

East Devon District Council

2024/25 Internal Audit Plan

1st October 2024 to 31st March 2025

The Internal Audit Plan: Summary

The internal audit plan is 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 council'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, prepares a proposed plan of audit work. The aim 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 council is adequately managing its current risks.

Internal audit is only one source of assurance. 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 the Authority's Annual Governance Statement (AGS).

The council's senior management and the Audit and Governance Committee are responsible for confirming that the proposed audit plan is sufficient and appropriate to provide independent assurance against the key risks faced by the organisation.

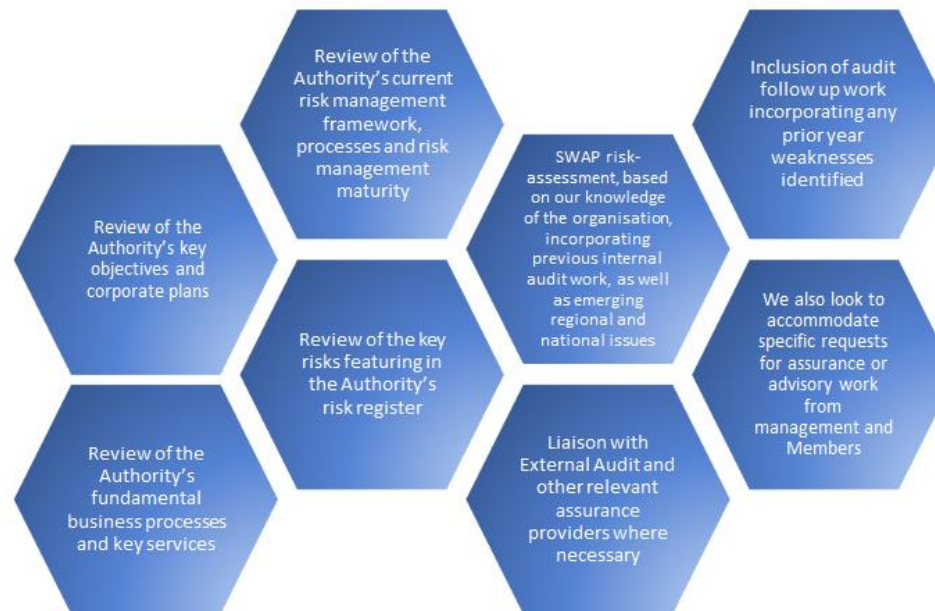


The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP has consulted senior management and reviewed key documentation 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 have adopted 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. We will assess priorities with senior management. Members of the Audit and Governance Committee are welcome to share thoughts of priorities areas for assurance work.

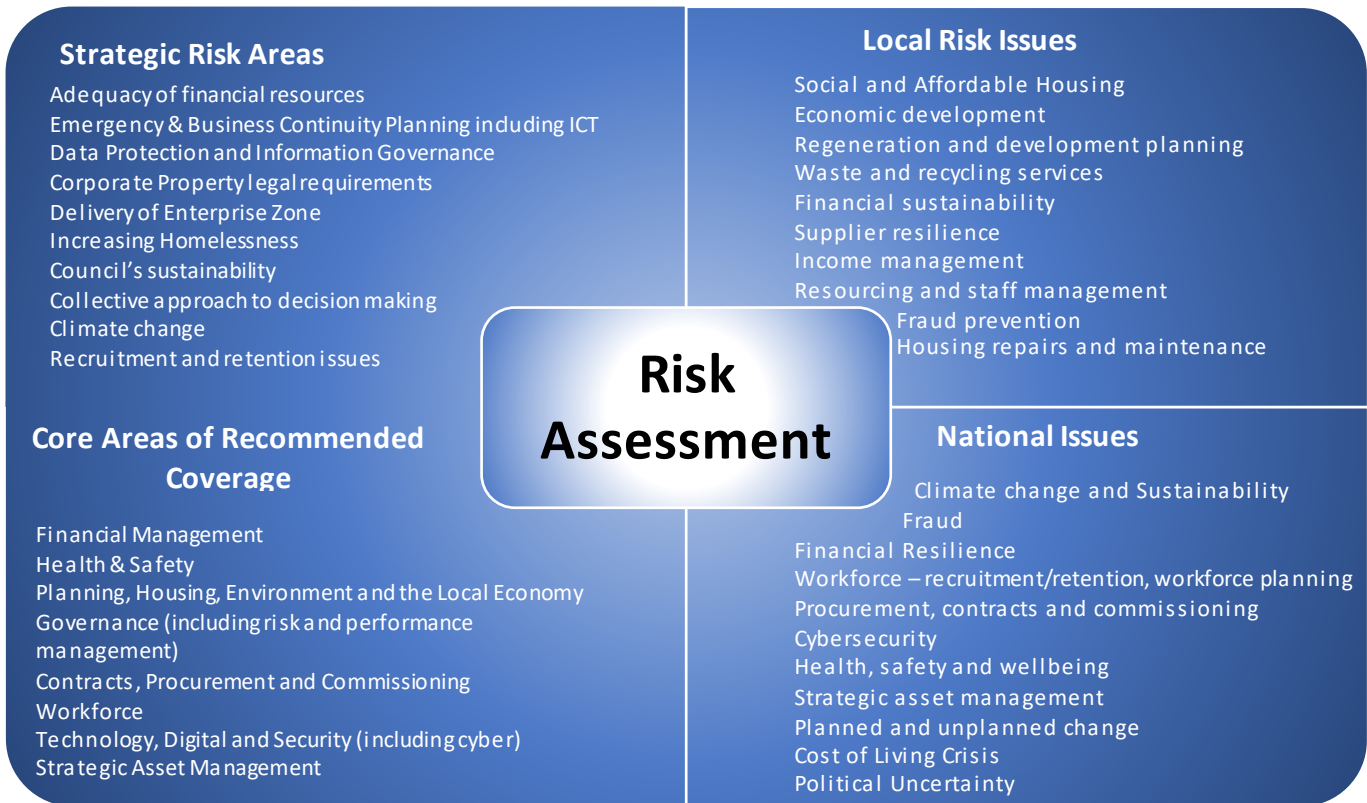


The Internal Audit Plan: Risk Assessment

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 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 2024/25 – October to end March 2025

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

We maintain a rolling plan that is continually updated as new areas of work are agreed. We risk assess and add new audits to the rolling plan, meaning that lower risk audits roll back to be delivered at a point in the future. The rolling plan is the basis of each six-monthly review, with audits agreed with senior management according to risk.

The Audit and Governance Committee approved the plan for the first half of the year in March 2024.

To produce the plan for the second half of the year, we met with the council's directors and the Chief Executive Officer. These meetings have been key to agreeing a programme of work that reflects corporate goals and associated risks. We have set out the proposed quarter 3 and 4 plan in **Appendix A**.

Members should note that the proposed quarter 3 and 4 plan is smaller than originally intended. This is because we have received several additional work requests during the first half of 2024/25. More information about these requests is available in our Q1 Progress Report.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always sit with management. As such, we 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 resources 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, because 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 producing a new Charter that will be based on the Institute of Internal Auditors' new model Charter. It 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. We will operate in accordance with our existing Charter until the new Charter is prepared and approved by the Audit and Governance Committee.

The Internal Audit Plan: SWAP

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

We report a summary of internal audit activity to senior management and the Audit and Governance Committee quarterly. 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 and Governance 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

Readers should note 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, we hold an initial discussion with management to agree the specific terms of reference for the piece of work, including the objective and scope for the review.

Audit	Planned Quarter	Rationale	Link to Strategic Risk	Audit Sponsor
Section 106 and CIL	Q3	To focus on collection and deployment of Section 106/CIL. This has been an area of concern for members, but the service has now made progress and now has more resources.	Adequacy of financial resource planning to deliver the Council's priorities.	Interim Director of Place
Payroll	Q3	Key financial system last audited in 2021/22.	Adequacy of financial resource planning to deliver the Council's priorities.	Director of Governance and Licensing
Creditors	Q3	Key financial system last audited in 2021/22.	Adequacy of financial resource planning to deliver the Council's priorities.	Director of Finance
Housing Voids	Q4	To cover the risks associated with maximising income from properties for rent.	Adequacy of financial resource planning to deliver the Council's priorities.	Interim Director of Housing and Health
Local Government Transparency Code	Q4	The council has recently set up an Information Governance Board. The Board has found that there is no one officer with overall responsibility for ensuring compliance with the Transparency Code. Audit to confirm the extent of the council's compliance with the Code.	Reputational damage to the organisation.	Director of Governance and Licensing
Strategic Partnerships Follow Up	Q4	The service expects to have actioned SWAP recommendations by Q4.	Business failure of a major contractor or significant partner.	Director of Governance and Licensing
Budget Monitoring	Q4	To review the budget monitoring process and establish whether there are regular budget meetings between Finance and directorates, whether these meetings take place at the right level, and how budget information is communicated across management levels.	Adequacy of financial resource planning to deliver the Council's priorities.	Chief Executive Officer

In addition to the programme of Audits, we will also use our time provide support in the following area across quarters 3 and 4 of 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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