



Proposed Internal Audit Plan for 2024-25

REPORT OF DAP Audit Partnership
To: Audit & Governance Committee
Subject: Draft Internal Audit Plan for 2024-25
Date: 2 April 2024

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 and Governance Committee.

2. DEVELOPMENT OF THE PLAN

This year's audit plan at **Appendix 1** 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. 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 2024-25. We have maintained the same number of days as last year (177) which we consider will support provision of our annual internal audit report.

Appendixes 2 to 6 provide more detail on the governance framework and process to create an audit plan. Appendix 6 provides detail on the risks that many organisations view as important.

3. SUMMARY OF THE AUDIT PLAN

The audit plan is divided into the following areas:

- Core audits (50 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 (115 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.



5. ACTIVE TORRIDGE

We also maintain a plan to audit Active Torridge. For 2024-25 we will undertake audits on Main Accounting, Creditors, and Recruitment, allocating 11 days for that activity.

4. IMPLICATIONS

Legal Implications

None

Financial Implications

None

Human Resources Implications

None

Sustainability Implications

None

Equality/Diversity

None

Risk Management



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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 2024-25 at Appendix A and consider whether any amendments are required, for instance other areas where assurance would be beneficial.



Proposed Internal Audit Plan for 2024-25

Appendix 1: Draft Internal Audit Plan 2024-25 (and indicative for subsequent years)

Audit Area	Date of last audit	Other Source of Assurance	Indicative Priority	2024/25	2025/26	2026/27	2027/28	Comments / Corporate Risk areas
Core Systems								
Council Tax	2023/24 (Reasonable)		H		10		10	
Creditors	2022/23 (Substantial)		H	7		7	7	
Debtors	2023/24 (Reasonable)		H					
Housing Benefit and Council Tax Support	2022/23 (Substantial)	External audit of subsidy claim	H		15		15	2nd quarter of year
ICT / Cyber Security	2022/23 (Reasonable)		H	21	21	21	21	Corporate Risk: Cyber (12)
Income (Cash, E-payments, Park-mobile and BACS)	2019/20 (Reasonable)		M	7		7		
Main Accounting	2023/24 (Reasonable)	External audit of accts	H	5	5	5	5	Corporate Risk: A Balanced Budget and Medium-Term Financial Strategy (12)
NNDR	2023/24 (Reasonable)		H		10		10	
Payroll	2023/24 (Reasonable)		H		5		5	T&S review to be undertaken in 2024/25
VAT	2020/21 (Substantial)	HMRC Inspection	M	5				
Treasury Management	2022/23 (Reasonable)		M	5		5		
Grant review and sign off	2023/24 (Certified)		M					
Sub Total ..				50	66	45	73	
Risk Based Audits								
Risk Management	2023/24 (Reasonable)		H	5	5	5	5	



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Annual Fraud and Corruption Assessment	2023/24 (NA)			2	2	2	2	
Sub Total ..				7	7	7	7	
Strategic Goal: Develop a Prosperous & Sustainable Economy								
Economic Regeneration	2021/22		H		10			
Harbour/Pilotage / Port Marine Safety	2021/22 (Limited)		M	5				
North Devon +	2023/24 (Reasonable)		M					
Rental Venues	2023/24 (TBC)		L			6	6	
Sub Total ..				5	10	6	6	
Strategic Goal: Protect and Enhance the Quality Environment								
Building Control Services	2021/22 (Reasonable)		L	10				
Burton & Bideford Arrangements	2012/13		M	3				
Car Parks	2021/22 (Reasonable)		M	10				
Conservation (include legal requirements in DM in future)	2023/24 (Limited)		L	3		5	5	Follow Up
Development Management	2023/24 (TBC)		H	10				
Estates Management	2022/23 (Limited)		M	5		5	5	
Climate Change	2022/23 (Reasonable)			7		7		
Environmental Protection	2020/21 (Reasonable)		M			7	7	
Grounds Maintenance	2010/11		L	5				
Northam Burrows	2022/23 (Reasonable)		L		5			
Planning Enforcement	2019/20 (Reasonable)				5			
Planning policy / LDF	NK		H	8				
Section 106	2023/24 (Substantial)		M			5	5	



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Tree Preservation Orders	2019/20		H			5		Deferred from 22/23 to 23/24 to make way for Housing Options audit.
Sub Total ..				61	10	34	22	
Strategic Goal: Support Stronger, Safer, Healthier Communities								
Cemeteries (administration)	2021/22 (Limited)		L	5				
Corporate Health & Safety	2021/22 (Reasonable)		M		5			Corporate Risk: Corporate Manslaughter: Having in place all the necessary systems and controls to prevent a fatality and or serious accident occurring (3).
Councillor Grants	2020/21 (Substantial)		M		4			
Crematorium	2023/24 (tbc)		L					Delivered as part of North Devon audit plan
Democracy / Electoral Registration	2023/24 (tbc)	Electoral Commission Returns	L					
DFG Grant Audit	Annual		L	2	2	2	2	Not done in 23/24 at client request.
Emergency Planning	2021/22 (Reasonable)		L		5			Corporate Risk: Civil Emergency Response and responding to an event (9).
Business Continuity	2022/23 (Reasonable)							Corporate Risk: Ensuring the council can continue / resume its operations following an unforeseen event or emergency (12).
Food safety	2021/22 (Substantial)		M		5			
Housing Options	2022/23 (Limited)		M		10			
Housing Renewal	2019/20		M	10				
Licensing (inc Taxi Licences and local licences)	2021/22		M	7				



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Leisure - See ACTIVE TORRIDGE Audit Plan	2023/24 (Reasonable)		H					
Refuse / Cleansing / Recycling management	2023/24 (Reasonable)		H					
Safeguarding	2020/21 (Substantial)		M	5		5		Corporate Risk: Meeting council responsibilities to safeguard Children and Vulnerable Adults (6).
Community Safety Partnership and CCTV	2023/24 (Reasonable)		M					
Sub Total ..				29	31	7	2	
Strategic Goal: An Effective and Customer Focused Council								
Project Delivery	New		M	10		7	7	Corporate Risk: Major Project risks (Maritime Innovation, Linear Defence Scheme, Operational Services Centre, Hostel Developments)
Strategic Planning	2021/22 (Reasonable)		H		5			
Governance (Comms, complaints, business planning, governance)	2022/23 (Substantial)		L		5		5	Corporate Risk: Managing the impact of actions, activities and decisions that could impact council reputation (9).
Ethics & Values of the Authority	2020/21 (Substantial)		M		5			
Freedom of Information	2023/24 (Reasonable)		L					
Information Governance (incl Data Protection)	2022/23 (Reasonable)		M		7			Corporate Risk: Data Security (6)
Insurance	2022/23 (Reasonable)		L			4	4	
Land Charges	2020/21 (Good)		L		7			
Register of officer's interest	2023/24 (Substantial)		L					



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Member Allowances			H	5				
Member Development	2023/24 (TBC)		L					
Procurement	2023/24 (Reasonable)		M					
Social Media and Communications	2023/24 (Reasonable)		H					
Recruitment, Selection and Retention	2021/22 (Reasonable)		L		5			Corporate Risk: A skilled and sufficiently resourced workforce (8)
Travel & Subsistence	2016/17		L	5		5		
Equality & Diversity	2020/21 (Reasonable)		M		5			
Sub Total ..					20	39	16	16
Total Audit Time					172	163	115	126
Audit Management (Reports for Audit Committee, liaison, other misc activities)	Annual		H	5	5	5	5	
TOTAL DAYS					177	168	120	131

Appendix 2 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 amended 2021, 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.

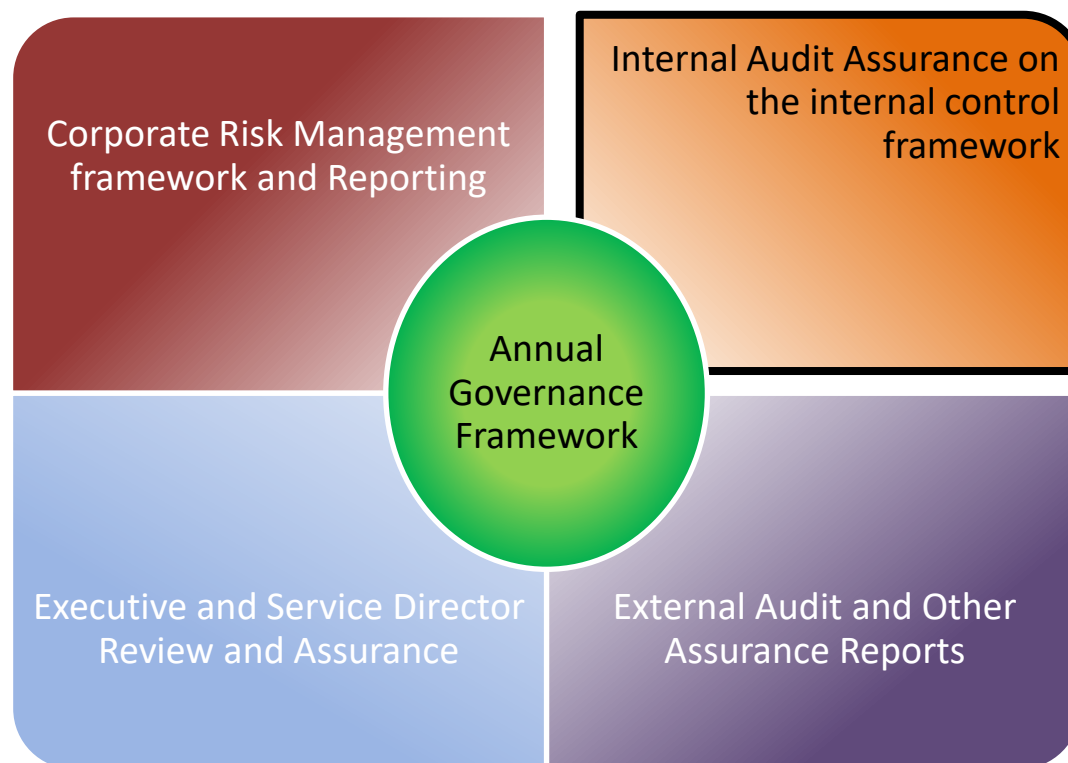
Appendix 3 - Annual Governance Framework Assurance

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.
- highlight significant events or developments in year.
- acknowledge the responsibility on management to ensure good governance.
- indicate the level of assurance systems and processes can provide.
- provide a narrative on the process followed to ensure that governance arrangements remain effective. This will include comment upon.
 - The Authority.
 - Audit and 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.



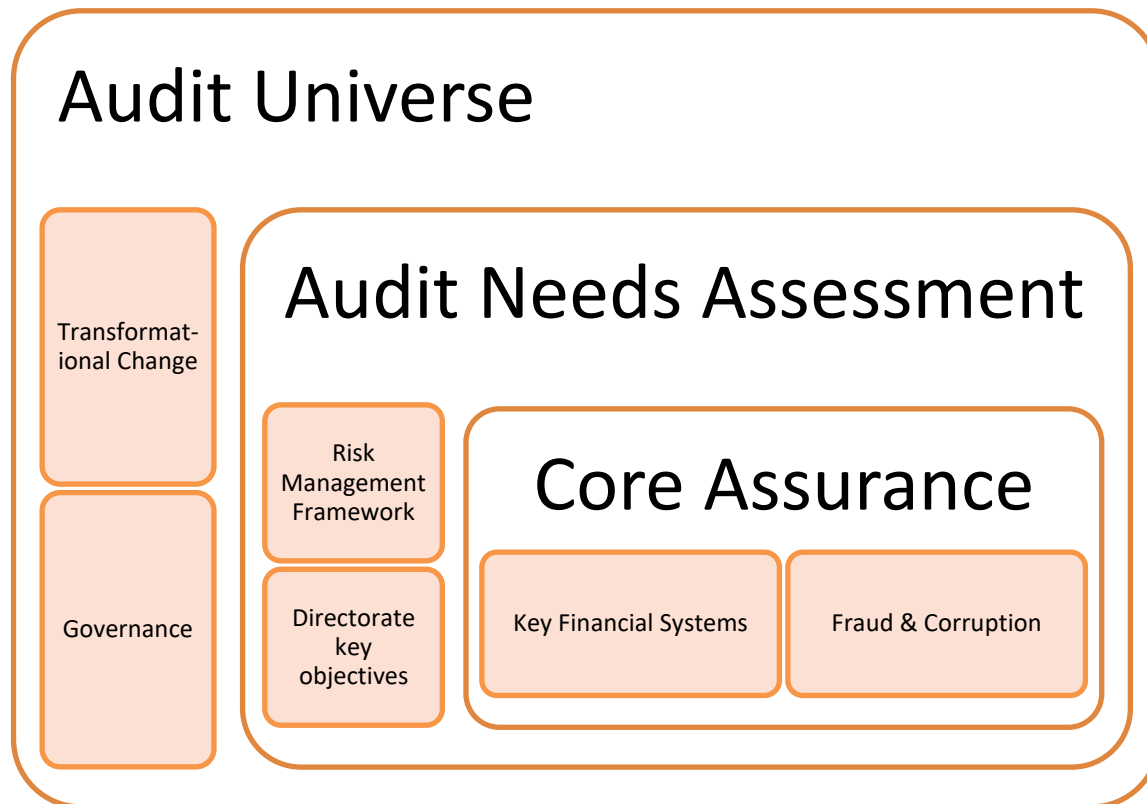
The AGS needs to be presented to, and approved by, the Audit and Governance Committee, and then signed by the Chair.

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

Appendix 4 - 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

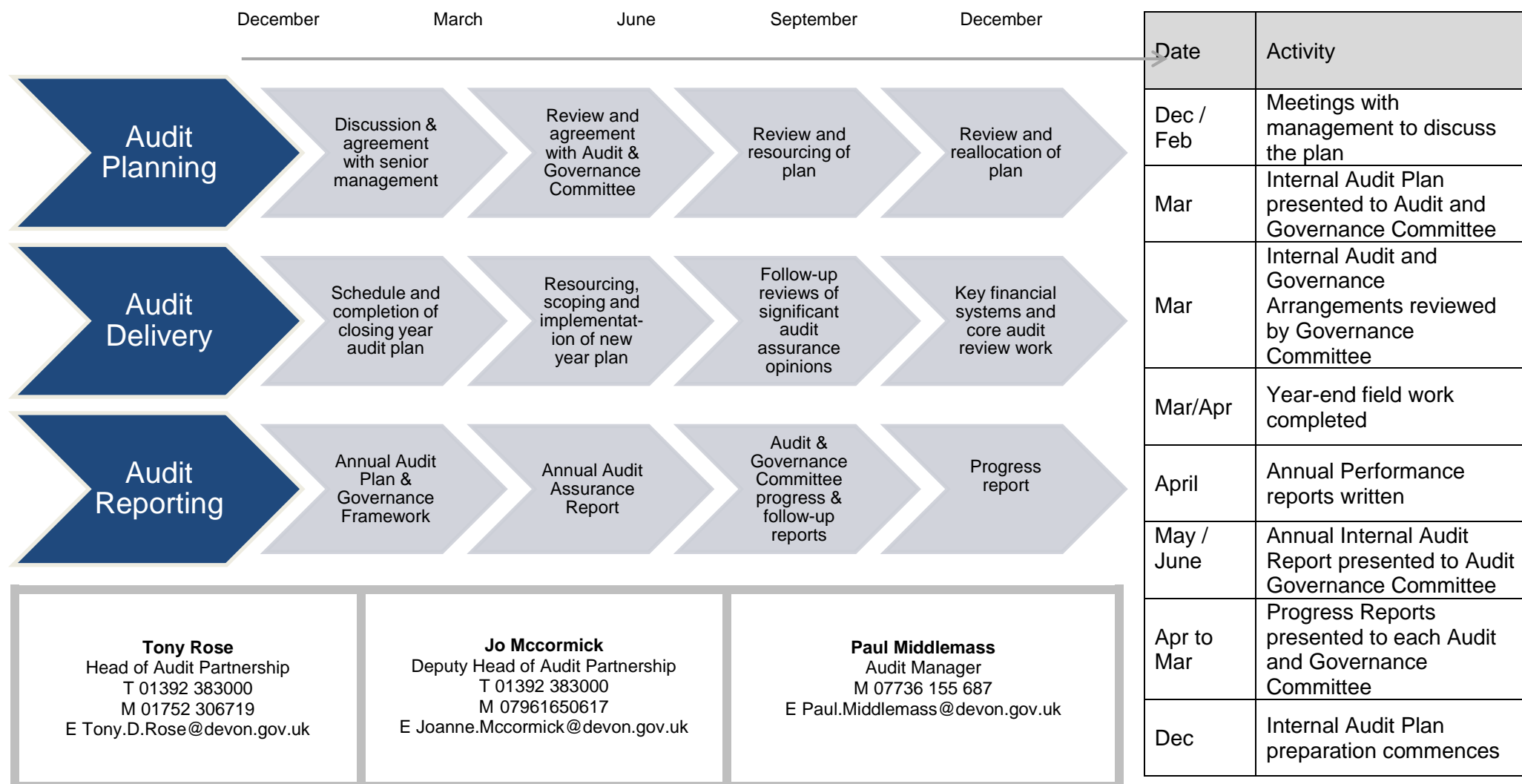
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

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 5 - Our Audit Team and the Audit Delivery Cycle



Appendix 6 Sector Risk Model (European organisations polled by the Institute Internal Auditors – Risk in Focus 2024)

Key Risk areas of organisations that responded:

Cyber security remains the number one concern for almost everyone.

Human Capital – staffing has become more important given shortages in professional and other manpower.

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

Macroeconomic and geographical uncertainty has slightly reduced in importance.

Climate change has reduced as a key risk area.

What are the top five risks your organisation currently faces?

Business continuity and operational resilience moved up two places this year in response to continuing global turmoil with market changes coming in as a new category.

