

Report to: **Audit Committee**  
Date: **12 March 2019**  
Title: **2019/20 Internal Audit Plan**  
Portfolio Area: **Support Services – Cllr C Edmonds**  
Wards Affected: **All**  
Relevant Scrutiny Committee: **Overview and Scrutiny Committee**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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**RECOMMENDATION:**  
**It is recommended that:**

- 1. The report be approved, and**
- 2. The proposed Internal Audit Plan for 2019/20 at Appendix A be approved.**

## **1. Executive summary**

- 1.1 The purpose of this report is to provide Members with the opportunity to review and comment upon the proposed internal audit plan for 2019/20.
- 1.2 Whilst South Hams District Council and West Devon Borough Council operate as two unique councils, services are delivered by one integrated organisation; to reflect that working arrangement, the 2019/20 audit plan is now presented as one combined plan. Where there are risks or issues that relate specifically to one council and not

the other, the audit plan will be varied to include those areas of work as appropriate.

- 1.3 The report provides information on the legislative requirement for local authorities to provide an Internal Audit (IA) service in accordance with the Accounts and Audit Regulations and Public Sector Internal Audit Standards; the need for an annual risk-based IA plan to be prepared; and the methodology of identifying the audit needs for the Authority.
- 1.4 The 2019/20 audit plan sets out the proposed audit resource allocated to each audit area, although the plan needs to remain flexible to be able to respond to any changing risks and priorities of the Authority given the significant changes across the public sector.

## **2. Background**

- 2.1 All principal Local Authorities, including West Devon Borough Council, are subject to the Accounts and Audit (England) Regulations 2015, which state:

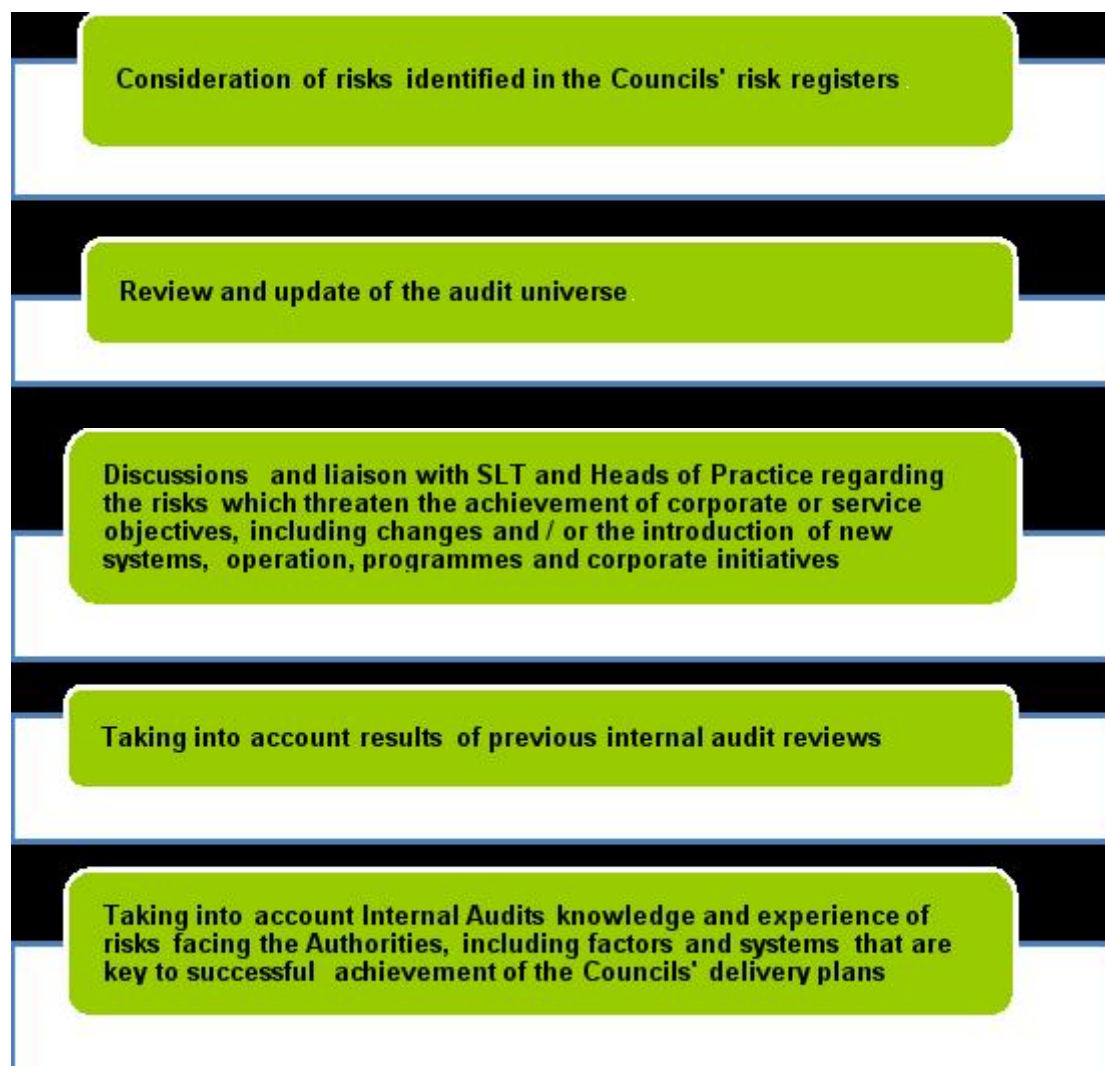
“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

- 2.2 The Public Sector Internal Audit Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.
- 2.3 This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.

## **3. Outcomes/outputs**

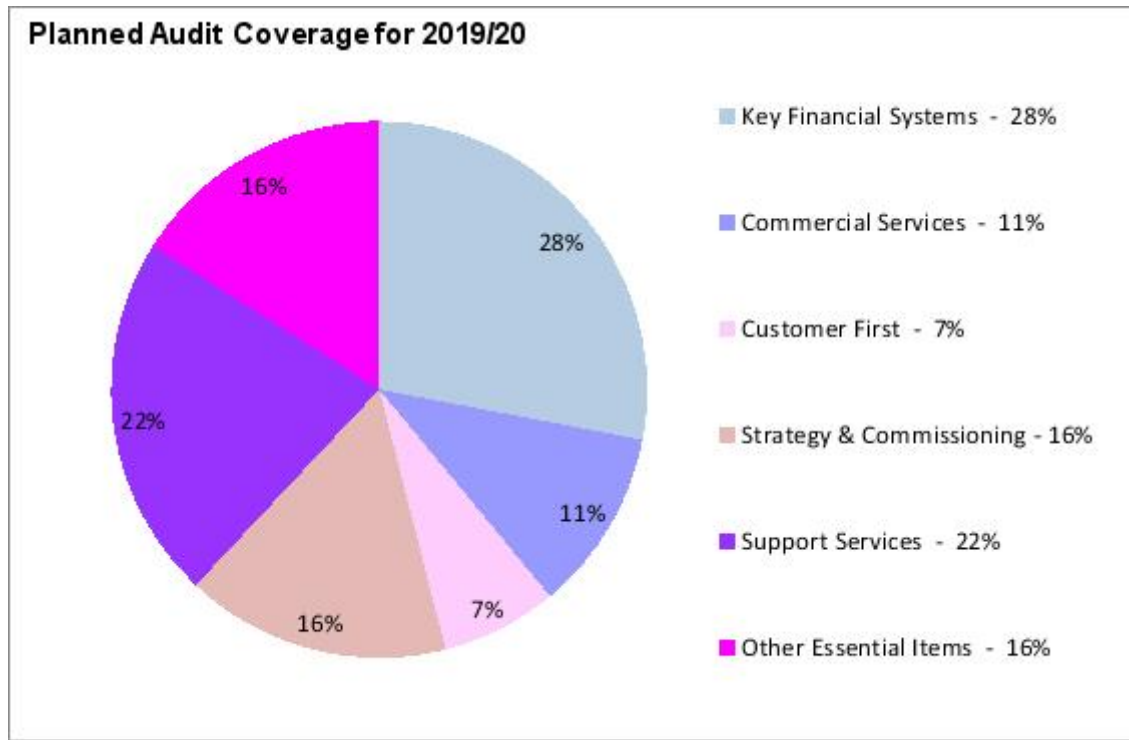
- 3.1 We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the both West Devon Borough Council and South Hams District Council, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor, for each area determines an initial schedule of priorities for audit attention.

The audit plan for 2019/20 has been created by:



3.2 The overall percentage of internal audit coverage proposed for each area of the audit plan is represented in the chart at figure 1 below. The combined planned audit coverage for 2019/20 totals 430 days, see Appendix A for the proposed detailed plan. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to remain flexible to be able to respond to the changing risks and priorities of the Authority with any changes reported back to this Committee. To provide for some flexibility, the Internal Audit Plan includes a small contingency to allow for unplanned work.

**Figure 1**



#### **4. Options available and consideration of risk**

4.1 No alternative approach has been considered as the failure to develop a risk-based plan to determine the priorities of internal audit activity which is consistent with the priorities of the organisation would be in contravention of the Public Sector Internal Audit Standards and the Accounts and Audit Regulations 2015.

#### **5. Proposed Way Forward**

5.1 We will be flexible in our approach to ensure that the audit plan continues to reflect the changing risks and corporate priorities of the Council with the timetabling of audits agreed with management to ensure our work is delivered at the most effective time for the organisation.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.</p>
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.
Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

## **Supporting Information**

### **Appendices:**

Appendix A – Proposed 2019/20 Combined Audit Plan for WDBC and SHDC;

### **Background Papers:**

None

## Appendix A

<b>Proposed 2019/20 Combined Audit Plan for West Devon Borough Council and South Hams District Council</b>		
	Priority/Risk	Days
<b>KEY FINANCIAL SYSTEMS</b>		
Main Accounting System (inc budgetary control)	H	20
Payroll	H	15
Creditor (Payments)	M	15
Debtors (Income Collection)	M	15
Business Rates	M	15
Council Tax	M	15
Housing Benefits	M	15
Treasury Management	L	10
<b>KEY FINANCIAL SYSTEMS</b>		<b>120</b>
<b>COMMERCIAL SERVICES</b>		
Salcombe Harbour (S.Hams)	H	10
Contract Management - Waste Collection and Street Cleansing Contract	H	10
Car Parks - PCN and Appeals Process	H	10
Dartmouth Lower Ferry (S.Hams)	H	8
Environmental Services - Enforcement Process (Fly Tipping, Abandoned Vehicles etc) Follow Up	M	3
Grounds Maintenance Operations (inc control of bedding plants) Follow Up	M	3
Depots & Stores Follow Up (S.Hams)	M	3
<b>COMMERCIAL SERVICES</b>		<b>47</b>
<b>CUSTOMER FIRST</b>		
Commercial Property & Rents (Tenancies, Reviews, Collection)	H	10
Use of Social Media	H	5
Duplicate Data Entry and Processes	H	5
Planning (Applications) Follow Up	H	5
Section 106 agreements Follow Up	H	5
<b>CUSTOMER FIRST</b>		<b>30</b>

<b>STRATEGY &amp; COMMISSIONING</b>		
Project Management – Governance and Process	H	15
Performance Management (KPI's & data quality) (deferred from 18/19)	M	15
Change Control – Business Processes	H	10
Contract Management - ICT Contracts	H	7
Peer Review Action Plan	M	5
Risk Management Further Follow-Up	M	5
Contract Management Strategy and Process Follow-Up	H	5
Business Continuity within the Supply Chain Follow Up	M	3
Health & Safety Further Follow-Up	M	3
<b>STRATEGY &amp; COMMISSIONING</b>		<b>68</b>
<b>SUPPORT SERVICES</b>		
ICT Audit inc Use of Email and Internet, Change Management Further Follow-up, Asset Control Follow-Up	H	23
Corporate Information Management (Data Protection)	H	15
Capital Expenditure and Receipts	H	10
Insurance – Review of Cover	M	8
Online Payments	M	7
Employment/Recruitment Checks/Leavers Process	M	7
Elections – Post May Election Review	M	5
V.A.T. – Sample Check Income Transactions	M	5
Recharging – test of re-charge calculations	H	5
Business Continuity Follow-Up (inc BCP exercises)	H	5
Comments and Complaints Follow Up	M	5
<b>SUPPORT SERVICES</b>		<b>95</b>
<b>OTHER ESSENTIAL ITEMS</b>		
Audit Management including:- - Audit planning, - Monitoring & reporting, - Audit Committee		28
Annual Governance Statement		2
Exemptions from Financial Regulations		5
Grants – LEAF and LAG		30
Contingency & Advice		5
<b>OTHER ESSENTIAL ITEMS</b>		<b>70</b>
<b>TOTAL AUDIT PLAN</b>		<b>430</b>



Please note: Plymouth City Council have requested a review of the governance arrangements for the Joint Local Plan be included in the City Council's 2019/20 Audit Plan. The objective is to confirm that there are effective arrangements for ensuring the monitoring and delivery of the Plan, including the tools needed to support this, such as databases and ICT systems that work across the three Councils (Plymouth City, West Devon and South Hams). The Terms of Reference for this audit will be agreed with all parties and the resulting report shared with West Devon and South Hams.