



# East Devon District Council

2023-24 Internal Audit Plan

1<sup>st</sup> October 2023 to 31<sup>st</sup> March 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 2023/24 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.

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.

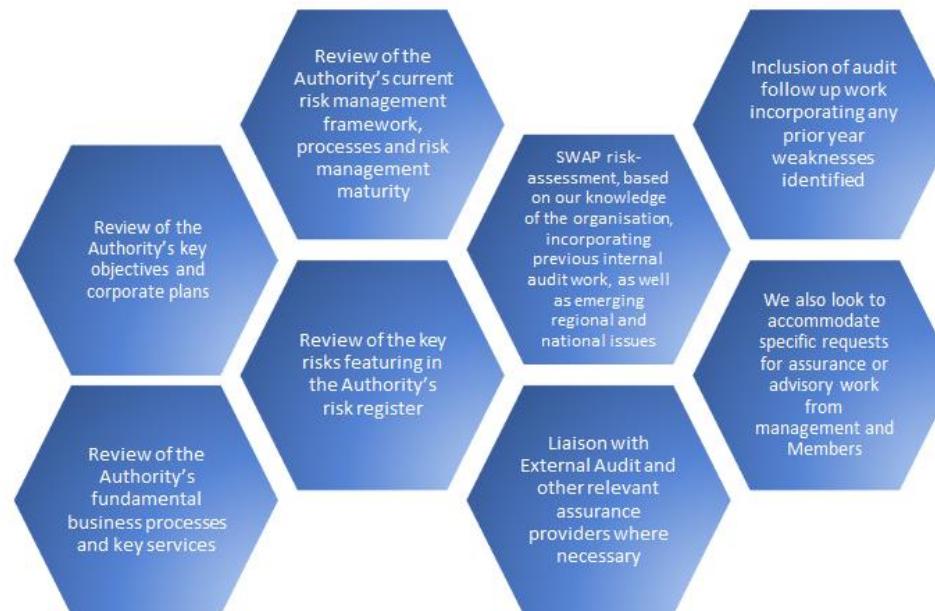


# The Internal Audit Plan: Approach

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. This year, we have also engaged discussions with lead officers on the Unitary Transition Process to ensure suitable assurances are included within the Audit Plan.

## Approach to Internal Audit Planning 2023/24

The factors considered in putting together the 2023/24 internal audit plan have been set out below:



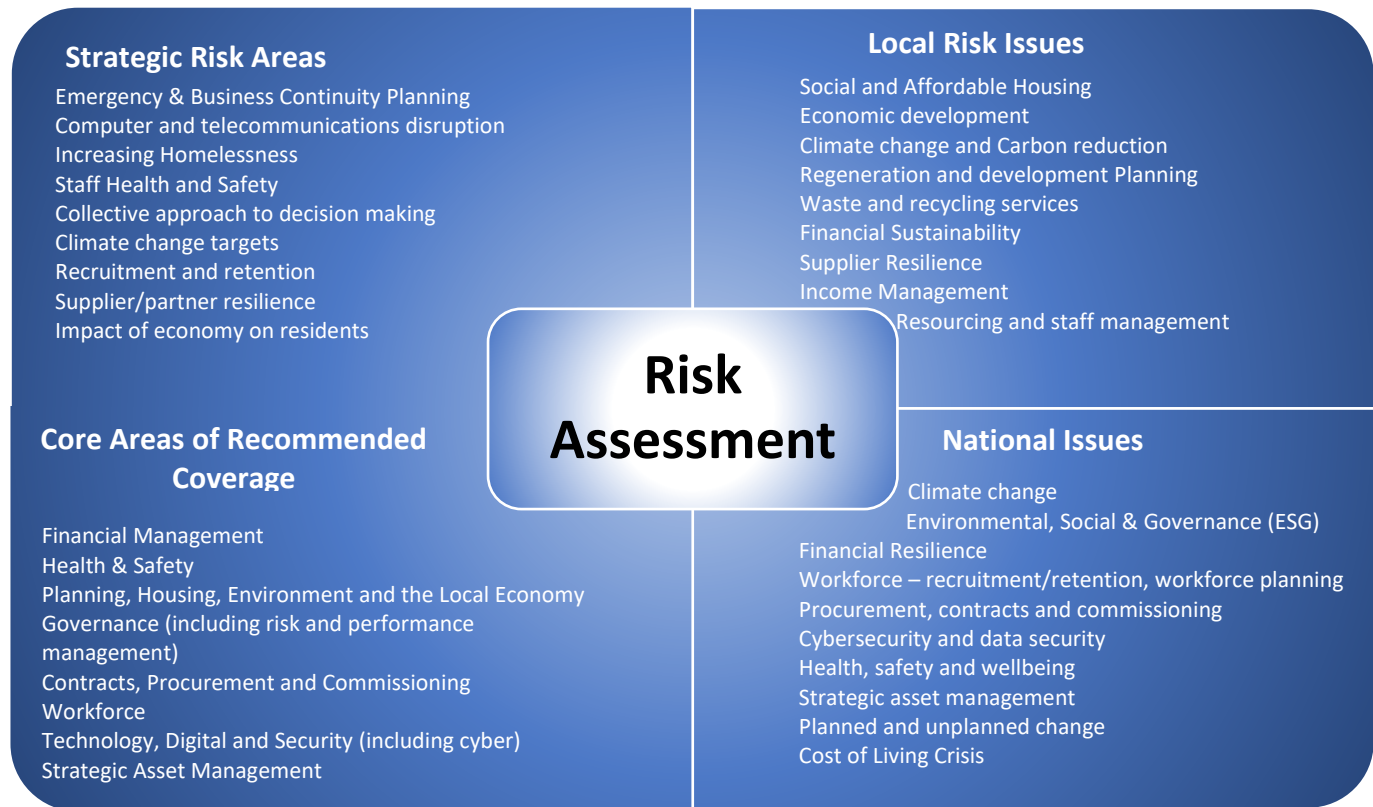
Our approach to delivering your internal audit plan is to remain flexible to respond to new and emerging risks. We will adopt an 'agile rolling plan' approach and whilst this will be a 'live' continuous approach, confirmed work will only cover every six months with a rolling 'back-log' for future consideration. 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 2023/24 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 2023/24 quarter 3 and 4 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 2023/24 – October to end March 2024

Our aim is to produce an agile, risk-assessed work plan, containing key areas of coverage.

Traditionally an annual plan is presented to committee ahead of the start of the financial year. Fixing a plan and agreeing it in advance always means that it is subject to a high degree of uncertainty and change. It is now recognised across the profession that a better approach is to build our plan in conjunction with management and add to it as the year progresses. Our planning approach means that the 2023/24 audit plan is flexible to respond to new and emerging risks, as and when they are identified.

The plan for the first half of the year was agreed by members in March. To produce the plan for the second half of the year meetings have been held with all Assistant Directors including the S.151 and monitoring officers to obtain their input into the plan. These meetings have been key to agreeing a programme of work reflective of the corporate plan goals and associated risks. This approach ensures that resources are directed to the areas where internal audit can offer the most value and insight. We have set out the proposed plan in **Appendix A**.

We also 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.

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 25 public sector partners, providing services 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.

Every three 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**

This covers the nature, role, responsibility, status and authority of internal auditing within East Devon District Council and was approved by this committee in March 2023.

## 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;"><b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at year end</p>	>90%
<p style="text-align: center;"><b><u>Quality of Audit Work</u></b> 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;"><b><u>Outcomes from Audit Work</u></b> 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 2023/24

# 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/Operational Risk	Audit Sponsor
<b>Financial Planning</b>	Q3	Financial resilience is key to sustainable delivery of the Council's priorities.	Adequacy of financial resource planning to deliver the Council's priorities	Director of Finance, Revenues & Benefits
<b>Supplier Resilience</b> (was Q1)	Q4	Review the mechanisms the authority has in place to manage vulnerable supply chains. Moved back to enable work on contract register to take place.	Business Failure of a major contractor or significant partner	Director of Finance, Revenues & Benefits
<b>Business Rates</b>	Q3	Key Council system that has not been subject to audit in recent years.	Operational risk - failure to collect all income due to the council - council tax, business rates, rent, fines & Sundry income.	Assistant Director Revenues & Benefits
<b>Firmstep – Digital Project Outcomes</b> (was Q2)	Q4	Review of the project against the original business case and whether outcomes have been delivered. Deferred as replaced in Q2 with a review of compliance with Data Protection Act of the customer data held in Firmstep.		Assistant Director Revenues & Benefits
<b>Elections</b>	Q3	Request to provide assurance of process fundamental to democracy from new monitoring officer.	Implementation of the Elections Act 2022	Director of Governance & Licencing
<b>Planning Enforcement Service</b>	Q3	Important service not subject to audit in recent years. Covers building work, listed buildings and tree preservation.	Operational risk - Failure of correct procedures and practices causing challenges to decisions.	Assistant Director Planning Strategy & Development Management
<b>Countryside - Use of Volunteers</b>	Q3	A large number of volunteers are essential to service delivery. Ensure that the guidebook of policies and practice is being complied with, in particular in respect to H & S.	Failure to ensure the Council's sustainability	Assistant Director Countryside & Leisure
<b>Housing Landlord health and safety compliance: Electrical Safety</b>	Q4	Delay in re-procurement of contract led to some delays in testing. The audit will provide assurance that the Council is back on track.	Failure to ensure that our corporate property portfolio is fully compliant with legal requirements	Assistant Director Housing



# Internal Audit Plan Quarter 3 & 4 2023/24

# Appendix A

Audit Area to Deliver In Plan	Planned Quarter	Rationale	Link to Strategic/Operational Risk	Audit Sponsor
<b>Housing Ombudsman Complaint</b> (was Q2)	Q4	Look at complaints process across the housing service. Improvements have been made. Audit moved from Q2 to Q4 to allow time for these to become embedded.	Failure to ensure that our corporate property portfolio is fully compliant with legal requirements	Assistant Director Housing
<b>Housing Site Development</b> (advisory)	Q3	Advisory work around governance arrangements in place for the building of new social & affordable housing. To compare with other partners and clients where possible.	Retaining and strengthen a collective approach to decision making	Assistant Director Housing Task Force
<b>Waste Contract Extension</b>	Q4	A 3-year contract extension starts in Autumn 23/24. Look at compliance with this new arrangement.	Operational risk - the continuity of the recycling and waste service	Assistant Director Streetscene
<b>Emergency Planning Follow-up</b>	Q4	Follow-up of Q1 23/24 limited assurance audit.	Adequate emergency planning and business continuity	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 3 to 4 during 2023-24

Advice & Support	<ul style="list-style-type: none"> <li>• Committee Attendance &amp; Reporting</li> <li>• Head of Audit Role/planning</li> <li>• Tracking of agreed audit actions</li> <li>• Member training</li> <li>• Fraud bulletins and News round-up</li> </ul>
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