INTERNAL AUDIT PLAN 2024/25

NORTH HERTS COUNCIL
FINANCE, AUDIT AND RISK COMMITTEE
MARCH 2024

RECOMMENDATION

Members are recommended to approve the proposed North Herts Council Internal Audit Plan for 2024/25

Contents

1. Introduction and Background

2. Audit Planning Process

3. Performance Management

Appendices

1. Introduction and Background

1.1 The mission of Internal Audit is "to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight". The Public Sector Internal Audit Standards (PSIAS) encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). These Standards note that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

1.2 The SIAS Board reviewed the SIAS Internal Audit Strategy in 2023, and this strategy outlines how SIAS will achieve the mission of Internal Audit and ensure ongoing compliance with the PSIAS. The following report follows the key principles within the Strategy related to Audit Planning and Resourcing, with the Strategy document itself being available to Members upon request.

1.3 The PSIAS set out how SIAS must approach audit planning. The specific standards that SIAS must adhere to are as follows:

Standard	Description
2010	A risk-based plan, setting out audit priorities consistent with the goals of the organisation.
2010	Linked to annual opinion need and Internal Audit Charter
2010.A1	Based on documented risk assessment, updated at least yearly and consulting Senior Management and Members
2010.A2	Reflect expectations of Senior Management, Members, and other stakeholders
2020	Communicated to Senior Management for review and to Members for approval
2030	Ensure internal audit's resources are fit and effectively used
2030	Must explain how resource adequacy assessed, and set out results of any limits

1.4 The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive's Annual Opinion Report.

1.5 The Shared Internal Audit Service's (SIAS) Audit Charter was presented to the June 2023 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April 2017. An updated version of the SIAS Internal Audit Charter will be brought to the June 2024 FAR Committee meeting for Member approval.

1.6 Section 2 of this report details how SIAS complies with these requirements.
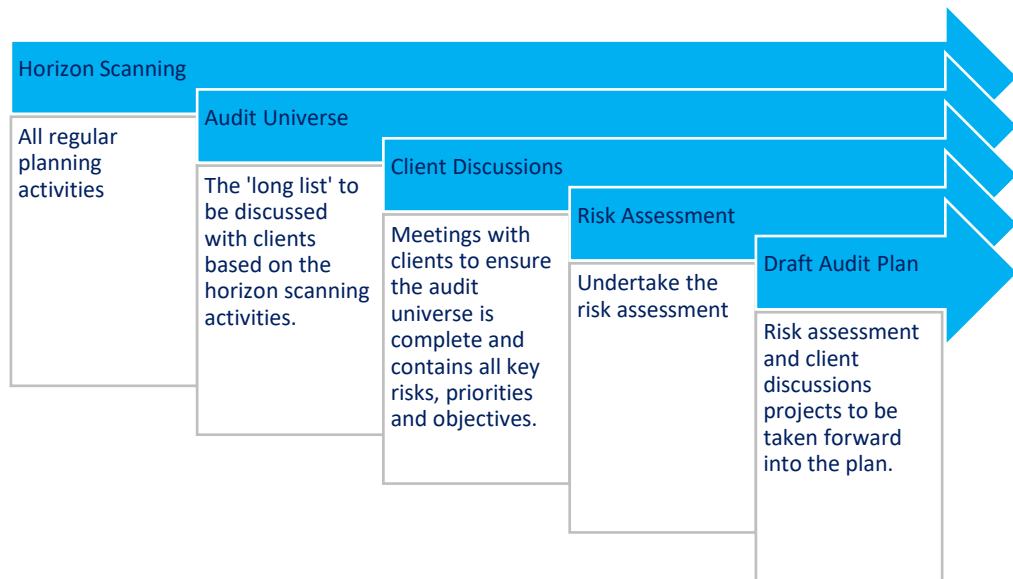
2. Audit Planning Process

Planning Principles

2.1   SIAS audit planning is underpinned by the following principles:

a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.

b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.

c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.

d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.

e) Identification of responsibilities where services are delivered in partnership.

f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.

g) Capacity to deliver key commitments including governance work.

h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

Approach to Planning

2.2 SIAS has developed an approach to annual planning that ensures ongoing compliance with the requirements of the PSIAS. SIAS applies the following methodology at its partners:

Horizon Scanning
All regular planning activities

Audit Universe
The 'long list' to be discussed with clients based on the horizon scanning activities.

Client Discussions
Meetings with clients to ensure the audit universe is complete and contains all key risks, priorities and objectives.

Risk Assessment
Undertake the risk assessment

Draft Audit Plan
Risk assessment and client discussions projects to be taken forward into the plan.

Horizon Scanning and Audit Universe

2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:

Local and National Horizon Scanning
- Key committee reports at each client and identifies emerging risks and issues.
- The professional and national press, as well risks and issues emerging at national level.

Consideration of Risk Management Arrangements
- Assesses the risk maturity of the Council.
- Determine the extent to which information contained in the Council's risk registers informs the identification of potential audit areas.

Consideration of the Council's objectives and priorities
- Confirms the current objectives and priorities of the Council
- This information is used to confirm that identified auditable areas will provide assurance on areas directly linked to the achievement of the Council's objectives and priorities.

Previous Audit Plans
- Review the previous 5 years audit plans and assess the coverage to inform future years. Focus is on limited assurance reports and areas where coverage has been minimal in the previous years.

2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with Senior Managers.

2.5   SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following steps to assist in the prioritisation of proposed internal audit projects:

Risk Assessment
Senior Managers and SIAS agree the level of risk associated with an identified auditable area and prioritise this accordingly.

Other sources of Assurance
Senior Managers are asked whether assurance in the auditable area is obtained from other assurance providers e.g., external audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

Significance
Senior Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings
Senior Managers identify when an audit should be undertaken to add most value.

Risk Assessment

2.6   The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.

2.7   The risk assessment behind the development of the 2024/25 Internal Audit Plan was strongly correlated to the Council's Delivery Plan and associated Council monitoring through risk assessments, KPI's and project progress.

2.8   SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through the Four Lines (of Defence) model.

Draft Audit Plan

2.9   The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2024/25.

The Planning Context

2.10 The context within which local authorities provide their services remains challenging:

- Demand for services is still rising, driven a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.

- Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting significant cost pressures and government funding make financial planning a key component of local government finance.

- Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.

- Local authorities are facing significant challenges in relation to talent management, both in terms of recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.

- Many local authorities have declared a Climate & Ecological Emergency and made public commitments relating to carbon reduction and becoming Net Zero.

2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.

- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.

- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as

use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.

- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

Internal Audit Plan 2024/25

2.13 The draft plan for 2024/25 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the agreed start months. The number of days purchased in 2024/25 is confirmed as 260 days.

2.14 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	2024/25 Days	%
General audits	98	38
IT Audits	22	8
Consultancy Assignments / Assurance Mapping	59	23
Grants or Charity Certification	8	3
Strategic Support*	38	14
Contingency	5	2
Completion of 2022/23 Projects	30	12
Total allocated days	**260**	**100%**

* This covers supporting the Audit Committee, monitoring delivery of the audit plan, client liaison and planning for 2025/26

2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any audits will require approval from the Service Director (Resources). It should be noted that the Internal Audit Plan is intended to be flexible and responsive to changing risks and matters arising during the year.

2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2023/24. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where local government faces significant resourcing risks.

2.17 Members should also note that there is provision under Strategic Support for service development relating to conformance with the new Global Internal Audit Standards issued on 9 January 2024 and due for full implementation by January 2025. Details on this will be provided to

the SIAS Board through the quarterly Board updates and to FAR Committee as appropriate and relevant. The new Standards address key aspects of internal auditing such as:

- Domain I - Purpose of Internal Auditing e.g. what internal audit is and how it should operate.

- Domain II - Ethics and Professionalism e.g., conduct and professional performance.

- Domain III - Governing the Internal Audit Function e.g., direction and responsibilities for audit committees and senior leaders.

- Domain IV - Managing the Internal Audit Function e.g., strategic planning, resourcing, performance and quality.

- Domain V - Performing Internal Audit Services e.g., conducting day to day internal audit work.

Changes which have an impact on the role of Finance, Audit and Risk Committee Members will be highlighted as the year progresses.

2.18 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Chief Audit Executive to give an overall opinion on the Authority's internal control, governance and risk management framework. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer / Service Director (Resources).

Resources

2.19 The Standard 2030 requires SIAS to consider our resources, how these will be effectively used and any limitations of the adequacy of resources.

2.20 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.

2.21 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.

2.22   SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has five team members studying towards their professional qualifications.

2.23   The service will be adequately resourced to deliver the number of planned internal audit days commissioned by North Herts Council. There are currently no limitations on the adequacy of resources in place to deliver the North Herts Council Internal Audit Plan 2024/25.

3.   Performance Management

Update Reporting

3.1   SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2024/25 and any proposed changes will be reported to this Committee four times in the 2024/25 civic year.

3.2   SIAS will report on the implementation of agreed high priority recommendations as part of the update reporting process.

Performance Indicators

3.3   Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2024/25 are shown in the table below. Actual performance against target will be included in the regular update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
1. **Public Sector Internal Audit Standards** – the service conforms with the standards	Yes	Annually
2. **Internal Audit Annual Plan Report** – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
3. **Annual Internal Audit Plan Delivery** – the percentage of the Annual Internal Audit Plan delivered (measured in audit days)	95%	Quarterly
4. **Project Delivery** – Percentage of audit plan projects delivered to draft report stage by 31 March 2025	90%	Quarterly
Percentage of audit plan projects delivered to final report stage as reported within the CAE Annual Assurance and Opinion report.	100%	Quarterly

5. Client Satisfaction* – percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	100%	Quarterly
6. Chief Audit Executive's Annual Assurance Opinion and Report – presented at the first Audit Committee meeting of the financial year	Yes	Annually

General Internal Audits (98 days)

Audit Title	Purpose of the Audit	Quarter	Audit Sponsor
Churchgate - Project Assurance (Risk Register and Council Delivery Plan)	Two audits were completed on the Churchgate project as part of the 2023/24 Internal Audit Plan, with both providing assurance at specific milestones or moments in time. A change of approach will be adopted in 2024/25 whereby internal audit will join the project board / steering group to provide ongoing and continuous assurance throughout the next phase of the project life cycle using an embedded approach. Providing a view of how a project is progressing is known as project assurance and is the ultimate responsibility of the project board or steering group. Internal audit will report a view on project governance, risk management and control, including other assurance arrangements such as: a) Checking that the project remains viable in terms of costs and benefits (business assurance), b) Checking that the users' requirements are being met (user assurance), c) Ensuring procedures and rules are being followed (compliance assurance) and d) The project is delivering a suitable solution (specialist or technical assurance).	1-4	Service Director (Commercial)

New Finance System (Requested by S151 Officer)	The Council are already in the process of implementing our new combined income management and financial management system to replace Integra and Civica. During 2024/25, internal audit will join the project board / steering group to provide ongoing and continuous (embedded) assurance through the remaining project life cycle phases. It is proposed that internal audit will be involved in data testing as part of the embedded assurance process.	1-2	Service Director (Resources)
Public Sector Decarbonisation Scheme (Salix Grant) (Risk Register)	The Public Sector Decarbonisation Scheme provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures. This audit is linked to the risks in the risk register regarding Solar PV on Leisure Centres and Royston Leisure Centre Solar Thermal. During 2024/25, internal audit will join the project board / steering group to provide ongoing and continuous (embedded) assurance through the project life cycle phases arising this financial year using an embedded approach.	1-4	Service Director (Place)

Training, Awareness and Induction (Annual Governance Statement (AGS))	The last two AGSs have contained actions as follows: a) Ethical awareness training – increased staff/member uptake of the Anti-bribery e-learning module. (Learning & Development) b) Increase uptake of ethical awareness training, increase staff/member uptake of the Antibribery and Fraud Awareness e-learning modules, noting uptake levels through the Civic year. (Leadership Team; Learning & Development; Committee Services). c) Review and develop a member training programme for commencement after the May 2024 local election. (Leadership Team; Committee Services; Learning and Development) DLUHC's Draft 'Best Value Standards and Intervention guidance identifies a key risk to achieving best value being a lack of engagement with and/or poor quality or non-existent member and officer training and development offer. On this basis, and bearing in mind the current remote working context, to examine the Council's mandatory training, awareness and induction programme for members and officers, including some benchmarking against other local authorities.	2	Service Director (Resources)

Local Authority Trading Companies (Requested by the Monitoring Officer)	DLUHC's Draft 'Best Value Standards and Intervention – A statutory guide for best value authorities' contains seven best value themes, including several references to local authority companies such as: a) "There is proper member oversight (as shareholders) of companies and partnership bodies, in accordance with the Local Authority Company Review Guidance and their existence is regularly and independently reviewed." b) "Failure to manage the risks associated with companies." In this context, the Monitoring Officer has statutory duties around governance arrangements to effectively scrutinise arrangements for current and future Council-owned trading companies. The audit will look to examine any current and proposed governance around local authority trading companies and seek any shared learning that can be obtained from other Councils.	2	Service Director (Legal and Community) / Monitoring Officer
Project Prioritisation (Risk Register and requested by the S151 Officer / Risk Group)	Recognising the resourcing risk in the Risk Register, to examine the process for identifying and prioritising projects in the Council's Delivery Plan, as well as ongoing monitoring and review by political and officer leadership to ensure that limited resources are appropriately allocate to best effect.	2	Service Director (Resources) on behalf of Leadership Team

UK Shared Prosperity Fund (UKSPF) (Risk Register / Requested by the Monitoring Officer)	To ensure that the Council complies with the aims of the UKSPF, including: a) Guidance on what to use the funding for, b) Delivery of the fund, c) The funding places will receive, d) Development of an appropriate invest plan process, and e) Measurement of impact. The audit will look to examine any governance, partnerships and investment already in place, review any challenges and learning that has arisen and seek any shared learning that can be obtained from other local authorities.	3	Service Director (Legal and Community) / Monitoring Officer and Service Director (Resources)
Operational Building Compliance (Shared Learning from SIAS Partnership)	To provide independent assurance that the Council is meeting it statutory and mandatory compliance safety requirements relevant to its operational buildings. Inclusion of the audit in the Internal Audit Plan is based on conveying shared learning from high and medium priority findings and recommendations from other SIAS partners and ensuring that the Council has robust controls, risk management and governance over these areas.	3	Service Director (Resources)
Homelessness (including Rough Sleepers) (Risk Register)	To provide assurance over work completed / ongoing work identified in the risk register for managing increased levels of homelessness and associated costs.	4	Service Director (Housing and Environmental Health)

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2024/25

IT Internal Audits (22 days)

Audit Title	Purpose of the Audit	Quarter	Audit Sponsor
Cyber Security – Cyber Governance and Culture (Risk Register and Horizon Scanning)	To conduct a review of cyber governance and culture within Council. The National Cyber Security Centre (NCSC) describes cyber governance as how you control and direct your organisation's approach to cyber security and effectively coordinate the cyber risk activities of your organisation. Good cyber security governance enables the flow of cyber security information and decisions around the whole of your organisation. Cyber security culture refers to the attitudes, knowledge, assumptions, norms, and values of the workforce of an organisation with respect to cyber security. Cyber Risk was last audited in detail as part of the 2022/23 Internal Audit Plan, although 2023/24 audits on Critical Applications and IT Disaster Recovery have covered aspects of cyber security.	3	Service Director (Customers)
Cyber Security – Supply Chain Management (Risk Register and Horizon Scanning)	The NCSC states that most organisations rely upon external suppliers to deliver at least some IT products, systems, and services. Effectively securing the supply chain can be hard because vulnerabilities can be inherent or introduced and exploited at any point in the supply chain. A vulnerable supply chain can cause damage and disruption. A series of high profile, very damaging attacks on organisations has demonstrated that attackers have both the intent and ability to exploit vulnerabilities in supply chain security. This trend is real and growing, so the need to act is clear.	4	Service Director (Customers)

	The audit will likely cover the following aspects proportionate to an organisation of the Council's size:		
	a) Understanding the risks (what needs to be protected and why, what risks are posed to the Council, know your suppliers and their security arrangements),		
	b) Establishing control (Set and communicate minimum security requirements for your suppliers, ensuring this is built into contracting arrangements)		
	c) Checking supply chain arrangements (building assurance into supply chain management), and		
	d) Continuous improvement (encouragement within the supply chain relationship).		

Consultancy Assignments / Assurance Mapping (59 days)

Assignment Title	Assignment Purpose	Quarter	Assignment Sponsor
Assurance Mapping (Global Internal Audit Standards / Good governance and risk management practice)	To work with the Performance and Risk Officer and the Controls, Risk and Performance Manager to complete an assurance map of the corporate risks identified in the Council's risk register. This will start with identified red risks in the risk register, which at the time of planning included 'Financial Sustainability/Balancing our Budget', Churchgate, Waste Depots, Increased Levels of Homelessness, Resourcing and Cyber Risk. See Glossary of Terms at Appendix D for further detail on assurance mapping.	1-4	Service Director (Resources)
FAR Committee Review	The last two AGSs have contained actions as follows:	1	Service Director (Resources) on behalf of Leadership Team

(Annual Governance Statement (AGS))	a) Targeted peer support for Overview & Scrutiny and Finance Audit and Risk committee from the Local Government Association (LGA): identify areas for development and from an action plan from recommendations. [Leadership Management Team]. b) Implement the action plan, once agreed with the relevant Committees and Cabinet, which is being proposed to Overview & Scrutiny and Finance, Audit, and Risk Committees from June 2023. (Leadership Team / Overview & Scrutiny and Finance, Audit and Risk Committees to monitor). The review will utilise established methodologies and assessments such as those appended to the CIPFA Audit Committee Guidance 2022 and take account of requirements contained in the new Global Internal Audit Standards. Consideration will be given to who will conduct the review to ensure suitable independence.		

Equality / Equity, Diversity and Inclusion (EDI) Maturity Assessment
 	
 (Annual Governance Statement (AGS))
	The last two AGSs have contained actions as follows:
	
	 a) The Inclusion Group to establish a procedure for developing recommendations and delivering these to Leadership Team. (Inclusion Group; Human Resources; Policy)
	 b) Implement recommendations of Inclusion Group for 2022/23, where practical. (HR Manager, Inclusion Group and Learning and Development)
	
	 Using this as a backdrop, it is deemed appropriate to conduct an EDI maturity assessment that will encompass the following themes:
	   a) Tone from the top,
	   b) Governance, compliance and strategy,
	   c) Structure, committees, networks, forums and resources,
	   d) Policies, procedures, training / awareness and development, and
	   e) Measurement, accountability and continuous improvement.
		2	Service Director (Resources) on behalf of Leadership Team

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2024/25

Grant Claims / Charity Certification (8 days)

Grant / Charity Title	Purpose
King George V Playing Fields	To certify the accounts relating to the King George V Playing Fields.
Workman's Hall	To certify the accounts relating to the Workman's Hall.
Miscellaneous Grants	To certify any grant claims required during the year

Contingency (5 days)

Available time for ad hoc work as required.

Strategic Support (38 days)

Title	Purpose
Chief Audit Executive Annual Opinion Report	To prepare the Chief Audit Executive Opinion 2023/24.
Audit Committee	To provide services linked with the preparation, agreement and presentation of Finance, Audit and Risk Committee reports, as well as any training requirements.
Performance Monitoring	Audit plan monitoring against agree KPIs.
Client Liaison	Meetings with the S151 Officer, preparation and attendance at the Risk Group and other groups or meetings as required.

Audit Planning 2023/24	Provision of services to prepare, agree and report the 2024/25 Annual Audit Plan.
SIAS Development	Included to reflect the Council's contribution to developing the partnership.

2023/24 Carry Forward (30 days)

Available time for completion of 2023/24 projects – includes projects below which did not commence or complete as scheduled.

Assignment Title	Assignment Purpose	Quarter	Assignment Sponsor
Business Continuity and Emergency Planning	To provide embedded assurance (and possibly using surveys) with a focus on training, awareness and learning across both BC and EP. Involvement commenced in 2023/24 and crosses the financial year end.	1	Service Director (Resources)
Project Management	Following on from the project management framework audit in 2022/23, to provide assurance that a sample of projects are following good practice principles, including ensuring that lessons learned are transferred to future projects.	1	Service Director (Resources)
Houses in Multiple Occupation	To provide assurance that the Council is fulfilling its duties in terms of its HMO policy, including the conduct of periodic inspections of HMOs to ensure that the premises are properly managed and maintained.	1	Service Director (Legal and Community)
Estates	To provide assurance that rent reviews and lease renewals are conducted in a timely and efficient manner when they fall due, as well as prioritised by significance and value for money to the Council. Work may also cover any historic backlogs and improvement plans where relevant.	1	Service Director (Commercial)

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2024/25

Reserve List

Title	Purpose
Multi-Factor Authentication (MFA) (Risk Register, Audit Universe and Horizon Scanning)	Multi-Factor Authentication is the practice of using two or more authentication messages in unison to verify a user's identity and permissions to access system accounts and resources. With increasing cyber risks, the significance of enhanced authentication mechanisms like MFA cannot be overstated. To provide assurance around the use and adoption of MFA controls in operation.
Asset Data	To provide assurance that asset data is complete, accurate and reliable and controls exist to ensure consistent recording between asset registers held by service areas, e.g., Accounts, Estates and Property Services.

APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
General Audit	Churchgate – Project Assurance (through year)	Churchgate – Project Assurance (through year)	Churchgate – Project Assurance (through year)	Churchgate – Project Assurance (through year)
	Public Sector Decarbonisation Scheme (Salix Grant) (through year)	Public Sector Decarbonisation Scheme (Salix Grant) (through year)	Public Sector Decarbonisation Scheme (Salix Grant) (through year)	Public Sector Decarbonisation Scheme (Salix Grant) (through year)
	New Finance System	New Finance System		
		Local Authority Trading Companies	UK Shared Prosperity Fund (UKSPF)	
		Project Prioritisation	Operational Building Compliance	
		Training, Awareness and Induction		Homelessness
IT Audit			Cyber Security – Cyber Governance and Culture	Cyber Security – Supply Chain Management
Advisory & Consultancy	FAR Committee Review	Equality / Equity, Diversity and Inclusion (EDI) Maturity Assessment		
Assurance Mapping	Assurance Mapping	Assurance Mapping	Assurance Mapping	Assurance Mapping
Grant / Charity				Workman's Hall

				King George V Playing Fields

Carry Forward	2023/24 Carry Forward Audit Completion
	
	  - Emergency Planning
	
	  - Estates
	
	  - Project Management
	
	  - HMO
	
	  - Report Finalisation			

APPENDIX C – RISK REGISTER MAPPING TO INTERNAL AUDIT PLAN

Corporate Risks - Risk Register	Internal Audit Coverage 2020/21 – 2023/24	Internal Audit Coverage 2024/25
Financial Sustainability/Balancing our Budget (Red)	Income Generation Integra / Integra Automation / Centros Financial System Revenues / Revenues Discounts and Exemptions / Resilience in Revs and Bens Treasury Management Medium Term Financial Strategy Breathing Space (Debt Recovery) / Debt Management Follow-up Council Tax Reduction Scheme Financial Resilience of Suppliers Payroll Processing Discretionary Housing Payments	No
Churchgate (Red)	Churchgate – Project Governance Framework Churchgate Ongoing Project Assurance Churchgate Landlord Compliance	Churchgate Project (Embedded) Assurance
Waste and Street Cleansing Contract Procurement (Red)	Waste Contract Follow-up Waste Contract	No
Waste Depots (Red)	No	No
Increased Levels of Homelessness (Red)	Housing Allocations Temporary Accommodation	Homelessness
Cyber Risks (Red)	Critical Applications IT Disaster Recovery / Disaster Recovery Cyber Risk Phishing Cloud Computing Other Technology audits	Cyber Security – Cyber Governance and Culture Cyber Security – Supply Chain Management
Resourcing (Red) – crosses numerous risks	High priority recommendation in Climate Emergency audit	No
Charnwood House (Amber)	No	No
Museum Storage (Amber)	No	No

New Ways of Delivering Housing on Council Land (Amber)	No	No
Pursue commercial leasing opportunity for Royston Town Hall Annexe (Amber)	Commercial Strategy Income Generation	No
Master Planning (Amber)	Planning Applications Development Management Follow Up	No
Local Plan Delivery and Review (Amber)	See above	No
Town Centre Strategies (Amber)	No	No
Royston Leisure Centre Solar Thermal (Amber)	No	Public Sector Decarbonisation Scheme (Salix Grant)
Solar PV on Leisure Centres (Amber)	No	Public Sector Decarbonisation Scheme (Salix Grant)
Leisure Contract Procurement (Amber)	Leisure Contract Leisure Services	No
Resident/Public EV Charging in our Car Parks (Amber)	No	No
Shared Prosperity Fund (Amber)	No	UK Shared Prosperity Fund
Town Centre Recovery (Green)	No	No
Health Inequalities (Green)	No	No
Cycling Network (Green)	No	No
Finalise Pay on Exit Parking Review (Green)	MSU Transactions (incl. PCN's and Car Park Income) Parking Strategy and Enforcement	No
Empty Homes Strategy (Green)	No	No
Create and Communicate a Place Narrative for North Herts (Green)	Green Space Providers	
Enterprise Strategy (Green)	Commercial Strategy	No
Oughtonhead Common Weir (Green)	No	No
Playground Renovation Programme (Green)	No	No
Local Authority Housing Fund (Green)	No	No

The Corporate Risk Register is closely connected to the Council's Delivery Plan. The Risk Register used above was the most recent in place (November 2023) at the time of internal audit planning and is subject to regular review and update that means both

the risks and risk scores will have changed over time. Good examples of this are the Pandemic and Climate Change risks, both now removed, which were subject to previous internal audit coverage.

Assurance mapping in 2024/25 will assist in showing both the strength and gaps in alternative assurance within the Four Lines (of Defence) Model.

We note not all risks have internal audit coverage against them. The Council has a large volume of identified risks, and our audit plan is constrained. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note management's own actions seek to mitigate these risks.

APPENDIX D – GLOSSARY OF TERMS

Assurance mapping

An assurance map is a structured way of identifying and presenting the sources of assurance over how risks are being managed. It is an essential element of mature risk management practices. An assurance map identifies the many sources of assurance that the Leadership team and FAR Committee rely on in their oversight role and can also include information on the frequency and quality of the assurance provided.

The key benefit for the organisation is the effective and efficient use of resources to provide assurance. An assurance map is also a practical tool for chief audit executives (CAEs) to use on two levels; demonstrating the depth/gaps in assurance and to plan audit activity.

The new Global Internal Audit Standards (Standard 9.5 Co-ordination and Reliance) requires the CAE to co-ordinate with internal and external assurance providers and consider relying on their work. Co-ordination minimises duplication of work, highlights gaps in coverage of key risks and enhances the overall value of all assurance providers. The way to achieve this requirement is with an assurance map.

Control Risk (Self) Assessment (CRSA / CRA)

Control risk (self)-assessment is a process or method by which management and staff work with internal audit to identify and evaluate operational risks and the effectiveness of controls. The objective is to provide reasonable assurance that all business objectives will be met. CRA is an empowering and iterative process that integrates risk management practices and culture into the way staff undertake their jobs.

Data analytics / Data analysis

Data analytics is a multidisciplinary field that employs a wide range of analysis techniques, including maths, statistics, and computer science, to draw insights from data sets. Data analytics is a broad term that includes everything from simply analysing data to theorising ways of collecting data and creating the frameworks needed to store it. Data analysis is a subcategory of data analytics that deals specifically with extracting meaning from data.

The top benefits of using data analytics and data-led audits include greater levels of assurance, greater audit coverage and enhanced efficiency. The top barriers to fully embracing data analytics include lack of skills, lack of resources and lack of time to implement.

Health Check

It is a focused review that addresses specific areas of interest or concern and provides actionable insights and recommendations. The health check helps to identify and address critical gaps in processes and controls. They can also be 'light touch' reviews to establish and confirm the operation of controls and processes, providing a 'high-level' assurance without the depth of a full, evidence-based internal audit.

Maturity assessment

Used to develop a 'snapshot' view of how an organisation is progressing against a measurable scale in the embedding of a change or transformation.

Project (Embedded) Assurance

A typical approach to project management reviews is for the internal audit to join a project board/steering group or team with the inclusion of time in the audit plan for meetings. This often involves a considerable time commitment. There are advantages and disadvantages with this approach:

Advantages
1. It enables internal audit to be at the heart of what is happening and have the opportunity to communicate issues as soon as they are identified. In a fast-moving project this may be the only opportunity.
2. If done well it raises the standing of internal audit within the business as a trusted advisor.
3. You can help ensure appropriate controls are installed and risks are being adequately mitigated, based on a timely appreciation of changing variables as highlighted by the management of the project.

Disadvantages
1. Internal audit involvement can compromise independence. This could apply when internal audit assesses programme/project management or audit the process or activity that was the basis of the project.
2. Internal audit attendance can also be interpreted as 'audit approval' or audit sign-off'. The implication being that everything is satisfactory and on course.
3. Project board/steering group meetings often include detailed discussion about the adequacy of risk responses and the nature of specific controls to justify the presence of internal audit, but this can slow down, even delay progress. Internal audit may not need to be part of project board meetings to provide advice through their consultancy role.

APPENDIX D – GLOSSARY OF TERMS

Internal audit involvement should have a specific assurance or advisory purpose that is discussed, documented and agreed with senior management (as part of the terms of reference). Internal audit should not be part of the management sign-off process or be part of the decision making.

An alternative approach would be for the internal auditor to schedule attendance at one or two selected meetings during the audit of a project to consider specific issues such as the management of risk, validation of progress and to observe that appropriate information is being received, scrutinised and challenged.