flood planning Car park income Homelessness Referrals and care assessments (Adult's) Budget and demand management (Adult's) Homecare Deprivation of Liberty Safeguards Adult safeguarding Special Educational Needs Schools' themed audits (including exclusions)

Area	Indicative Days	Potential activity
		Care assessments and quality assurance (Children's) Childcare and early education funding
Other assurance work	67	Follow-up of previously agreed management actions Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control Continuous assurance work, including data analytics and data matching projects Attendance at, and contribution to, governance- and assurance-related working groups including Risk Management Group Assurance mapping
Client support, advice & liaison	45	Committee preparation and attendance Key stakeholder liaison Support and advice on control, governance and risk related issues
TOTAL	555	

APPENDIX B: Current audit priorities / rationale for inclusion in the work programme / expected timings

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Corporate & cross cutting			
Category 1 (do now)			
Agency staff	Ongoing.	September 2023	May 2024
Health and safety	Ongoing. Fieldwork is nearly complete.	September 2023	May 2024
CCTV (Information governance)	Ongoing. Fieldwork is nearly complete.	August 2023	May 2024
Savings delivery and budget management	Fieldwork has now commenced.	January 2024	July 2024
Performance management and data quality	Planning is now underway.	April 2024	July 2024

Category 2 (do next)			
Information governance	Information governance is a significant risk for all organisations. The audit would include a review of how Freedom of Information Act requests are dealt with.	Q2 2024/25	December 2024
Contract management	The management of contracts in an efficient manner which provides value for money is a key priority for councils. The audit will follow-up some issues identified in a previous procurement audit.	Q2 2024/25	December 2024
Diversity and inclusion	Diversity and inclusion is an important area for the council to ensure that it is able to retain and recruit staff into key areas.	Q2 2024/25	December 2024
Corporate complaints	Essential for effective governance. This area has not been audited for some time.	Q2 2024/25	December 2024
Category 3 (do later)			
Major projects	The Council has several significant projects underway including the Eston Baths redevelopment. The project management arrangements associated with a sample of schemes will be reviewed.		
Information security	Considered high risk due to external threats and continuing pace of technological change. The Council has recently rationalised its office space.		
Absence management	Increasing absence of staff is a key risk for all local authorities with stress-related absence of particular concern. It also impacts on the ability of local authorities to recruit and retain staff.		

Records management	Records management is a significant risk for all organisations. Non-compliance with data protection legislation because of poor records management is included on the Council's corporate risk register.		
Purchasing cards	Use of purchasing cards can provide significant risk if misused and/or if usage is not monitored appropriately. An audit would consider these and other related risks.		
Decision making and governance	The Council is working in a challenging economic climate that will increase pressure on services and employees, and result in difficult decisions needing to be made. It is therefore essential that key governance, decision making, and control arrangements remain robust in this environment. This area has not been audited for some time.		
Asset management	Effective use of assets is a key priority for the Council and is one of our key assurance areas.		
Business continuity	Business continuity is a key tool to mitigate risks arising from unexpected changes in the external environment, for example increasing cybersecurity threats, supply chain issues resulting from global political activity and potential climate and energy related events. This area has not been audited for some time.		
Succession planning	Succession planning is vital for councils to ensure that loss of key staff does not impact significantly on the organisation. An audit would review the strategies in place.		
Financial / Corporate systems			
Category 1 (do now)			

Energy rebate scheme	Fieldwork is now underway.	September 2023	May 2024
Treasury management	Fieldwork is now underway.	January 2024	July 2024
Creditors	Fieldwork is now underway.	February 2024	July 2024
Main accounting	Planning has commenced.	April 2024	July 2024
Category 2 (do next)			
Benefits	Key financial system.	Q2 2024/25	December 2024
Category 3 (do later)			
Debtors	Key financial system.		
Payroll	Key financial system.		
Council Tax and NNDR	Key financial system.		
Creditors	Key financial system.		

IT			
Category 1 (do now)			
IT applications - LAS	Fieldwork is now underway.	April 2024	July 2024
Category 2 (do next)			
Cyber security	Cyber security is a significant risk for all organisations and is included on the Council's corporate risk register. An audit would likely include coverage of network security, firewalls or malware protections.	Q2 2024/25	December 2024
Category 3 (do later)			
IT disaster recovery	IT disaster recovery is a vital part of cyber security and managing the risk of disruption from cyber-attacks, as included on the Council's corporate risk register. This is a key area for regular assurance.		
Digitalisation / IT projects	The Council's Digital Strategy is key in delivering the organisation's priorities. This should be led by corporate requirements but will involve projects where IT delivery is key to success. Audit work could cover corporate programme management or could review specific projects.		
Operational audits			
Category 1 (do now)			

Recruitment of foster carers	Ongoing. Fieldwork is nearly complete.	June 2023	May 2024
Commissioning (Children and Families)	Ongoing.	September 2023	July 2024
Demand management (Children and Families)	Ongoing.	January 2024	July 2024
Continuing healthcare	Ongoing.	January 2024	July 2024
Schools themed audit	Ongoing. The theme of the audit is business continuity.	November 2023	July 2024
Social care financial assessments (Adult's)	Planning has commenced.	April 2024	September 2024
SEN Place Planning	Planning has commenced.	April 2024	September 2024
Safeguarding (Children and Families)	Planning has commenced.	April 2024	September 2024

Highways management	Planning has commenced.	April 2024	September 2024
Category 2 (do next)			
Planning applications	Planning applications can be a contentious area within local government an audit would provide assurance that the Council is complying with legislative requirements and is suitably transparent.	Q2 2024/25	December 2024
Flood planning	The risk of flood damage to residents is significant for the Council and is included on the Council's corporate risk register.	Q2 2024/25	December 2024
Budget and demand management (Adult's)	The management of budgets within Adult Social Care is a significant risk for all councils. An audit would review the accuracy of forecasting and management of demand.	Q2 2024/25	December 2024
Homecare	Homecare provision includes services provided in the community for daily living activities. An audit would review the supply of services including receipt of income and reconciliation to contracts and would follow-up on previous work carried out	Q2 2024/25	December 2024
Category 3 (do later)			
Referrals and care assessments (Adult's)	It is essential that clear arrangements for managing referrals and care assessments are in place, to balance the need to ensure the Council fulfils its obligations to provide care while taking account of financial constraints. This area has not been reviewed for some time.		

Deprivation of Liberty Safeguards	There have been significant legislative changes in this areas and an audit would review the Council's approach in comparison to other local authorities to ensure it is fit for purpose.		
Schools themed audit	An annual themed audit of schools. An area for consideration is exclusions as this is on the Council's corporate risk register.		
Care assessments and quality assurance (Children's)	It is essential that clear arrangements for managing care assessments are in place, to balance the need to ensure the Council fulfils its obligations to provide care while taking account of financial constraints. It is also important to ensure there are adequate quality assurance processes in place to identify poor practice and to improve the quality of service.		
Childcare and early education funding	The Council is responsible for administering free provision of places to childcare establishments. An audit would review the administration of this process.		
Coastal erosion	For councils on the coast of England, coastal erosion is a significant risk. Coastal erosion at the Cowbar cottages in Staithes is included on the Council's corporate risk register.		
Car park income	The Council has a number of car parks which generate income. The audit would review the processes involved in this.		
Homelessness	Homelessness continues to rise within the borough and nationally. The audit would review the Council's strategies to address this including the Homelessness Prevention and Rough Sleeping Strategy 2020 - 2025,		

Volunteers	A follow up review to ensure previously agreed actions have been implemented.		
Adult safeguarding	Adult social care is a significant area of spend for the Council. An audit would review the controls in place to address safeguarding and to ensure value for money.		
Waste management	It is essential that robust governance arrangements are established where the Council works through partnership arrangements or other delivery vehicles. The audit will review governance arrangements for the Tees Valley Waste Partnership, and the wider Tees Valley Energy Recovery Facility (TV ERF) project (which includes Durham County Council and Newcastle City Council).		