

REPORT OF DAP Audit Manager
To: Audit & Governance Committee April 2023
Subject: Draft DAP internal audit plan for Torridge District Council 2023-24
Date: 4 April 2023

PURPOSE OF REPORT: To provide the draft internal audit plan to the Audit and Governance Committee for review and agreement.

1. INTRODUCTION

The chief audit executive is responsible for developing a risk-based plan which considers the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Finance Manager (Section 151 officer), and members with assurance on the control framework to manage the risks identified. The plan will remain flexible, and any changes will be agreed formally with management and reported to Audit Committee.

2. DEVELOPMENT OF THE PLAN

This year's audit plan at Appendix A has been developed through discussion with the Head of Finance and consideration of the Council's risk register and plan. It is also informed by previous audit findings, and our awareness of current themes in Devon and elsewhere, such as Climate Change, and the Homelessness issue. Within the plan, we aim to provide good coverage of Council Corporate risks, and current public sector risks.

We have maintained the four-year plan to help identify future resource requirements and ensure good coverage of areas over the period, but our focus is to agree the audit days for 2023/24. Compared to last year, there has been an increase of days from 169 to 177.

3. SUMMARY OF THE AUDIT PLAN

The audit plan is divided into the following areas:

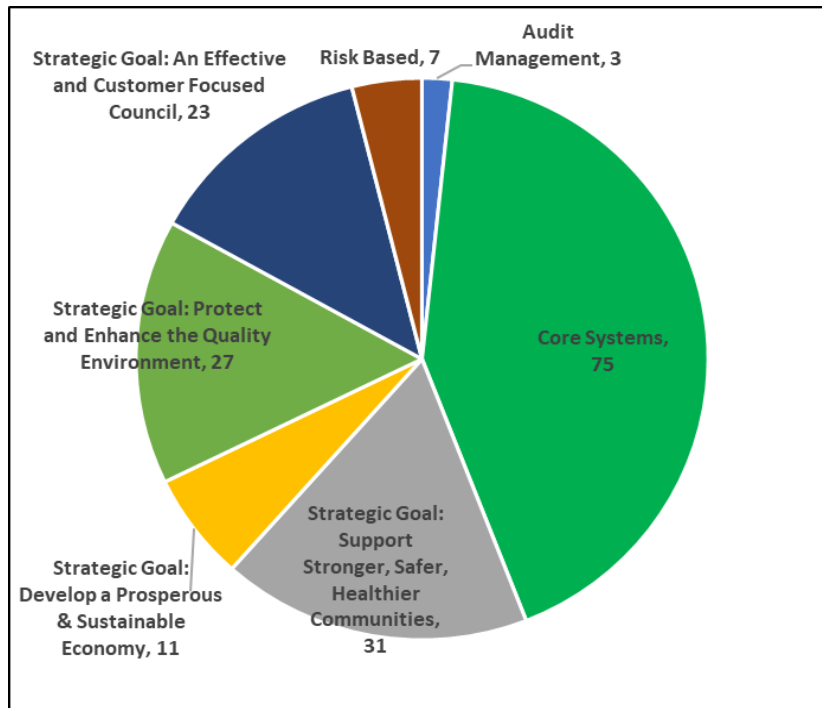
- Core audits (75 days) largely on what are termed "key financial systems" that process most of the Council's income and expenditure and which have a significant impact on the reliability and accuracy of the annual accounts. These include Payroll, Creditors, Main Accounting System, Council Tax, Housing Benefit. This work will provide assurance that core controls continue to be effective despite the changing environment.
- Assurance within the different Strategic Goal areas (95 days) of the Corporate Plan.
- Risk specific reviews (7 days) focused on risk management and counter fraud activity.

In accordance with the Public Sector Internal Audit Standards, the plan is flexible, to reflect and respond to the changing risks and priorities of the Authority. As a result, it will be regularly reviewed and updated to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months' time to ensure it continues to reflect the key risks and priorities.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we ensure that key risks to the operation or function are considered during our review.



A chart showing allocation of audit days is below. More detail is provided in the Audit Plan table.



4. IMPLICATIONS

Legal Implications

None

Financial Implications

None

Human Resources Implications

None

Sustainability Implications

None

Equality/Diversity

None

Risk Management

Our audits are focused on risk and will provide assurance on the significant risk areas.

Compliance with Policies and Strategies

None

Ward Member and Lead Member Views

Not consulted in advance of meeting.

5. CONCLUSION

We consider the audit plan provides good coverage over core council areas to support a well-rounded annual assurance opinion, but audit committee input would be welcome.

6. RECOMMENDATION

The Committee is asked to review the audit proposal for 2023-24 at Appendix A and consider whether any amendments are required, for instance other areas where assurance would be beneficial.



Torridge District Council Draft Internal Audit Plan

| Audit Area | Date of last audit | Other Source of Assurance | 2023/24 | 2024/25 | 2025/26 | 2026/27 | Comments / Corporate Risk areas |
|--|--------------------|---------------------------------|-----------|-----------|-----------|-----------|--|
| Core Systems | | | | | | | |
| Council Tax | 2022/23 | | 10 | 10 | 10 | 10 | |
| Creditors | 2022/23 | | | 7 | | 7 | |
| Debtors | 2021/22 | | 5 | | | | |
| Housing Benefit and Council Tax Support | 2022/23 | External audit of subsidy claim | 15 | 15 | 15 | 15 | 2nd quarter of year |
| ICT / Cyber Security | 2022/23 | | 21 | 21 | 21 | 21 | Corporate Risk: vulnerability related to an incident against IT systems |
| Income (Cash, E-payments, Parkmobile and BACS) | 2022/23 | | | 7 | | 7 | |
| Main Accounting | 2022/23 | External audit of accts | 5 | 5 | 5 | 5 | Corporate Risk: A Balanced Budget and Medium-Term Financial Strategy |
| NNDR | 2022/23 | | 10 | 10 | 10 | 10 | |
| Payroll | 2022/23 | | 5 | 5 | 10 | 10 | Include T&S review in 2023/24 |
| VAT | 2020/21 | HMRC Inspection | | 5 | | | |
| Treasury Management | 2022/23 | | | 5 | | 5 | |
| Grant review and sign off | 2022/23 | | 4 | | | | Corporate Risk: Administration of Central government Grants |
| Sub Total | | | 75 | 90 | 71 | 90 | |
| Risk Based Audits | | | | | | | |
| Risk Management | 2022/23 | | 5 | 5 | 5 | 5 | |
| Annual Fraud and Corruption Assessment | 2022/23 | | 2 | 2 | 2 | 2 | |
| Sub Total | | | 7 | 7 | 7 | 7 | |



Strategic Goal: Develop a Prosperous & Sustainable Economy

| | | | | | | | |
|---------------------------------------|---------|--|-----------|----------|-----------|----------|--|
| Economic Regeneration | 2021/22 | | | | 10 | | Corporate Risk: Levelling up submission Issac Yard |
| Harbour/Pilotage / Port Marine Safety | 2021/22 | | | 5 | | | |
| North Devon + | 2010/11 | | 5 | | | | |
| Rental Venues | 2019/20 | | 6 | | | 6 | Deferred to 23/24 to provide more time for Cyber Security Audit |
| Sub Total | | | 11 | 5 | 10 | 6 | |

Strategic Goal: Protect and Enhance the Quality Environment

| | | | | | | | |
|---|---------|--|-----------|-----------|-----------|-----------|--|
| Building Control Services | 2021/22 | | | 10 | | | |
| Burton & Bideford Arrangements | 2012/13 | | | 3 | | | |
| Car Parks | 2021/22 | | | 10 | | | |
| Conservation (include legal requirements in DM in future) | 2012/13 | | | | | 5 | |
| Development Management | 2021/22 | | | 10 | | | |
| Estates Management | 2022/23 | | | 5 | | 5 | |
| Climate Change | 2022/23 | | | 10 | | | Corporate Risk: Measures and plans to meet Net Zero target. |
| Environmental Protection | 2020/21 | | 7 | | | 7 | |
| Grounds Maintenance | 2010/11 | | | 5 | | | |
| Northam Burrows | 2022/23 | | | | 5 | | |
| Planning Enforcement | 2019/20 | | | | 5 | | |
| Planning policy / LDF | 2010/11 | | 10 | | | | |
| Section 106 | 2019/20 | | 5 | | | 5 | |
| Tree Preservation Orders | 2019/20 | | 5 | | | 5 | Deferred to 23/24 to make way for Housing Options audit. |
| Sub Total | | | 27 | 53 | 10 | 27 | |



| Strategic Goal: Support Stronger, Safer, Healthier Communities | | | | | | | |
|---|---------|------------------------------|---|----|----|---|--|
| CCTV / Community Safety | 2015/16 | | 5 | | | | Deferred to 23/24 to make way for Housing Options audit. |
| Cemeteries (administration) | 2021/22 | | | 5 | | | |
| Corporate Health & Safety | 2021/22 | | | | 5 | | Corporate Risk: Corporate Manslaughter: Having in place all the necessary systems and controls to prevent a fatality and or serious accident occurring. |
| Councillor Grants | 2020/21 | | | 4 | | | |
| Crematorium | 2019/20 | | | | | | Delivered as part of North Devon audit plan |
| Democracy / Electoral Registration | 2011/12 | Electoral Commission Returns | 7 | | | | Deferred to FY23/24 at Management Request |
| DFG Grant Audit | Annual | | 2 | 1 | 2 | 2 | |
| Emergency Planning | 2021/22 | | | | 5 | | Corporate Risk: Civil Emergency Response and responding to an event. |
| Business Continuity | 2022/23 | | | | | | Corporate Risk: Ensuring the council can continue / resume its operations following an unforeseen event or emergency. |
| Food safety | 2021/22 | | | | 5 | | |
| Housing Options | 2022/23 | | 5 | | 10 | | Given Limited Assurance DAP should undertake further follow up work |
| Housing Renewal | 2019/20 | | | 10 | | | |
| Licensing (inc Taxi Licences and local licences) | 2021/22 | | | 7 | | | |
| Leisure - SEE ACTIVE TORRIDGE PLAN | 2022/23 | | | | | | Corporate Risk: increased support to maintain leisure services at current levels. |
| Refuse / Cleansing / Recycling management | 2018/19 | | 7 | | | | |
| Safeguarding | 2020/21 | | | 5 | | | Corporate Risk: Meeting council responsibilities to safeguard Children and Vulnerable Adults |



| | | | | | | | |
|--|---------|--|------------|------------|------------|------------|---|
| Community Safety Partnership | 2017/18 | | 5 | | | | |
| Sub Total | | | 31 | 32 | 27 | 2 | |
| Strategic Goal: An Effective and Customer Focused Council | | | | | | | |
| Project Delivery | New | | | | | 7 | |
| Governance (Comms, complaints, business planning, governance) | 2017/18 | | | | | 5 | Corporate Risk: Managing the impact of actions, activities and decisions that could impact council reputation. |
| Ethics & Values of the Authority | 2020/21 | | | 5 | | | |
| Freedom of Information | 2011/12 | | 5 | | | | |
| Information Governance (including Data Protection) | 2022/23 | | | | 7 | | Corporate Risk: Information Management |
| Insurance | 2022/23 | | | | | 4 | |
| Land Charges | 2020/21 | | | 7 | | | |
| Member Allowances | | | | 5 | | | |
| Member Development | | | 4 | | | | |
| Procurement | 2020/21 | | 5 | | | | |
| Register of officer's interest | 2016/17 | | 4 | | | | |
| Social Media and Communications | | | 5 | | | | |
| Strategic Planning | 2021/22 | | | | 5 | | |
| Telephones / Mobile Phones | | | | 5 | | | |
| Recruitment, Selection and Retention | 2021/22 | | | | 5 | | Corporate Risk: A skilled and sufficiently resourced workforce |
| Travel & Subsistence | 2016/17 | | | | | | Included in Payroll review |
| Equality & Diversity | 2020/21 | | | | 5 | | |
| Sub Total | | | 23 | 22 | 22 | 16 | |
| Total Audit Time | | | 174 | 209 | 147 | 148 | |
| Audit Management (Reports for Audit Committee, liaison, other misc activities) | Annual | | 3 | 3 | 3 | 3 | |
| TOTAL DAYS | | | 177 | 212 | 150 | 151 | |



Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of 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 (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive 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 Chief Audit Executive 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.

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.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.



Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice.
- high quality services are delivered efficiently and effectively.
- ethical standards are met.
- laws and regulations are complied with.
- processes are adhered to.
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:

- be prepared by senior management and signed by the Chief Executive and the Mayor.
- highlight significant events or developments in the year.
- acknowledge the responsibility on management to ensure good governance.
- indicate the level of assurance that systems and processes can provide.
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon:
 - The Authority.
 - Governance Committee.
 - Risk Management.
 - Internal Audit
 - Other reviews / assurance

Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Governance Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g. Audit South West) that the statement meets statutory requirements.

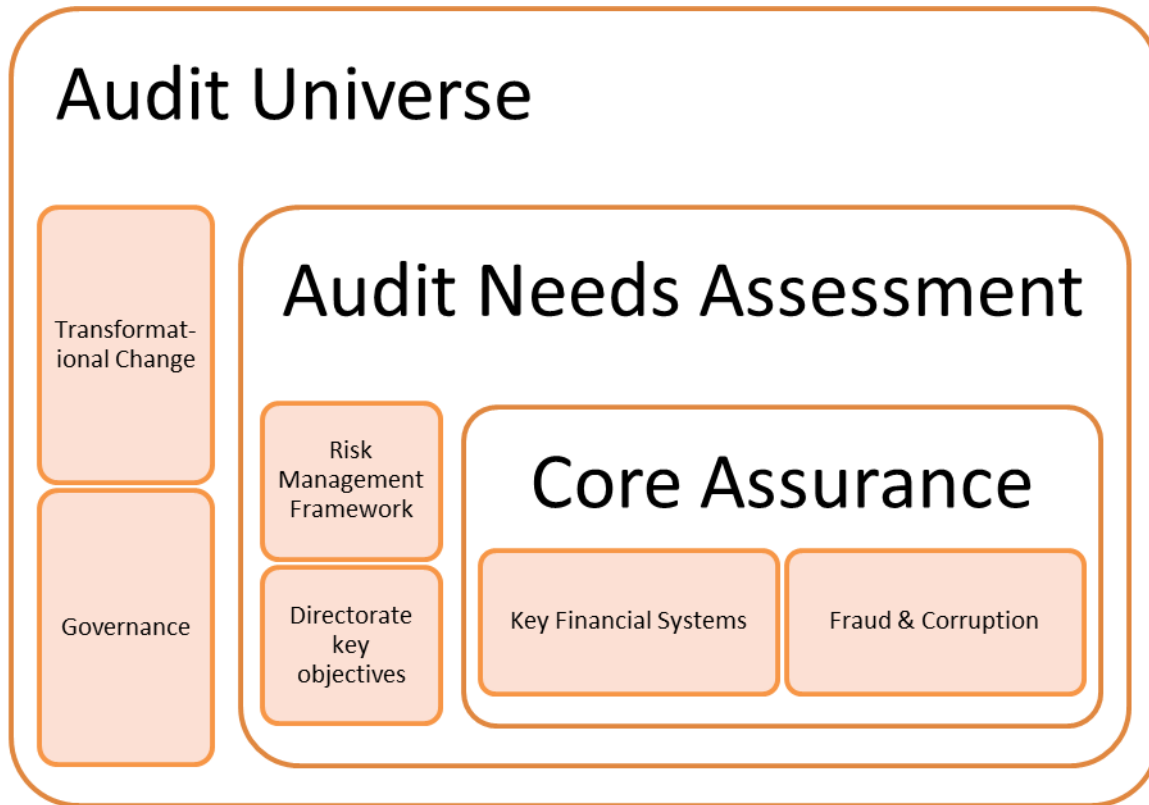


Appendix 3 - Audit Needs Assessment

Our process to create the audit plan includes discussions with management, review of risk registers, consideration of previous work. We also consider the Audit Universe we maintain for the council. Ultimately, our requirement is to undertake a broad-based audit plan of work that supports provision of an end of year assurance report to support the council's own governance statement.

The result is the Internal Audit Plan set out earlier in this report.

The audit plan for the year plan has been created by:



Consideration of risks identified in the Authority's strategic and operational risk registers

Review and update of the audit universe

Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

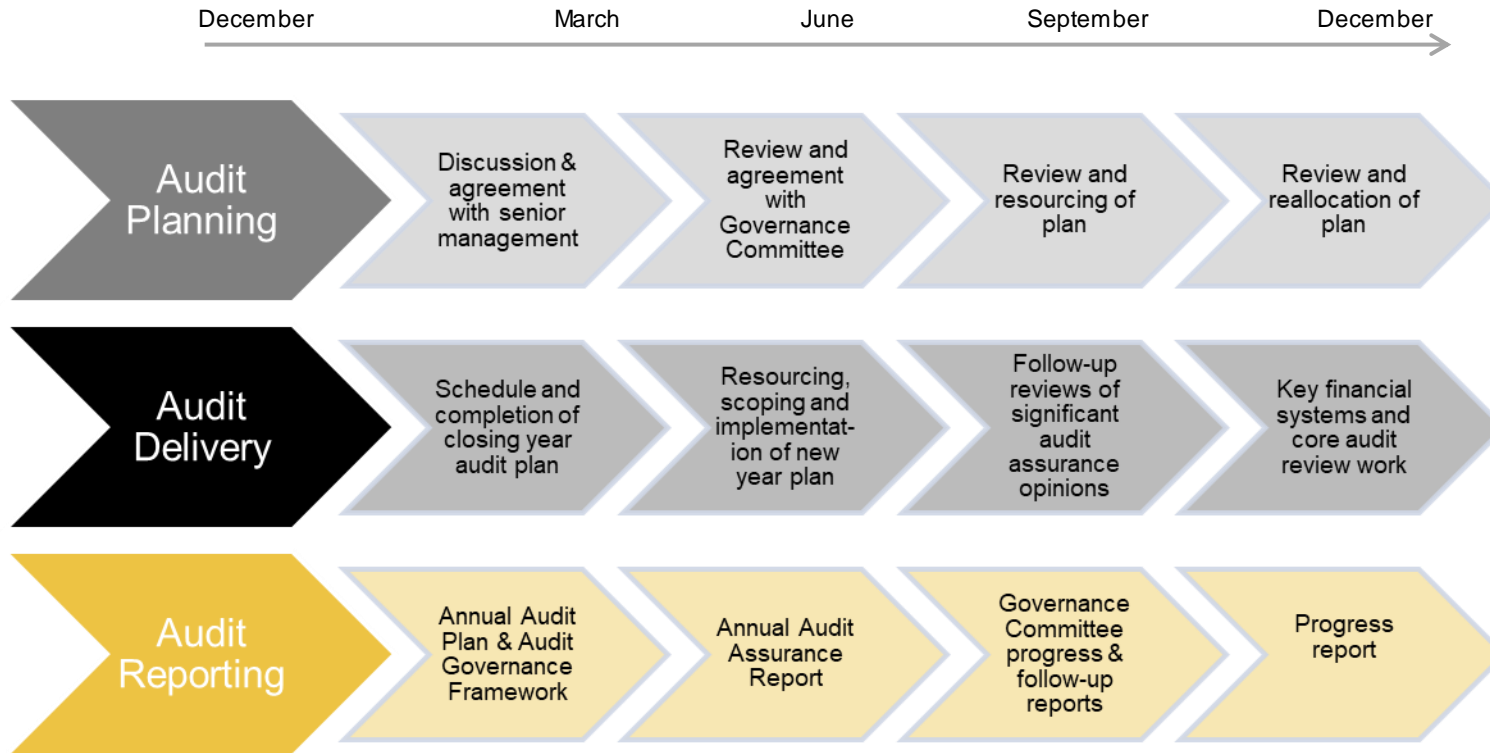
Taking into account results of previous internal audit reviews

Taking into account Internal Audit's knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council's delivery plans

Requirements to provide a "collaborative audit" approach with the external auditors



Appendix 4 - Our Audit Team and the Audit Delivery Cycle



| Date | Activity |
|------------|---|
| Dec / Feb | Meetings with management to discuss the plan |
| Mar | Internal Audit Plan presented to Governance Committee |
| Mar | Internal Audit Governance Arrangements reviewed by Governance Committee |
| Mar/Apr | Year-end field work completed |
| April | Annual Performance reports written |
| May / June | Annual Internal Audit Report presented to Governance Committee |
| Apr to Mar | Progress Reports presented to each Governance Committee |
| Dec | Internal Audit Plan preparation commences |

| | | |
|---|--|---|
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Appendix 5 Sector Risk Model

(Source Institute of Internal Auditors – Risk in Focus 2023)

Key Risk areas:

Cyber security remains the number one concern for almost everyone.

Human Capital – staffing has become more important given manpower shortages.

Macroeconomic and geographical uncertainty has also increased in importance, not surprising given the international situation of conflict in Ukraine and tension with China.

Changes in laws and regulations are also important although a slight reduction since last year.

Climate change is increasingly back on the agenda.

What are the top five risks your organisation currently faces?

Human capital risk moves into second place this year followed by macroeconomic and geopolitical uncertainty.

■ 2023
■ 2022

