

## REVISED INTERNAL AUDIT ANNUAL PLAN 2023/24

### Executive Summary

This report set out the revised Internal Audit Plan for 2023/24, which details how the Council will meet its statutory requirements for Internal Audit.

The report explains that the initially approved IA Plan for 2023/24 has been revisited and amended to reflect the current risks and challenges faced by the Council in order to provide Members, management, and other external bodies with independent assurance on the adequacy of the Council's risk management, governance, and internal control framework.

Discussions between Mazars representatives, and representatives of the Council's finance team have acknowledged that there is a new senior finance team in place at the Council, including a new S151 officer. As a result of this, further priorities may be identified during the continued discovery phase and resources could be redirected again in the coming months.

### Recommendations

The Committee is requested to:

**RESOLVE** That the revised Internal Audit Annual Plan for 2023/24 be approved.

The Committee has the authority to determine the recommendation(s) set out above.
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**Background Papers:** None.

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**Date Published:** 13 September 2023

## **Implications**

### Financial and Risk

There are financial implications related to the delivery of the proposed Annual Plan and the days included. A sufficient budget needs to be set aside to cover delivery costs.

There may be financial implications regarding implementing internal audit recommendations depending on the nature of the area and recommendations made. However, any such implications are considered by Management as part of the consideration of the recommendations raised. Some audit recommendations are also designed to improve value for money and financial control.

Internal Audit identifies weaknesses in the control environment. Therefore, the implementation of recommendations improves the control environment and risk management.

### Human Resources and Equalities

Some audit recommendations need officer resources to put in place. There is minimal impact on equalities issues.

### Legal

The professional responsibilities of internal auditors are set out within UK Public Sector Internal Audit Standards (PSIAS).



Woking Borough Council  
**Internal Audit Revised 2023-24 Plan**  
September 2023

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## ***Disclaimer***

This report (“Report”) was prepared by Mazars LLP at the request of Woking Borough Council (Council), and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently, no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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## 01 Introduction

At the time of presenting the Internal Audit 2023/24 Plan to the Standards and Audit Committee of Woking Borough Council (Council) in March 2023, we identified the need to revisiting the content of the Plan to consider the outcomes of the Department for Levelling Up, Housing and Communities (DLUHC) review. Furthermore, the Council subsequently issued a Section 114 Notice (s114) in June 2023 in response to the authority's unprecedented financial challenges.

Following publication and consideration of the DLUHC report and s114, we have also met with the Interim Director of Finance (Section 151 Officer) to consider areas where Internal Audit resources are best focused, deprioritising other work where risks are not linked to the Council's current situation.

Given the current challenges of the Council, it was considered that the focus of Internal Audit should be weighted towards financial and expenditure controls, income collection and key financial systems reviews and which is set out in this paper.

## 02 Background

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness, and efficiency of the internal control system and report major weaknesses together with recommendations for improvement. The role is fulfilled by carrying out appropriate audit work following the Annual Plan approved by the Chief Finance Officer (Director of Finance) and the Council's Standards and Audit Committee (Committee).

## 03 Preparing the Revised Annual Plan 2023/24

Further to 01, following the DLUHC's report and the Council's S114 Notice, we have revisited the initially approved Plan in conjunction with Council officers and propose that the focus of Internal Audit increases around

financial and expenditure controls, income collection and key financial systems reviews.

For example, the Key Financial Systems review originally proposed in the Plan has been split into more focused in depth reviews of Accounts Payable, Accounts Receivable, Payroll, Council Tax and Business Rates (NDR). We have also included areas such as Income Management and Systems Reconciliations and Pensions Fund Administration.

Other key finance related areas such as Treasury Management, Budget Monitoring and Savings Plan were also discussed however, the Council has appointed external advisors and consultants in these areas with aims to improve the effectiveness processes and practices and risk management. We will continue to consider these areas once work has been completed.

At the same time, some internal audits whilst representing important areas to the Council and should be considered as part of an ongoing internal audit strategy have been deprioritised in order to ensure total resources and costs associated with the original Plan remain consistent. These, include Housing – Void Properties, Community Safety, Project Planning, Corporate Health and Safety, Business Planning and Information Governance.

It is worth noting that, with scope yet to be defined with CLT, we allocated resources for 'Group Companies' work. This will consider how Internal Audit can assist and add value in these areas.

The proposed number of internal audit days allocated has changed with a reduction of 12 days compared to the initially agreed Plan in March 2023. This includes 257 general days, including 30 days for IT audit and 30 days for the Head of Internal Audit role.

The resources are allocated to ensure that sufficient high-risk areas are audited to allow the Head of Internal Audit (HoIA) to provide an effective annual opinion on the internal control environment.

A summary of the original Plan approved Plan and its revised version is presented in **Appendix A1**.

The revised 2023/24 Plan is presented in **Appendix A2**.

## A1 Summary of Changes to the 2023/24 Plan

Original Plan – Approved March 2023	
Audit Title	Allocated Days
IT - Office 365	15
Housing - Rent Collection	12
Victoria Square	12
Parking Services (Off Street)	12
Key Financial Systems	40
Housing - Void Properties	12
Community Safety	10
Project Planning	10
Health and Safety	10
Thameswey Group Companies	15
Information Governance	10
Business Planning/Woking For All Strategy	10
Savings Plan, Budget Monitoring and Medium Term Financial Strategy	12
IT - Application Lifecycle Mgmt.	15
Follow ups	10
Head of Internal Audit	24
Management	20
Contingency	20
<b>Total Days</b>	<b>269</b>

New Revised Plan – September 2023	
Audit Title	Allocated Days
IT - Office 365	15
Housing - Rent Collection	12
Group Companies	24
Accounts Payable (Creditors)	12
Accounts Receivable (Debtors)	12
Council Tax	12
Business Rates	12
Payroll	15
Pension Fund Administration	15
IT - Application Lifecycle Mgmt.	15
Income Management and System Reconciliations	24
Follow Ups	15
Head of Internal Audit	24
Management	30
Contingency	20
<b>Total Days</b>	<b>257</b>

## A2 Detailed Revised Annual Plan 2023/24

	Title	Source	Scope/Notes	Indicative Days	Status
1	Housing - Rent Collection	CLT	Internal Audit to provide assurance that the Council has effective controls in place over the management of rent collection, focusing on income management and rent arrears recovery.	12	Fieldwork complete
2	Accounts Payable (Creditors)	CLT	To assess the adequacy and effectiveness of the Council's controls for managing creditor transactions and obligations, ensuring accurate and timely payments. This includes invoice processing, payment authorisations, reconciliation procedures and compliance with relevant financial regulations.	12	Starts in October 2023
3	Accounts Receivable (Debtors)	CLT	To assess the effectiveness, accuracy, and timeliness of the Council's debtor management procedures, ensuring debts are being accurately recorded and collected. Areas of focus will include invoicing, credit control procedures, debt recovery processes, write-offs, and compliance with internal procedures and relevant legislation.	12	Starts in October 2023
4	Council Tax	CLT	To review the effectiveness and efficiency of the Council's processes in administering and collecting Council Tax. The scope would encompass billing, exemptions and discounts; collection and recovery procedures; bad debt provision and maintenance of the Council Tax database.	12	Starts in November 2023
5	Business Rates	CLT	To evaluate the Council's effectiveness in managing and collecting non-domestic rates and assessing compliance with legislation and regulations. The scope would focus on rate setting; application of reliefs and exemptions; collection and recovery	12	Starts in November 2023

	Title	Source	Scope/Notes	Indicative Days	Status
			processes; maintenance of the rating list; valuations, and accuracy of record-keeping.		
6	Payroll	CLT	Examine the Council's payroll processes to confirm that accurate and timely payments are made to employees in compliance with legal obligations and internal policies. The scope might include payroll calculations, tax and deductions compliance with HRMC requirements, data security and integrity of the payroll system.	15	Starts in November 2023
7	Income Management and System Reconciliations	CLT	Review the effectiveness of controls related to incoming bank statements and other transactions, input and reconciliations between Pay 360 and bank statement/other transactions, reconciliation between Pay 360 and Integra, procedures, dealing with transaction exceptions and unallocated transactions, audit trails and assess the possible double handling of paperwork and electronic records.	24	Starts in December 2023
8	Pension Fund Administration	CLT	Review the effectiveness and compliance of the Council's administration of pension funds. The scope could encompass records management; calculation and payment of benefits; fund valuation processes; compliance with the relevant legislation and codes of practice; and governance and risk management structure.	15	Starts in February 2024
9	Group Companies	CLT	Scope to be determined with CLT.	24	Resources allocated in January 2024
	Victoria Square Development	Deferred from 2022/23	Scope to be determined	12	Treated as Group Companies work



	Title	Source	Scope/Notes	Indicative Days	Status
	Community Safety	Deferred from 2022/23	Strategy and Governance; Partnership Working; Data Sharing; Commissioned Services; Financial Management; Performance Management.	10	Deferred to 2024/25
	Key Financial Control Testing – Accounts Payable, Accounts Receivable, General Ledger, NNDR, Council Tax and Payroll	Standing item	Testing of key financial controls in each financial system.	40	Split in standalone audits.
	Health and Safety	Deferred from 2022/23	Policies and Procedures; Staff Training and Awareness; H&S Checks; Risk Assessments; Reporting Incidents and Follow-Ups; Management Reporting.	10	Deferred to 2024/25
	Business Planning/Working for All Strategy	Deferred from 2022/23	Priority Setting; Collation of Information and Development of Plans; Scrutiny and Approval; Communication; Monitoring and Review; Risk Management.	12	Deferred to 2024/25
	Housing – Voids Process and Performance	CLT	A review of the effectiveness and of processes in place to ensure that void loss is minimised, including processes for inspecting void properties, carrying out void works and the timeliness of the re-allocation of properties.	12	Deferred to 2024/25
	Project Planning	CLT	Projects Initiation and Approval; Implementation and Delivery; Costs and Benefits; Risk Management and Lessons Learned; Monitoring and Reporting	10	Deferred to 2024/25
	Savings Plan, Monitoring of Budgets (including MTFS)	CLT – Strategic Risk Register	Scope to be confirmed	12	Split in standalone audits. MTFS to be included in 2024/25

	Title	Source	Scope/Notes	Indicative Days	Status
	Information Governance	CLT	Legislation, Policies and Procedures; Roles and Responsibilities; Training and Awareness; Data Classification and Sharing; Data Protection Impact Assessment; Corporate Registration; Fair Processing Statements, Privacy Notices and Consent; Security of Information, Retention and Disposal; Data Security Breaches.	15	Deferred to 2024/25
	Parking Services—Off Street	CLT	Scope to be determined	12	Deferred to 2024/25
<b>IT Audits</b>					
13	Office 365	Deferred from 2022/23	We have reviewed the migration to Microsoft365, specifically related to its configuration, including the design and implementation of controls by reviewing common configuration settings that apply to all Microsoft365 users.	15	Fieldwork complete
14	Application Lifecycle Management	CLT	Scope to be determined.	15	Q4
<b>Other Work</b>					
15	Follow Up Reviews	Ongoing	N/a	15	-
16	Management	Ongoing	N/a	30	-
17	Head of Internal Audit	Ongoing	N/a	24	-
18	Contingency	Ongoing	N/a	20	
<b>Total Audit Days</b>				<b>257</b>	

## A3 Statement of Responsibility

We take responsibility to WBC for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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