

Internal Audit Plan 2021-22

Mid Devon District Council Audit Committee

March 2022

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Leadership Team.

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS refer to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review, and approve the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

The chief audit executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

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 Director of Finance (Section 151) 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 Committee.

Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements.
- the basis of assessment of the audit work in the proposed plan.
- the resources allocated to meet the plan.
- proposed areas of internal audit coverage in 2022-23.

In review of the above the Audit Committee are required to approve the proposed audit plan.

Robert Hutchins
Head of Audit Partnership

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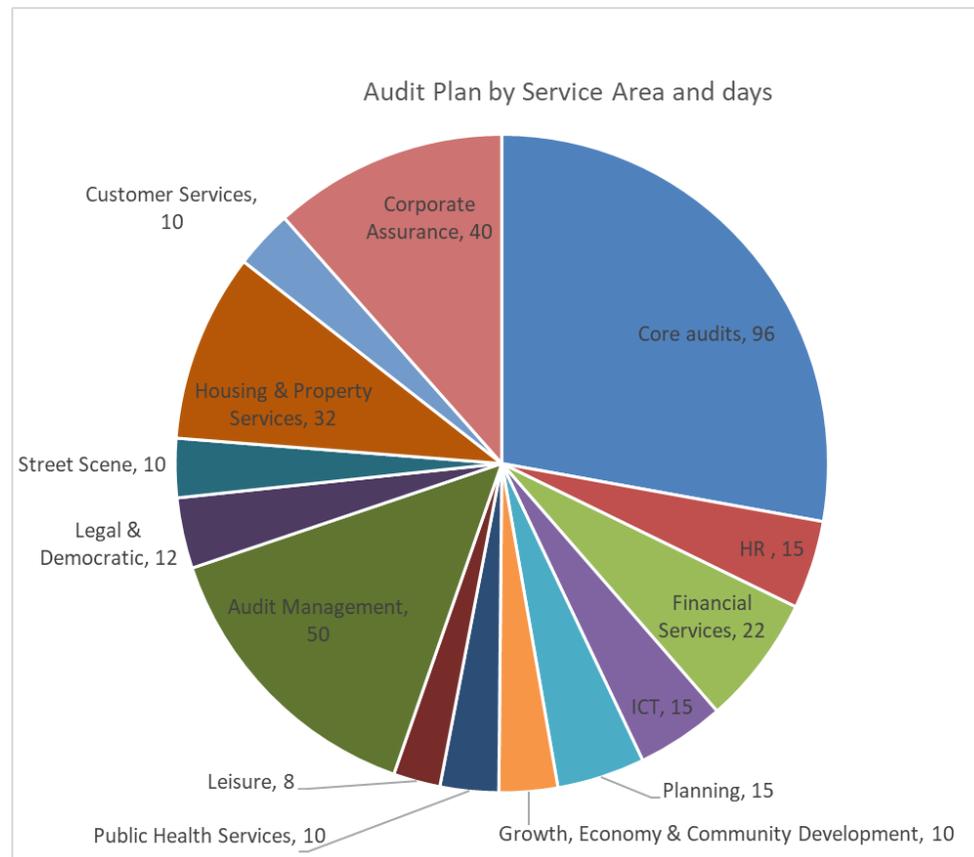
Development of the Plan

This year's audit plan has been developed through discussions with the Councils Leadership Team, and consideration of the Council's risk register and plan. We also considered the Assurance Map, which is in the March update paper. It is also informed by previous audit findings, and our awareness of current themes and risks, such as Cyber Security, Climate Change, and post C-19 (grant work, and recovery).

In the plan, we aim to provide good coverage of corporate risks, and current public sector risks (see appendix 5). We have maintained the 4-year plan to help identify future resource requirements and ensure good coverage of areas over the period. Risks and priorities will need to be considered nearer the time to ensure the focus is appropriate for the following year to meet needs at that time.

Audit Plan Summary

Our audit plan is grouped into the different management areas as follows with further detail provided in the table.



Audits fall into the following types:

- Core System audits which are 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, and Housing Benefit. This work will provide assurance that core controls continue to be effective despite the changing environment.
- Risk based audits within the service delivery areas.
- Corporate Assurance with focus on:
 - Climate change.
 - Risk Management.
 - 3 Rivers.
 - Information governance – data protection.
 - Covid-19 grants.
 - Partnerships, collaboration, and third-party risk.
- Audit Management - see the section on the next page for a summary of this area.

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 (at a minimum in six months) to ensure it remains valid and appropriate, particularly for assurance on specific Covid-19 areas.

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 the key risks to the operation or function are considered in each audit.

Audit Management

One area of our plan is classified as “Audit Management”. This is work that ensures effective and efficient services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e., an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:

- Preparing the internal audit plan and monitoring implementation.
- Preparing and presenting monitoring reports to Leadership and the Audit Committee.
- Assistance with the Annual Governance Statement.
- Liaison with other inspection bodies (e.g., Grant Thornton).

- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue in the coming year.
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton), One West and Audit Southwest (Internal Audit for NHS).

Fraud Prevention and Detection

Counter-fraud arrangements are a recognised risk for the Council and assist in the protection of public funds and accountability. To address this, the authority is encouraged to agree a separate plan of counter fraud work.

Our Counter Fraud service oversees investigations, instances of suspected fraud and irregularities referred by managers and also carry out testing of systems considered most at risk to fraud. Our services liaise with the Council to focus resource on identifying and preventing fraud before it happens. This work is informed by the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the publication “Protecting the English Public Purse”. Additional guidance recently introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and the Home Office ‘UK Anti-Corruption Plan’, are also relevant.

Mid Devon Draft Internal Audit Plan for 2022/23

Audit Area	Last Audited	Days 22/23	Days 23/24	Days 24/25	Days 25/26	Comments	High Risks on SPAR
CORE FINANCIAL ASSURANCE AUDITS (Annual / Biennial)							
Council Tax and NNDR	2020/21	10	10	10	10	Compliance Review (incl follow up)	
Income and Cash Collection (incl Debtors)	2021/22	10	7	10	7	Compliance review (incl follow up) and consideration of implications of team structure changes (linked to creditors) and data quality.	
Debt Recovery	2020/21	7	10	7	10	Systems documentation and consideration of scope of operation as corporate recovery team.	
Main Accounting System	2021/22	10	7	10	7	Compliance review (inc. follow-up) and consideration of implications of staff changes. How MTFP and Business Plans are built in budget setting & monitoring process.	
Housing Benefits	2021/22	10	10	10	10	Compliance review (inc. follow-up) Customer On-line Access (New System)	
Creditors	2021/22	10	7	10	7	Compliance review (inc. follow-up) and consideration of implications of team structure changes (linked to income) and data quality control.	
Housing Rents (including rent arrears)	2021/22	7	10	7	10	Compliance Review (inc. follow-up) Progress on systems deployment to cloud based hosted service.	
Treasury and Cashflow Management	2021/22	5	5	5	5	Compliance review (inc. follow-up) annual given saving amounts.	OVERALL FUNDING AVAILABILITY / REDUCED FUNDING
Payroll	2021/22	7	10	7	10		

Car Parking Income)	2020/21	10		10		Focus on fault resolution and contract performance management controls.
Trade Waste	2021/22		10		10	
ICT Core Audit	2020/21	5	5	5	5	Focus on BCP and resilience - see also Cyber Security Audit and ICT Systems.
Capital Asset Management	Not known	5		5		Additional core audit on Asset Management
CORE ASSURANCE AUDITS		96	91	96	91	

RISK BASED AUDITS (mainly 4-yearly)

Human Resources

		22/23	23/24	24/25	25/26	
Time Recording System	2014/15				5	
Sickness and Other Time Off	2021/22				8	
Skills and Training					3	
Recruitment, Selection, succession planning	2018/19	5				
Appraisals and Training	2020/21			8	0	
Travel and Subsistence (incl Pool cars)	2017/18		5		0	
Job Evaluation framework	2019/20		6		0	
Corporate Health & Safety incl Homeworking/Lone working	2015/16	5			0	CORONAVIRUS PANDEMIC
Off Payroll working - Use of Consultants (Payroll) /IR35	2017/18	5				
Human Resources Total		15	11	8	16	

Financial Services & Procurement		22/23	23/24	24/25	25/26	
VAT	2018/19	10				
Insurance	2017/18			5		Not considered high risk and days transferred to Cyber Security.
Asset management incl Leasing (Property/Vehicles/Equipment/IT) incl Cap Exp.	2019/20		10			Link to Corporate Plan, Capital Programme and Climate Change
Procurement	2020/21	10		10		Transition to DCC support: Key contracts, procurement strategy with focus on themes of local engagement, climate change and social value.
Contract Management - Contract Register & Contracts	2020/21		10		10	Includes Third Party Risk - Full risk-based review (link to Collaborative and Partner Working audit)
Commercial Rents	2020/21					Follow up of Limited Assurance being undertaken Feb 22.
Funding Cuts Revenue and Capital						Considered as part of the Main Accounting audit - MTFS
Business Benefits Realisation		2	5	5	5	Initial review on business re-alignments following C-19, but significant work is not expected at this stage.
Fin Services & Procurement Total		22	25	20	15	

ICT		22/23	23/24	24/25	25/26	
Telephones - Fixed and Mobile	2014/15					
Cyber Security (incl Information Security)	2021/22	15	15	15	15	Increased days given it is a high-risk area for all organisations.
ICT systems (ITIL Methodology)	2019/20		10	10	10	New Business Transformation Strategy - including change management, training and mobilisation. Not proposed for 22/23 given focus on Cyber Security.
New Projects						Possible corporate CRM system upgrade?
Gazetteer Management	2014/15					

CYBER SECURITY

ICT Total **15** **25** **25** **25**

Planning		22/23	23/24	24/25	25/26
Building Control (incl income and all other areas)	2020/21		8		
Development Control - (incl S106)	2021/22		5		
Monitoring of developments	2021/22			10	
Listed Buildings and Conservation Areas	2015/16	10			
Forward Planning	2013/14			10	
Projects - eg Culm Garden Village		5			Moved to 22/23 as planning is still at an early stage. Linked to Development Control.
Enforcement	2017/18		10		
Planning Total		15	23	20	0

INFRASTRUCTURE DELIVERY

Growth, Economy & Community Development		22/23	23/24	24/25	25/26
Grants, subscriptions & donations	2015/16				Very few subscriptions and donations, and only modest grants.
Economic Regeneration	2014/15	10			Days for this are needed related to reopening high streets following the C-19 emergency - reconsider plan later in the year.
Markets	2014/15		5		Funding for Tiverton Pannier Market is only £70k a year, and changes to current market infrastructure not expected for some time so audit time is not needed this year

ECONOMIC DEVELOPMENT / ECONOMIC STRATEGY / ECONOMIC DEVELOPMENT STRATEGY / RESOURCES TO DELIVER THE PLAN

Econ & Comm Development Total	10	5	0	0
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Public Health Services		22/23	23/24	24/25	25/26	
Environmental Health	2017/18	10				Undertake in 22/23 to allow time following disruption of Covid-19 on the environment.
Licensing Services	2020/21			5		
Private Sector Housing	2019/20		10			
Emergency Planning (every 3 years)	2021/22			10		
Public Health Services Total		10	10	15	0	

HOMELESSNESS

Leisure (one centre per year)		22/23	23/24	24/25	25/26	
Exe Valley Leisure Centre (incl income and all other areas)	2019/20		10			
Culm Valley Sports Centre (incl income and all other areas)	2018/19	8			8	8 days as less complex leisure centre facilities
Lords Meadow Leisure Centre (incl income and all other areas)	2017/18			10		Compliance Review
Leisure Total		8	10	10	8	

Legal & Democratic Services		22/23	23/24	24/25	25/26	
Members Allowances	2019/20		5			
Gifts & Hospitality/Register of Interests	2016/17					Adequacy of process and forms to manage risk - new members.
Electoral Registration & Elections	2017/18	6				
Local Land Charges	2016/17	6				
Legal Services	2021/22					Records Management
Legal & Democratic Total		12	5	0	0	

Street Scene		22/23	23/24	24/25	25/26	
Refuse & Recycling (2 yearly)	2021/22		10		10	Significant risk is Govt has announced Councils need to get to 65% of garden waste recycling
Vehicles & Fuel (including inventory & maintenance)	2019/20			10		
District Officers	2017/18					Days removed as there are only four District Officers and assessed as low risk
Street Cleansing & Public Cleaning			5			
Grounds Maintenance (Parks & Open Spaces)	2018/19	10				
Street Scene Total		10	15	10	10	

Customer Services		22/23	23/24	24/25	25/26	
Customer Care/Complaints	2017/18	10		10		
Community Engagement & Consultation	2019/20		10			
Digitalisation - Electronic payments/online forms/social media	2020/21			10		
Customer Services Total		10	10	20	0	

Housing & Property Services		22/23	23/24	24/25	25/26	
Care Services (Alarm Income)	2017/18	2				Follow up of 2021/22 Limited Assurance audit.
Repairs and Maintenance	2019/20	10		10		Alternate Housing or Property
Stores	2016/17		8		8	

Health & Safety Management Arrangements - Council Assets incl Estate Inspections	2018/19	10		10		Property Services / outward facing
Health & Safety Management Arrangements - Housing Stock			10		10	
Cemeteries & Bereavement Services	2016/17	5				
Voids Management Arrangements (Housing Stock)	2016/17	5			5	
Voids Management Arrangements (Business Property Stock)	2016/17		5			
Lettings	2019/20		10			
Housing Options	2018/19		10			
Service Charges	2021/22					
Standby	2016/17			5		Not consider to be a significant risk
Data Protection in service / partner contracts						part covered under Corporate Information Management and collaborative and Partnership working
Housing & Prop Services Total		32	43	25	23	

RISK BASED AUDITS TOTAL

159	182	153	97
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Corporate Assurance

22/23	23/24	24/25	25/26
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Governance - incl Ethics and Culture	2021/22		5	5	5	
Equality impact assessments	2018/19	5				
Safeguarding (biennial)	2021/22		5		5	Corporate Safeguarding, Housing Tennant Services and Housing Repairs etc
Corporate Information Management - Information Assets, Data Protection (2- yearly)	2018/19	5	0	5	0	Staff compliance and management of data sharing agreements
Freedom of Information - Subject Access Requests - EIR	2019/20		5	0	0	

Corporate Plan	2021/22					Establishment of actions, links to business plans and KPIs	
Housing Company (3 Rivers)	2021/22	5	5	5			3 RIVERS -FAILURE OF THE COMPANY
Business Continuity (every 3 years)	2021/22			3		Has a link to Contract / supplier management, and to Emergency Planning.	
Collaborative / Partnership Working with other public organisations	2019/20	5				The Authority considers this a low-level risk where it mainly has an advisory role.	
Performance Management	2021/22					2021 Process and evidence base review of new indicators	
Risk Management - Spar/Data Quality	2018/19	8				Ongoing review of risk management system	
Climate Change - Environmental impacts	2020/21	8		8		Following 20/21 strategic review of governance arrangements, 21/22 focus on alignment and transition plans	CLIMATE CHANGE DECLARATION
COVID 19 Income Compensation Scheme	2021/22						
COVID 19 Review of Small Business Grants and Leisure Grants	2020/21					Initial 5 indicative days for 21/22 for grant checking work - may need to be increased depending on requirements.	
Covid-19 grants - assurance on grants issued during 22/23	NA	4				Days included for possible assurance work on Covid-19 related grants or work from issue of other grants.	
Corporate Assurance		40	20	26	10		

AUDIT MANAGEMENT		22/23	23/24	24/25	25/26
Audit Governance		33	33	33	33
Fraud/Irregularity and prevention		7	7	7	7
Consultancy/Advice/Contingency/Assurance Map		10	10	10	10
Other Work Total		50	50	50	50

Appendix 1 - Audit Framework

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

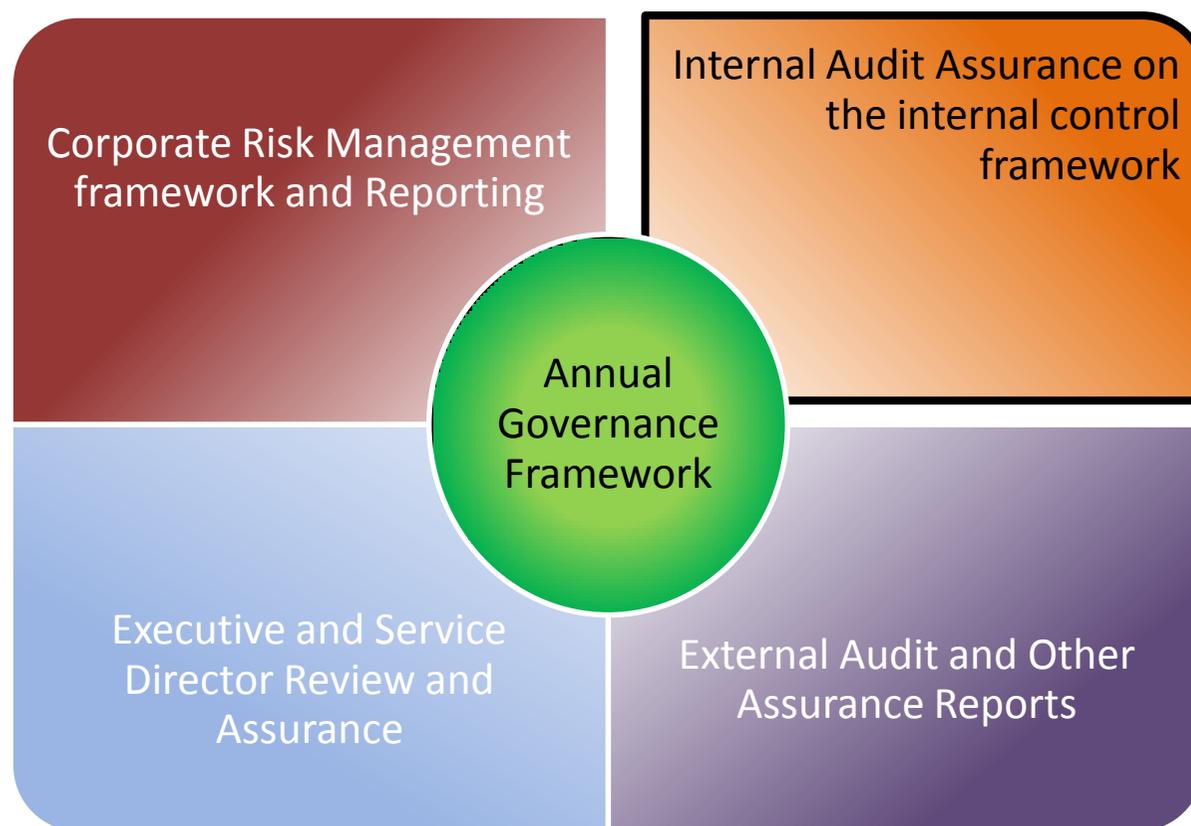
Appendix 2 - Annual Governance Framework Assurance

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



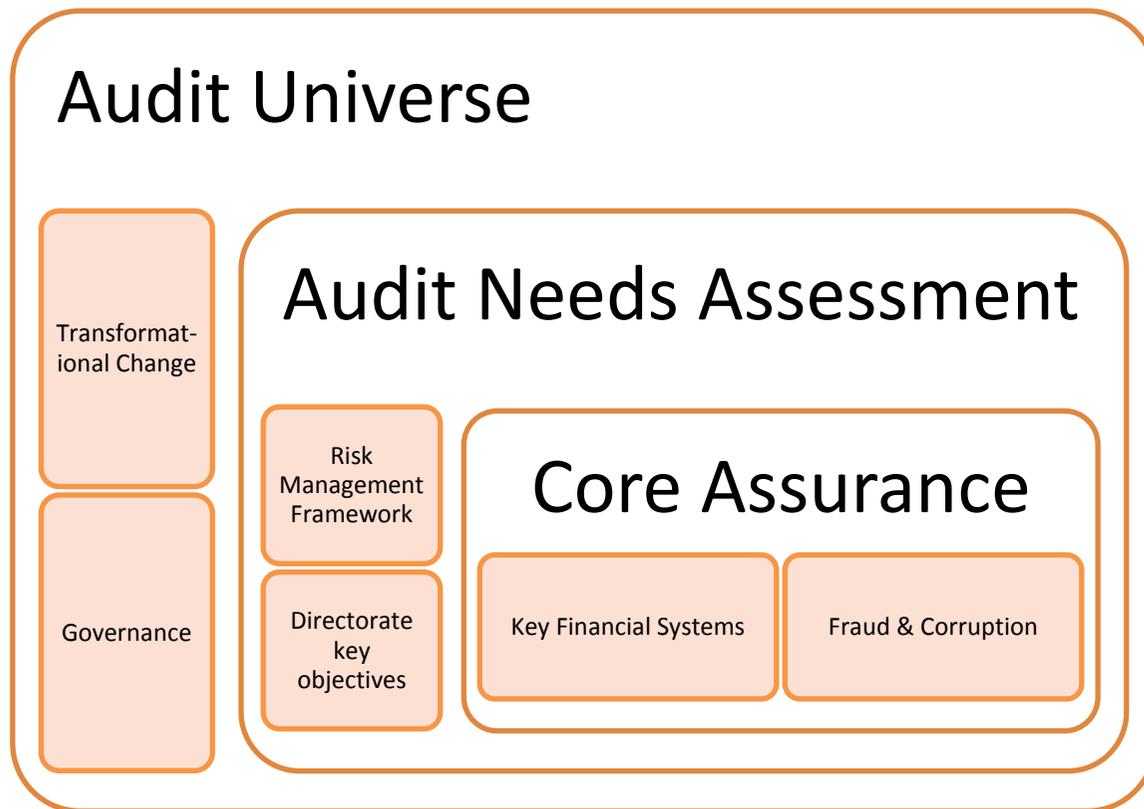
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

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

Appendix 3 - 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

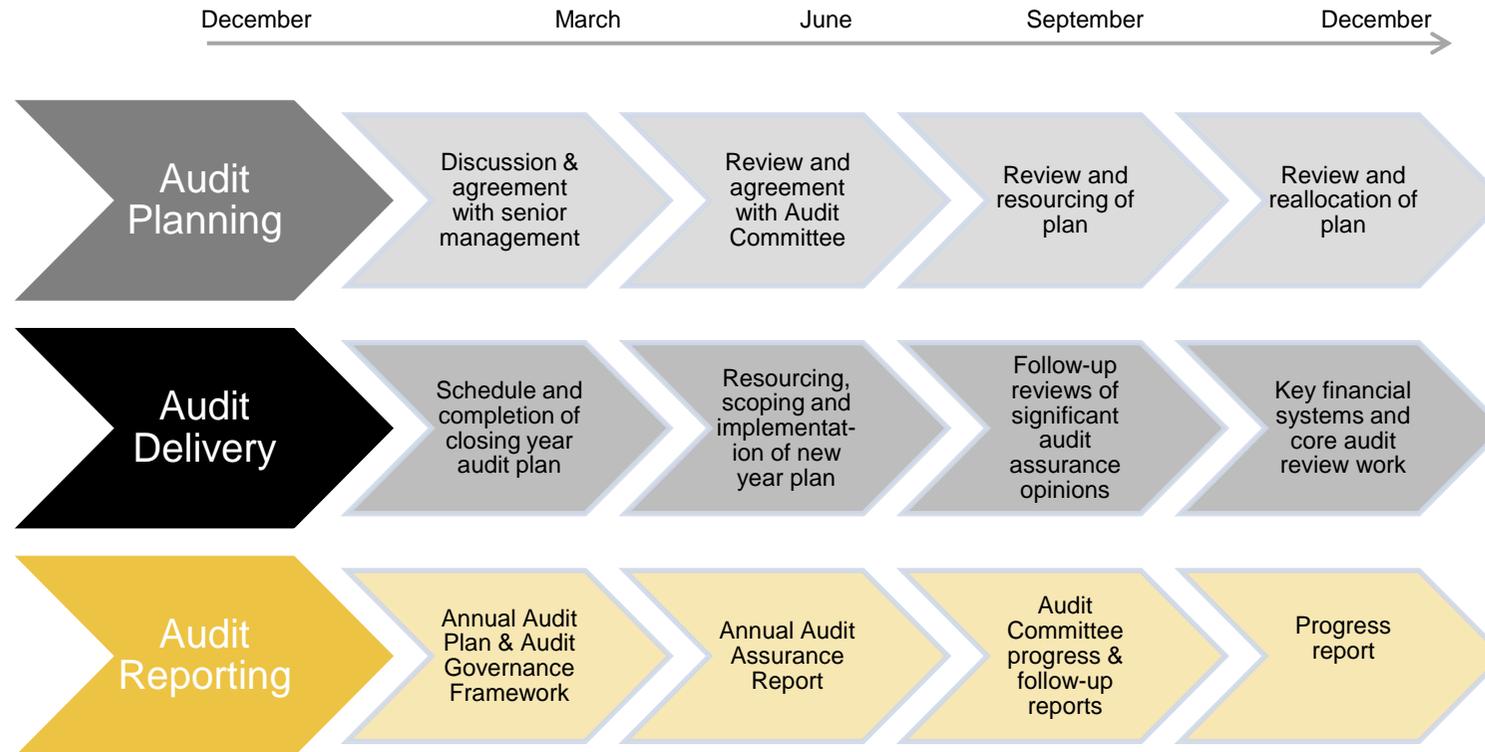
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

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 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec / Feb	Meetings with management to discuss the plan
Mar	Internal Audit Plan presented to Audit Committee
Mar	Internal Audit Governance Arrangements reviewed by Audit Committee
Mar/Apr	Year-end field work completed
April	Annual Performance reports written
May / June	Annual Internal Audit Report presented to Audit Committee
Apr to Mar	Progress Reports presented at each Audit Committee
Dec	Next year Internal Audit Plan preparation commences

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Appendix 5 Sector Risks

Several organisations provide analysis on risks and issues of interest to councils. These include:

The Institute of Internal Auditors Risk in Focus 2022

Key Risk areas:

- Cyber security still the number one concern for almost everyone.
- Changes in laws and regulations also important although a reduction since last year.
- Increase in financial liquidity concerns.
- Climate change increasing back on the agenda.



Mazars - Horizon Scanning Challenges and Opportunities in 2022

This document outlines some of the challenges and opportunities facing the public sector. Whilst not all of the risks they will be applicable and LA's will be in "different places" in how they respond to risk, the document provides a useful reference source for Auditors, Senior Management and Audit Committee Members as they consider what items should be included in the Annual Internal Audit plan."

The report can be downloaded at: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Transforming-your-organisation/Horizon-Scanning>

World Economic Forum – Risks Report

The WEE provides a Global Risks Report highlighting the global themes and risks.

The report can be downloaded at: [Global Risks Report 2022 | World Economic Forum \(weforum.org\)](https://www.weforum.org/reports/global-risks-report-2022)

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon & Torridge councils. We aim to be recognised as a high-quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk .

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