



East Devon District Council

2024-25 Internal Audit Plan

1st April 2024 to 30th September 2024

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2024/25 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.

Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's Annual Governance Statement (AGS).

It is the responsibility of the Authority's Senior Management Team and the Audit and Governance Committee, to confirm that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

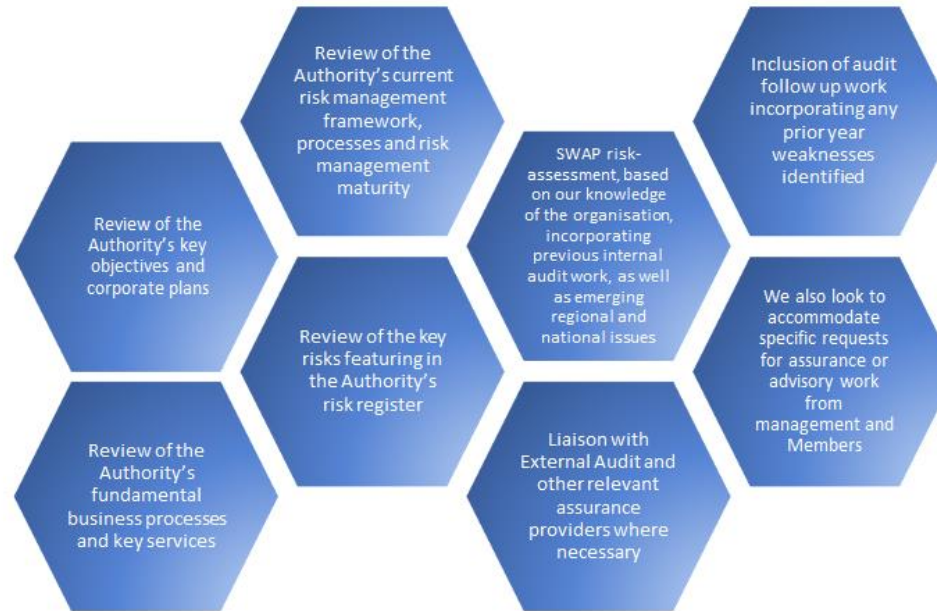


The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

Approach to Internal Audit Planning 2024/25

The factors considered in putting together the 2024/25 internal audit plan have been set out below:



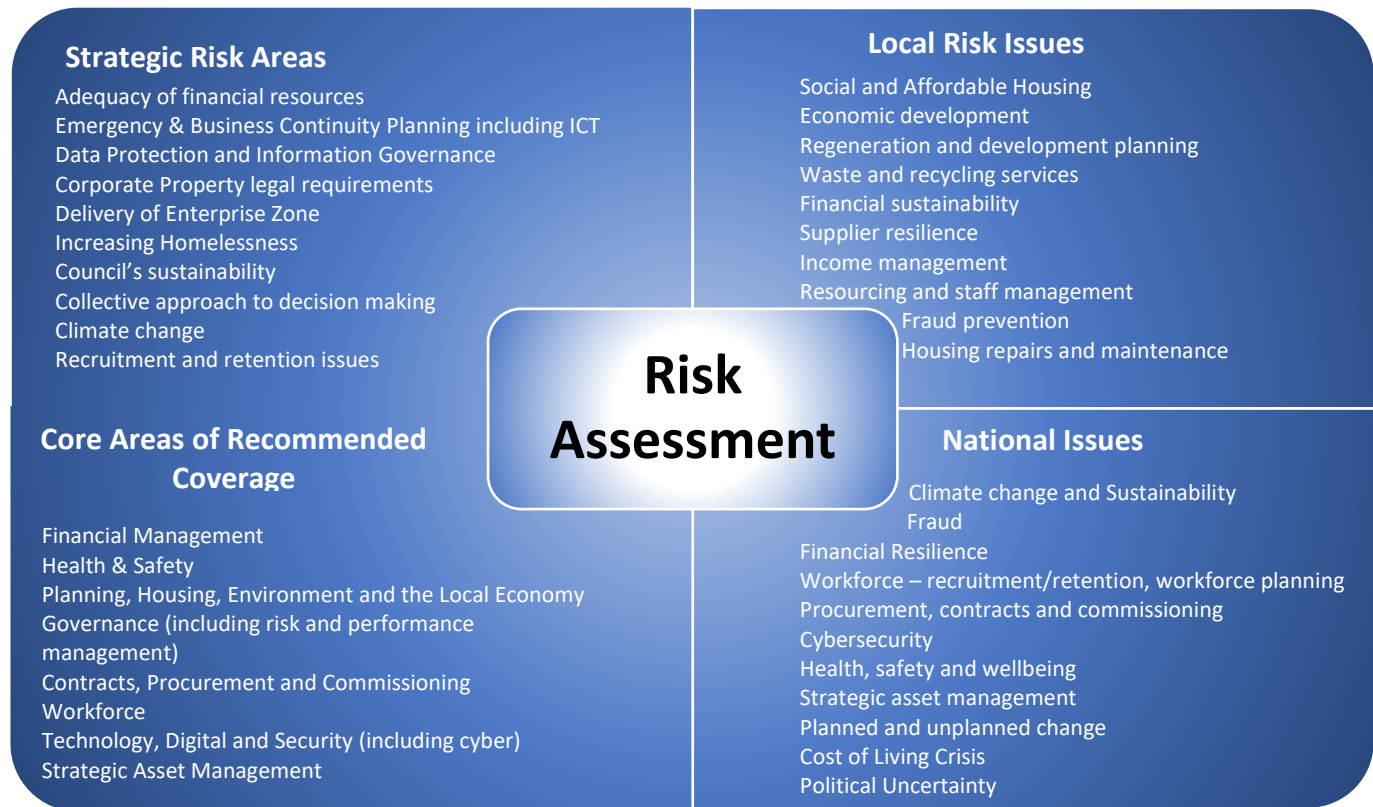
Our approach to delivering your internal audit plan is to remain flexible to respond to new and emerging risks. We will adopt an 'agile rolling plan' approach and whilst this will be a 'live' continuous approach, confirmed work will only cover every six months with a rolling 'back-log' for future consideration. Priorities will be assessed in conjunction with Senior Management. Members of the Audit and Governance Committee are welcome to share thoughts of priorities areas for Assurance work.

The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

Internal Audit Annual Risk Assessment

Our 2024/25 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit regularly. The risk assessment includes coverage against EDDC Corporate/Operational Risks and Priorities and the wider SWAP top 10 risk themes and Healthy Organisation areas. Below we have set out a summary of the outcomes of the risk assessment for East Devon District Council:



The Internal Audit Plan: Risk Assessment

Following our SWAP Risk Assessment above, we have set out how the proposed 2024/25 quarter 1 and 2 plan presented in Appendix A provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit coverage.

Internal audit is only one source of assurance and should be considered in this context.

Internal Audit Coverage in 2024/25 – April to end September 2024

Our aim is to produce an agile, risk-assessed work plan, containing key areas of coverage. We already maintain a rolling plan that is continually updated as new areas of work are agreed. New audits are risk assessed and added to the rolling plan meaning lower risk audits roll back to be delivered at a point in the future. The rolling plan will be the basis of each six-monthly review, with audits agreed with Senior Management according to risk.

The 6 monthly planning approach means that the 2024/25 audit plan is flexible to respond to new and emerging risks as and when they are identified. We have set out the proposed quarter 1 and 2 plan in **Appendix A**. Please refer to the **EDDC Rolling Internal Audit Plan 2024-25 Summary March 2024** document for potential audits for Q3 & Q4 in the Audit Committee Document Library.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes public sector partners throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- **Candid**
- **Relevant**
- **Inclusive**
- **Innovative**
- **Dedicated**

Your Internal Audit Service

Conformance with Public Sector Internal Audit Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

At least every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed conformance with the Public Sector Internal Audit Standards. An annual self-assessment process confirms ongoing compliance.

Conflicts of Interest

We are not aware of any conflicts of interest within East Devon District Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Internal Audit Charter

Annually we provide you with our Internal Audit Charter, for your approval, that reflects the role and responsibilities, of us as internal auditors within your organisation. Our Charter typically accompanies our internal audit risk-based plan detailing the planning approach we are proposing for the year ahead.

The Internal Audit Plan: Approach

However, there have been some significant changes to the Internal Audit Charter, as a result of the introduction of new Global Internal Audit Standards. The Charter will now include an Internal Audit Mandate that will specifically cover our roles and responsibilities and the Charter will move to detailing the scope of the internal audit work within your authority.

SWAP is looking to base our Charter on the model Charter provided by the Institute of Internal Auditors (IIA), which is expected to be released later this quarter. It therefore makes sense to share one Charter that will cover the whole of 2024-2025 ensuring we have included all the mandatory elements of the new Standards. In the meantime, we will continue to operate in accordance with our existing charter.



The Internal Audit Plan: Approach

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners
- Regular newsletters and bulletins containing emerging issues and significant risks identified across the SWAP partnership
- Communication of fraud alerts received both regionally and nationally
- Member training sessions

Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

Internal Audit Performance:

As part of our regular reporting to senior management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<p style="text-align: center;"><u>Delivery of Annual Internal Audit Plan</u> Completed at year end</p>	>90%
<p style="text-align: center;"><u>Quality of Audit Work</u> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	>95%
<p style="text-align: center;"><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%



Internal Audit Plan Quarter 3 & 4 2024/25

Appendix A

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Audit Area to Deliver In Plan	Planned Quarter	Rationale	Link to Strategic Risk	Audit Sponsor
Procurement Cards	Q1	Higher risk of Fraud, data analytics used to focus work.	Adequacy of financial resource planning to deliver the Council's priorities	Finance Director (CFO/S151)
Firmstep - GDPR compliance	Q1	Carried forward from 23/24. Cover areas such as access to personal data, retention of data and storage.	Failure to meet the requirements of data protection legislation and good information governance	Director of Governance & Licensing
Corporate Property Health and Safety	Q1	Not audited since 21/22. include whole framework including risk assessment process.	Failure to ensure that our corporate property portfolio is fully compliant with legal requirements	Assistant Director Place Assets and Commercialisation
Ethical Governance	Q1	New administration in place. Cover gifts/hospitality and declarations of interest.	Retaining and strengthen a collective approach to decision making	Director of Governance & Licensing
Planning Application Fees	Q1	Significant source of income to the Council. Ensure that fees charged are complete and accurate.	Adequacy of financial resource planning to deliver the Council's priorities	Assistant Director Planning Strategy and Development Management
Community Safety/Anti-Social Behaviour	Q1	Some reorganisation of the team is planned for 23/24 so it will be good to review the new arrangements at an early stage.	Reputational damage to the Council	Assistant Director Environmental Health
Treasury Management	Q2	Key Financial control not audited in recent years.	Adequacy of financial resource planning to deliver the Council's priorities	Finance Director (CFO/S151)
Supplier Resilience	Q2	Carried forward from 23/24. Review the mechanisms the authority has in place to identify, monitor and manage vulnerable supply chains.	Business failure of a major contractor/significant partner	Finance Director (CFO/S151)
Temporary Accommodation	Q2	Important area that has not been audited in recent years.	Failure to meet statutory obligations for homelessness	Assistant Director Housing Strategy & Operations

Internal Audit Plan Quarter 3 & 4 2024/25

Appendix A

Audit Area to Deliver In Plan	Planned Quarter	Rationale	Link to Strategic Risk	Audit Sponsor
Business Continuity	Q2	Important area not audited in recent years	Adequate Emergency Planning and Business Continuity Plans	Assistant Director Environmental Health
Project Management - Major Engineering Schemes	Q2	Consider whether EDDC's approach to Project Management is being complied with.	Adequacy of financial resource planning to deliver the Council's priorities	Assistant Director Streetscene
Disabled Facilities Grants	Q2	Request from ELT	Reputational damage to the organisation	Assistant Director Environmental Health

In addition to the programme of Audits, time will also be used to provide support in the following area across quarters 1 to 2 during 2024-25.

Advice & Support	<ul style="list-style-type: none"> • Committee Attendance & Reporting • Head of Audit Role/planning • Recommendation Tracking Framework and dashboard • Advisory role including fraud • Fraud bulletins and News round-up
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