

Report to: **COUNCIL**

Date: **28 April 2020**

Title: **2020/21 Internal Audit Plan**

Portfolio Area: **Support Services – Cllr C Edmonds**

Wards Affected: **All**

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

Date next steps can be taken: Following this meeting

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Recommendations:

It is recommended that:

- 1. The report be approved, and**
- 2. The proposed Internal Audit Plan for 2020/21 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 2020/21.
- 1.2 Whilst West Devon Borough Council and South Hams District Council operate as two unique councils, services are delivered by one integrated organisation; to reflect that working arrangement, the 2020/21 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 2020/21 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.
- 1.5 This report was initially intended to be presented to the Audit Committee meeting on 24 March 2020. However, since this meeting was cancelled due to the Covid-19 Outbreak, this item has now been scheduled on to this Council meeting agenda.

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

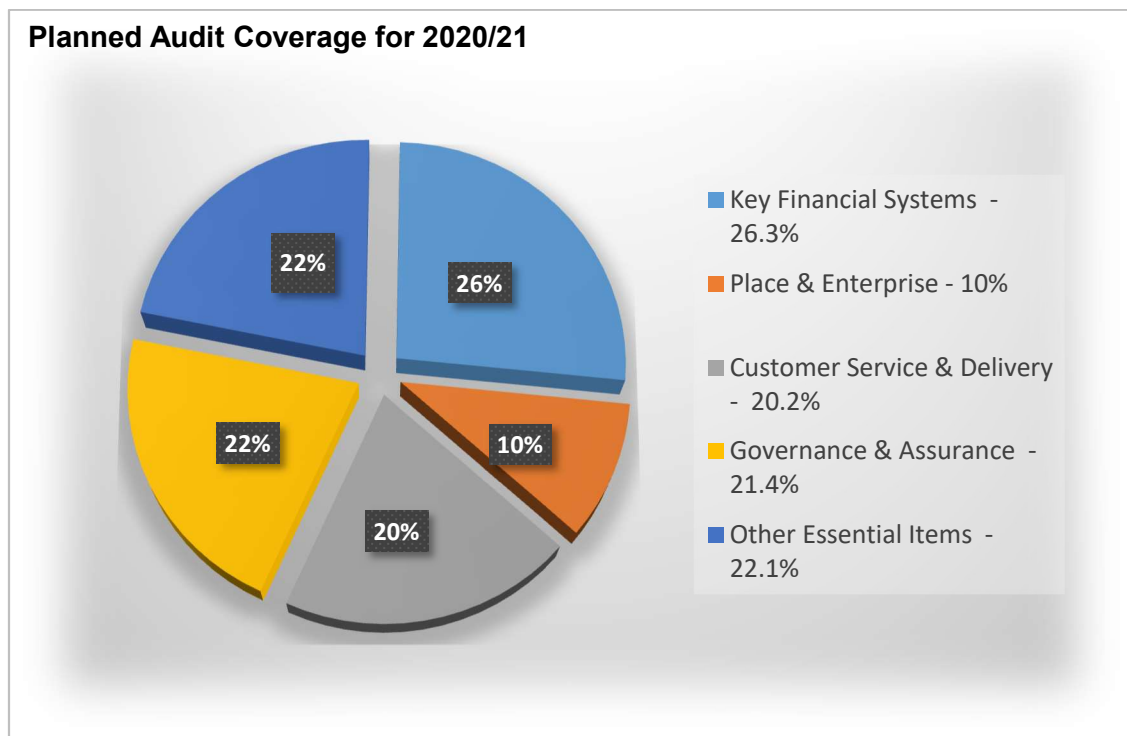
final score, or risk factor, for each area determines an initial schedule of priorities for audit attention.

The audit plan for 2020/21 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 2020/21 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.
Supporting Corporate Strategy		
Climate Change – Carbon / Biodiversity Impact	Y	<p>None directly arising from this report. However, the Internal Audit function, managed by Devon Audit Partnership is very mindful of the need to minimise travel in completing the internal audit plan. Where possible, desk-top review of documents, and the use of electronic records, is used to obtain evidence to support the audit process, although it is inevitable that on-site verification may be required at times.</p> <p>The team use an audit management system (Mki) which enables managerial review to take place remotely, thus also saving on the need for travel.</p>
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:

There are no separate appendices to this report.

Background Papers:

None.

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	N/A

Appendix A

Proposed 2020/21 Combined Audit Plan for West Devon Borough Council and South Hams District Council		
	Priority/Risk	Days
KEY FINANCIAL SYSTEMS		
Main Accounting System (inc budgetary control)	H	15
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	8
KEY FINANCIAL SYSTEMS		113
PLACE & ENTERPRISE		
Community Housing Programme	H	10
Salcombe Whitestrand Project	H	5
Commercial Property & Rents Follow Up	H	5
Salcombe Harbour (S.Hams)	M	10
Env Services – Coastal Work (S. Hams)	M	8
Dartmouth Lower Ferry (S.Hams)	M	5
PLACE & ENTERPRISE		43
CUSTOMER SERVICE & DELIVERY		
ICT Audit (areas to be identified)	H	23
Locality Officers – Management, roles & scheduling	H	15
Development Control – Planning Enforcement	H	15
Building Maintenance – Works Scheduling	H	10
Safeguarding	H	5
HR - Absence Management	H	5
Capital Expenditure and Receipts Follow-Up	H	3
Cash Collection & Online Payments	M	5
Insurance – Review of Cover Follow-Up	M	3
Health & Safety Further Follow-Up	M	3
CUSTOMER SERVICE & DELIVERY		87

GOVERNANCE & ASSURANCE		
Project Management – Governance and Process (deferred from 19/20)	H	20
Project Management – Civica W360 Replacement	H	15
Contract Management – Leisure Management & Waste Collection and Street Cleansing Contract	H	15
Corporate Information Management (Data Protection, Filing System Housekeeping)	H	12
Change Control – Business Processes (deferred from 19/20)	H	10
Climate Change – Governance and Strategy	H	5
Risk Management Review (deferred from 19/20)	M	10
Performance Management (Data quality)	M	5
GOVERNANCE & ASSURANCE		92
OTHER ESSENTIAL ITEMS		
Completion of 2019/20 Audit Plan		20
Audit Management including:- - Audit planning, - Monitoring & reporting, - Audit Committee		28
Annual Governance Statement		2
Exemptions from Financial Regulations		5
Grants – LEAF and LAG		30
National Fraud Initiative (NFI)		5
Contingency & Advice		5
OTHER ESSENTIAL ITEMS		95
TOTAL AUDIT PLAN		430