



# **Internal Audit Plan**

## **2023/24**

### **East Cambridgeshire District Council**

**Chief Internal Auditor: Rachel Ashley-Caunt** CPFA

## **Internal Audit Plan 2023/24**

### **1. Introduction**

- 1.1 This report sets out the proposed work of Internal Audit at East Cambridgeshire District Council for 2023/24 for review and approval by the Audit Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, East Cambridgeshire District Council commissions 210 days for delivery of the Internal Audit service on an annual basis.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.5 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
  - The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
  - The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

### **2. The Audit Plan**

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
  - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.

- 2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.
- 2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

### **Value for money**

- 2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.
- 2.7 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements – the audit of procurement compliance, for example, will seek assurance over the effective procurement of supplies and services.

### **Fraud risks**

- 2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.
- 2.9 In addition, the Internal Audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work.

## **3. Planning process**

- 3.1 In order to ensure that the Audit Plan for 2023/24 addresses the Council's key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:
- Reviewing the Council's Risk Registers and Corporate Plan;
  - Considering the sources of assurance listed against each of the Council's risk entries, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
  - Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
  - Considering latest performance reporting for areas of under performance;
  - Reference to the audit planning process in the paper to Audit Committee in January 2023 to consult the Committee on any areas where assurance was specifically sought; and
  - Meeting with members of Corporate Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

- 3.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from all councils with whom North Northamptonshire Council's Internal Audit team works.
- 3.3 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.
- 3.4 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit Committee.
- 3.5 Also provided is a 'reserve list' showing the other potential areas for coverage which were considered in the drafting of the Plan, but were assessed as lower priority. Should the risk environment change, which impacts on the relevance of the planned audit work, these can be considered as potential areas for alternative audit work – depending on any wider risk implications. The details of those areas are provided in Table 2, which explains the proposed plan for seeking assurances, should the audit coverage not be included in 2023/24.

#### **Resources**

- 3.6 The audit assignments are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of the delegated service.
- 3.7 Efforts are constantly made to ensure all clients benefit from the delegated arrangement and this work with multiple local authorities. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.
- 3.8 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence. The delegated service model also enables the Chief Internal Auditor to allocate audits to various officers over time, to avoid risks associated with over familiarity.
- 3.9 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

**Table 1: Draft Internal Audit Plan 2023/24**

<b>Assurance areas</b>	<b>Internal Audit assignments and assurances sought</b>	<b>Audit days</b>	<b>Risk entries</b>	<b>Corporate objective</b>	<b>Initial timing (financial year quarter)</b>
<b>Real time assurance work</b>	<b>Risk management</b> Rolling reviews of risk register entries, to confirm that listed controls are in place and operating as stated; and actions recorded on the register are progressing as reported.	14	All	All	All year
<b>Financial system key controls</b>	<b>Bank reconciliation</b> Annual assurances over the bank reconciliation processes and controls.	6	C6	Sound financial management	Q4
	<b>Creditors</b> Cyclical assurances over key processes and controls for the creditors system.	7	C6		Q4
	<b>Debtors</b> Cyclical assurances over key processes and controls for the sundry debtors system.	6	C6		Q4
	<b>Payroll</b> Cyclical assurances over key processes and controls for the processing of payroll.	7	C6		Q4
	<b>Treasury management</b> Cyclical assurances over key processes and controls for management of investments and borrowing (if applicable).	5	C6		Q4
	<b>Budgetary control</b> Assurances over monitoring of Council budgets and reporting/management of variances and any savings plans. To include assessment against relevant elements of the CIPFA Financial Management Code.	5	B1		Q4
<b>Compliance with key corporate controls and policies</b>	<b>Procurement compliance</b> To provide annual assurance over compliance with the Council's contract procedure rules in the procurement of goods and services. Informs the annual assurance opinion of internal control and value for money.	9	C6 B1	Sound financial management	Q4
	<b>Fees and charges</b> To provide assurance over the setting of fees and charges for Council services and the consistent application of these in invoicing. To cover both statutory and discretionary fees and charges.	5	B1	Sound financial management	Q1
	<b>Payment Card Industry Data Security Standard (PCI DSS) compliance</b> To review the Council's compliance with the Payment Card Industry Data Security Standard (PCI DSS) in handling of customer payments.	6	C3	Sound financial management	Q1

Assurance areas	Internal Audit assignments and assurances sought	Audit days	Risk entries	Corporate objective	Initial timing (financial year quarter)
<b>Risk based audit coverage</b>	<b>Governance of trading companies</b> To provide assurance over the Council's management of the agreements with East Cambs Trading Company and East Cambs Street Scene, including compliance with the respective Memorandum of Understanding, integrity of performance/finance reporting and risk management.	10	A2 A6	Sound financial management  Cleaner, Greener East Cambridgeshire	Q2
	<b>Private sector housing enforcement and empty homes strategy</b> To provide assurance over the Council's compliance with regulations and Council policy in working with owners, landlords, letting agents and tenants. To include review of compliance with the latest Housing Health & Safety Rating System (HHSRS) for damp and mould.	7	C3	Housing	Q3
	<b>Community Infrastructure Levy (CIL)</b> To provide assurance over the timely and accurate collection of CIL monies. Noted as an area of under target performance in 2022/23.	7	B2	Social and community infrastructure	Q2
	<b>Use of agency staff / consultants</b> To provide assurance on procurement and management of agency staff/ consultants to secure value for money / compliance with policies and IR35.	7	B1	Sound financial management	Q1
	<b>Information governance</b> To provide assurance over compliance with the data protection legislation and proactive management of the associated risks in handling, storing, processing and sharing of information.	8	C4	-	Q2
	<b>Cyber security</b> To provide assurance over the robustness of critical IT systems, including review of user access controls, disaster recovery and preventative and detective controls against attacks.	8	C2	-	Q4
<b>Governance and counter fraud</b>	<b>Counter fraud support and training (advisory)</b> To support the embedding of the counter fraud culture and policies through delivery of training; monitoring of the Report Fraud mailbox; providing ad hoc advice and support to officers; and counter fraud awareness publicity.	5	C6	Sound financial management	All year
	<b>National Fraud Initiative (advisory)</b> Support with reviewing and investigating matches identified by the National Fraud Initiative.	10	C6	Sound financial management	All year
<b>Grant claim verification</b>	Including verification of homelessness grant monies and disabled facilities grants.	5	-	Sound Financial Management	As required

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<b>Revenues and benefits partnership</b>	To seek assurance over the controls operating in the management of revenues and benefits services – given the high volume and value of transactions. To cover controls relating to: Council Tax Benefits & Overpayments National Non Domestic Rates	35	B1	Sound Financial Management	Q4
<b>Support to East Cambridgeshire District Council</b>	Including ad-hoc advice and assistance, annual Internal Audit report, assessments and partnership working with external auditors.	13			
<b>Follow up of audit recommendations</b>	Monthly follow ups on all open audit recommendations and review of evidence supplied.	5			
<b>Supporting and reporting to Audit Committee and management</b>	Reporting and attendance at Audit Committee and Member training, as required.	10			
<b>Other advisory work</b>	Annual Governance Statement - Advisory, independent support on development of the Annual Governance Statement, collation of assurances and compliance with latest CIPFA guidance.	10			
<b>Total days</b>		210			

**Table 2: Reserve list 2023/24**

<b>Audit area</b>	<b>Assurances to be sought</b>	<b>Proposed action, if not covered in 2023/24</b>
<b>Modern Slavery</b>	To provide assurance over the Council's processes and controls for identification and referral of victims; supporting victims and ensuring that supply chains the Council procures from are free from modern slavery.	Consider in audit plan development and risk assessment for 2024/25.  Also raised with Management Team for management assurances to be sought in the interim.
<b>Housing allocations and homelessness</b>	To provide assurance over the processes in place for handling homelessness applications and applications for social housing. To ensure a consistent, fair and transparent process.	Consider in audit plan development and risk assessment for 2024/25.  Rolling risk reviews of homelessness risk entry in 2022 confirmed stated controls to be operating as stated.
<b>Management of major projects</b>	To provide assurance over the management of major Council projects i.e. risk management, procurement, governance, communication and issue management.	Dependent on any major projects initiated – if any such projects commence, Internal Audit should be engaged from the earliest stage.
<b>Food safety</b>	The audit will provide assurance on the processes and procedures for supporting the Food Standards Agency's Rating Scheme, including businesses food safety management systems and people fitness to work arrangements.	Consider in audit plan development and risk assessment for 2024/25.  Food safety enforcement included in 2022/23 audit of enforcement policy compliance and sample testing.
<b>Fixed assets</b>	To provide assurance over the Council's maintenance of the fixed asset register and compliance with Council policy in the acquisition and disposal of assets.	Consider in audit plan development and risk assessment in 2024/25.  Internal Audit testing of 'asset related audits' in 2022/23 included follow up work on actions from the 2021/22 Fixed Assets audit.