



devon**audit**partnership

Internal Audit Plan 2024-25

Mid Devon District Council Audit Committee

26 March 2024

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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 considers 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 2024-25.

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

Tony Rose
Head of Audit Partnership

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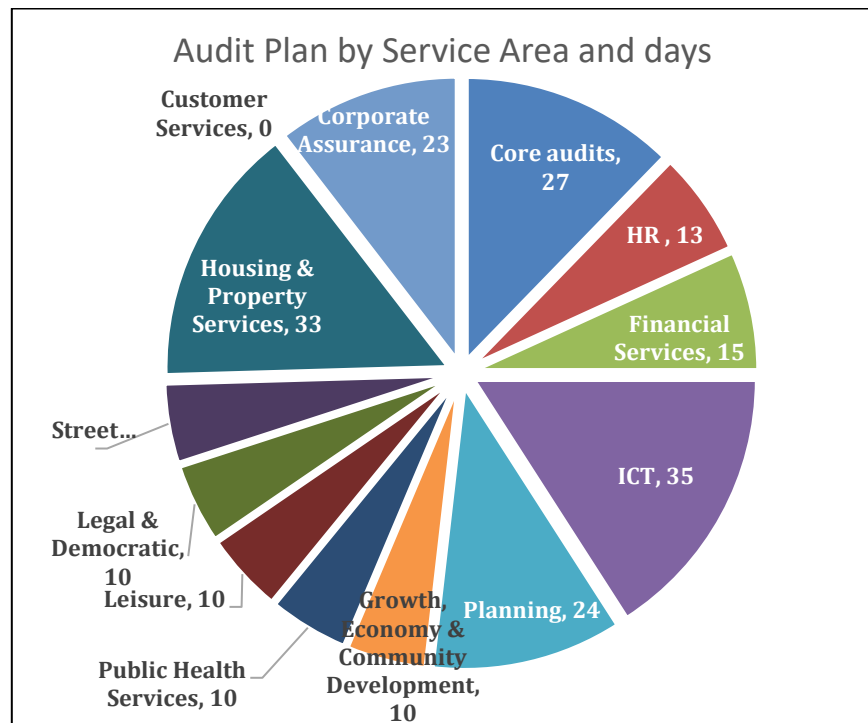
Development of the Plan

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. It is also informed by previous audit findings, and our awareness of current themes and risks (see appendix 5). We have maintained a 4-year plan to help identify future resource requirements and ensure good coverage of areas over the period. This is included in the Audit Plan which is attached as Appendix A.

Audit Plan Summary

Audit coverage for the year is for 265 days compared to 312 days agreed for 2023/24. The audit days have been reduced due to a request from management to reduce costs by 10%. We have done this by moving to a two-year cycle for some audits that we previously did annually (i.e., Council Tax and NNDR, Income Management, Debt Recovery etc.) We remain confident that the reduced days allow us to provide a good level of assurance across council areas and enable creation of an annual assurance opinion, although further reduction in days would be a concern.

Our audit plan is grouped into the different management areas shown in the chart, with days per Service area provided in the table below. The full Audit Plan in Appendix A provides further detail on when it was last audited, the assurance opinion and whether there was a related Corporate Risk. As mentioned above, it shows an indicative plan across the four-year period, but the requirement is to agree the 2024/25 plan.



The Audits fall into the following areas:

- **Core audits**, largely related to “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.
- **Risk based** audits within the service delivery areas.
- **Corporate assurance that relates to how the council is governed and managed.**

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.

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., External Audit).
- 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.

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. We are presenting our annual Counter Fraud Assurance report at this committee meeting.

Our Counter Fraud service oversees investigations, instances of suspected fraud and irregularities referred by managers and 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.

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, One West, and Audit Southwest (Internal Audit for NHS).

Appendix 1 - Mid Devon Draft Internal Audit Plan for 2024/25

Audit Area	Last Audited	Suggested Frequency	Days 24/25	Days 25/26	Days 26/27	Days 27/28	CORPORATE RISKS / Comments
CORE ASSURANCE AUDITS							
Council Tax and NNDR	2023/24 (Reasonable)	2 yearly		10		10	CORPORATE RISK: COST OF LIVING CRISIS (16) - also relates to other audit areas.
Income and Cash Collection (incl Debtors, Electronic payments)	2023/24 (Reasonable)	2 yearly		10		10	Compliance review (incl follow up) and consideration of implications of team structure changes (linked to creditors) and data quality.
Debt Recovery	2023/24 (Reasonable)	2 yearly		7		7	Extent to which the corporate recovery teams manages and recovers council debt.
Main Accounting System	2023/24 (TBC)	Annual	7	7	7	7	CORPORATE RISK: FINANCIAL SUSTAINABILITY (16) 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	2023/24 (Substantial)	2 yearly		10		10	
Creditors	2022/23 (Reasonable)	2 yearly		10		10	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)	2022/23 (Substantial)	2 yearly	10		10		Compliance Review (inc. follow-up) Progress on systems deployment to cloud based hosting service.
Treasury and Cashflow Management	2022/23 (Substantial)	2 yearly	5		5		Compliance review including Treasury Management Strategy.
Payroll	2023/24 (Reasonable)	2 yearly		7		7	Functioning of Payroll system and correct payment of staff.
Car Parking Income	2022/23 (Substantial)	3 yearly		10			Focus on fault resolution and contract performance management controls.

Trade Waste	2023/24 (Reasonable)	2 yearly		10		10	
Capital Asset Management	2022/23 (Reasonable)	2 yearly	5		5		Core audit on Asset Management.
CORE ASSURANCE AUDITS			27	81	27	71	

RISK BASED AUDITS

Human Resources

			24/25	25/26	26/27	27/28	
Time Recording System / Process	2014/15	As Required					
Sickness and Other Time Off	2021/22 (Substantial)	4 yearly	8				
Skills and Training	2021/22 (NA)	3 yearly		4		3	
Equality and Diversity (internal)	2022/23 (Reasonable)	3 yearly		3			
Recruitment, Selection, Retention	2022/23 (Reasonable)	3 yearly		5			CORPORATE RISK: WORKFORCE SHORTAGE (6)
Staff performance & appraisals	2020/21 (NA)	3 yearly	5			4	
Travel and Subsistence (incl Pool cars)	2023/24 (Reasonable)	3 yearly			5		
Staff survey and action plan	2023/24 (NA)						Provide critical friend support to staff survey
Corporate Health & Safety incl Homeworking/Lone working	2023/24 (Reasonable)	3 yearly			5		CORPORATE RISK: CORPORATE PROPERTY FIRE SAFETY (9)
Off Payroll working - Use of Consultants (Payroll) /IR35	2022/23 (Reasonable)	4 yearly				5	
Human Resources Total			13	12	10	17	

Financial Services & Procurement			24/25	25/26	26/27	27/28	
VAT	2019/20 (Reasonable)	3 yearly		10			
Insurance	2017/18	3 yearly	5			5	
Asset management incl Leasing (Property/Vehicles/Equipment/IT)	2022/23 (Reasonable)	3 yearly			10		Specific management and accounting of assets, assets registers
Procurement	2022/23 (Reasonable)	2 yearly	10		10		Confirm effective transition to the Procurement Act.
Contract Management - Contract Register & Contracts	2023/24 (Reasonable)	2 yearly		10		10	Includes Third Party Risk - Full risk-based review (link to Collaborative and Partner Working audit)
Fin Services, Procurement Total			15	20	20	15	

ICT			24/25	25/26	26/27	27/28	
Internal Communications (Telephones, Zoom etc)	2014/15	As Required	5			5	How staff communicate effectively with each other.
IT and Cyber Security	2023/24 (TBC) 2022/23 (Limited)	Annual	30	30	30	30	CORPORATE RISK: CYBER SECURITY (20) Audit Patch ware and Ransomware in 24/25
New IT Projects / Digitalisation	2021/22 (Reasonable)	As Required					
ICT Total			35	30	30	35	

Planning			24/25	25/26	26/27	27/28	
Building Control (incl income and all other areas)	2023/24 (Limited)	3 yearly	4		8		CORPORATE RISK: BUILDING CONTROL SERVICE VIABILITY (9) In conjunction with NDC. Follow up of Limited Audit opinion of 23/24.
Development Control / Monitoring - (incl S106)	2022/23 (Substantial)	3 yearly		10			

Listed Buildings and Conservation Areas	2022/23(TBC)	3 yearly		10			
Forward Planning	2013/14	3 yearly	10			10	CORPORATE RISK: QUALITY OF PLANNING COMMITTEE DECISIONS (12)
Planning Projects - e.g., Culm Garden Village	2022/23 (Reasonable)	3 yearly		5			CORPORATE RISKS: CULM GARDEN VILLAGE LOSS OF FUNDING (25) / CULM GARDEN VILLAGE DELAY / IMPACT FROM DELAYS CULLOMPTON TOWN CENTRE RELIEF ROAD (25)
Enforcement	2017/18	3 yearly	10			10	Deferred from 23/24 at management request due to lack of permanent staff.
Planning Total			24	25	8	20	

Growth, Economy & Community Development

			24/25	25/26	26/27	27/28	
Grants, subscriptions & donations	2015/16	4 yearly	5				Very few subscriptions and donations, and only modest grants.
Economic Regeneration	2014/15	4 yearly	5				Days for this are needed related to reopening high streets following the C-19 emergency - reconsider plan later in the year.
Markets	2023/24 (TBC)	4 yearly				5	While high risk, Tiverton Pannier Market is only £70k a year, and changes to current market infrastructure not expected for some time so audit time may not be needed?
Growth, Economy & Community Development Total			10	0	0	5	

Public Health Services

			24/25	25/26	26/27	27/28	
Environmental Health	2022/23 - Water (Limited)		5				Follow up of Limited Assurance opinion
Licensing Services	2020/21		5		5		
Private Sector Housing	2023/24 (TBC)				10		DFG, licensing of multiple occupation properties

Business Continuity	2021/22 (Reasonable)	3 yearly			8		
Emergency Planning	2023/24 (Reasonable)	3 yearly			10		CORPORATE RISK: SEVERE WEATHER EMERGENCY (12)
Public Health Services Total			10	0	33	0	

Leisure (one centre per year)

			24/25	25/26	26/27	27/28	
Exe Valley Leisure Centre (incl income and all other areas)	2023/24 (TBC)	3 yearly			10		
Culm Valley Sports Centre (incl income and all other areas)	2022/23 (Limited)	3 yearly		8			8 days (no Swimming Pool).
Lords Meadow Leisure Centre (incl income and all other areas)	2021/22 (Reasonable)	3 yearly	10			10	
Leisure Total			10	8	10	10	

Legal & Democratic Services

			24/25	25/26	26/27	27/28	
Members Allowances	2023/24 (Reasonable)	3 yearly			5		
Gifts & Hospitality/ Register of Interests	2016/17	3 yearly	5				Adequacy of process and forms to manage risk - new members.
Electoral Registration & Elections	2022/23 (Reasonable)	3 yearly		5			
Local Land Charges	2022/23 (Reasonable)	3 yearly		5			
Legal Services	2021/22	3 yearly	5				Records Management
Legal & Democratic Total			10	10	5	0	

Street Scene			24/25	25/26	26/27	27/28	
Waste & Recycling	2021/22 (Substantial)	2 yearly		10		10	CORPORATE RISK: OPERATION OF WASTE MANAGEMENT SERVICE (8) Significant risk is Govt has announced Councils need to get to 65% of garden waste recycling
Vehicles & Fuel (including inventory & maintenance)	2019/20 (Reasonable)	3 yearly	10			8	
District Officers	2017/18						Days not provided - 4 District Officers and assessed as low risk
Street Cleaning & Public Cleaning	2023/24 (Substantial)	4 yearly				5	
Grounds Maintenance (Parks & Open Spaces)	2022/23 (Reasonable)	3 yearly		10			
Street Scene Total			10	20	0	23	

Customer Services			24/25	25/26	26/27	27/28	
Customer Care/Complaints / social media	2022/23 (Reasonable)	3 yearly		8			
Community Engagement & Consultation	2023/24 (Reasonable)	3 yearly			8		
Customer Services Total			0	8	8	0	

Housing & Property Services			24/25	25/26	26/27	27/28	
Care Services (Alarm Income)	2022/23 (Reasonable)	2 yearly	10		10		
Repairs and Maintenance	2022/23 (Limited)	2 yearly	6		10		Alternate Housing or Property. 2024/25 - Property Follow up deferred from 23/24 as management response while management changes and new system introduced. 25/26 - Housing
Stores	2021/22 (Reasonable)	2 yearly		8		8	

Health & Safety Management Arrangements - Council Assets incl Estate Inspections	2022/23 (Reasonable)	2 yearly		10		10	Property Services / outward facing
Health & Safety Management Arrangements - Housing Stock	2023/24 TBC)	2 yearly		10		10	
Cemeteries & Bereavement Services	2022/23 (Reasonable)	4 yearly				5	
Voids Management Arrangements (Housing Stock)	2023/24 (TBC)	3 yearly				5	Follow up of work done in 2022/23
Voids Management Arrangements (Business Property Stock)	2023/24 (TBC)	3 yearly				5	
Commercial Rents	2021/22 (Reasonable)	3 yearly	7				7
Letting of Housing Stock	2023/24 (TBC)	3 yearly				10	CORPORATE RISK: HOUSING CRISIS (12). Letting of property through Devon Home Choice
Housing Options	2023/24 (Reasonable)	3 yearly				10	CORPORATE RISK: HOMES FOR UKRAINE SCHEME (9) Relates to Homelessness and Homes for Ukraine etc.
Service Charges	2021/22 (Reasonable)	3 yearly	10				10
Housing & Prop Services Total			33	28	55	45	

Corporate Assurance

			24/25	25/26	26/27	27/28	
Governance - incl Ethics and Culture	2021/22 (Reasonable)	2 yearly		5		5	
Equality and Diversity	2022/23 (Reasonable)	3 yearly		5			
Safeguarding	2023/24 (TBC)	2 yearly		5		5	Corporate Safeguarding, Housing Tenant Services and Housing Repairs etc

Corporate Information Management - Information Assets ,Data Protection, FOI	2023/24 (TBC)	2 yearly		5			CORPORATE RISK: INFORMATION SECURITY (8) Staff compliance and management of data sharing agreements
Corporate Plan	2021/22 (Reasonable)	3 yearly	5			5	Establishment of actions, links to business plans and KPIs
Housing Company (3 Rivers)	2023/24 (NA)	As Required					CORPORATE RISK: DELIVERY OF CLOSEDOWN PLAN FOR 3 RIVERS (8) / REPUTATIONAL IMPACT OF 3 RIVERS (8)
Collaborative / Partnership Working with other public organisations	2019/20	As Required	5				The Authority considers this a low-level risk where it mainly has an advisory role.
Performance Management	2023/24 (Reasonable)	3 yearly			8		Functioning of the Performance Management Framework
Risk Management	2022/23 (Reasonable)	2 yearly	5		5		Ongoing review of risk management system
Climate Change objective	2022/23 (Reasonable)	2 yearly	8		8		CORPORATE RISK: FAILURE TO MEET CLIMATE CHANGE COMMITMENTS BY 2030 (15)
Grant Assurance	2023/24 (Not applicable)	As Required					Unless identified as part of plan, days to come out of contingency if possible.
Corporate Assurance			23	20	21	15	

AUDIT MANAGEMENT GOVERNANCE	24/25	25/26	26/27	27/28	
Audit Governance	35	35	35	35	Audit Plan; Recommendations; Annual Report etc
Fraud/Irregularity and prevention	5	5	5	5	Includes Annual Fraud Assurance report
Consultancy/Advice/Contingency/Assurance Map	5	5	5	5	
Other Work Total	45	45	45	45	

SUMMARY

Total Budget Audit Days

Core Systems

Risk Based Audit

Corporate Assurance

Corporate Governance

Total Audit Work

	24/25	25/26	26/27	27/28
265				
27	81	27	71	
170	161	179	170	
23	20	21	15	
45	45	45	45	
265	307	272	301	

Appendix 2 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 amended 2021, 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.

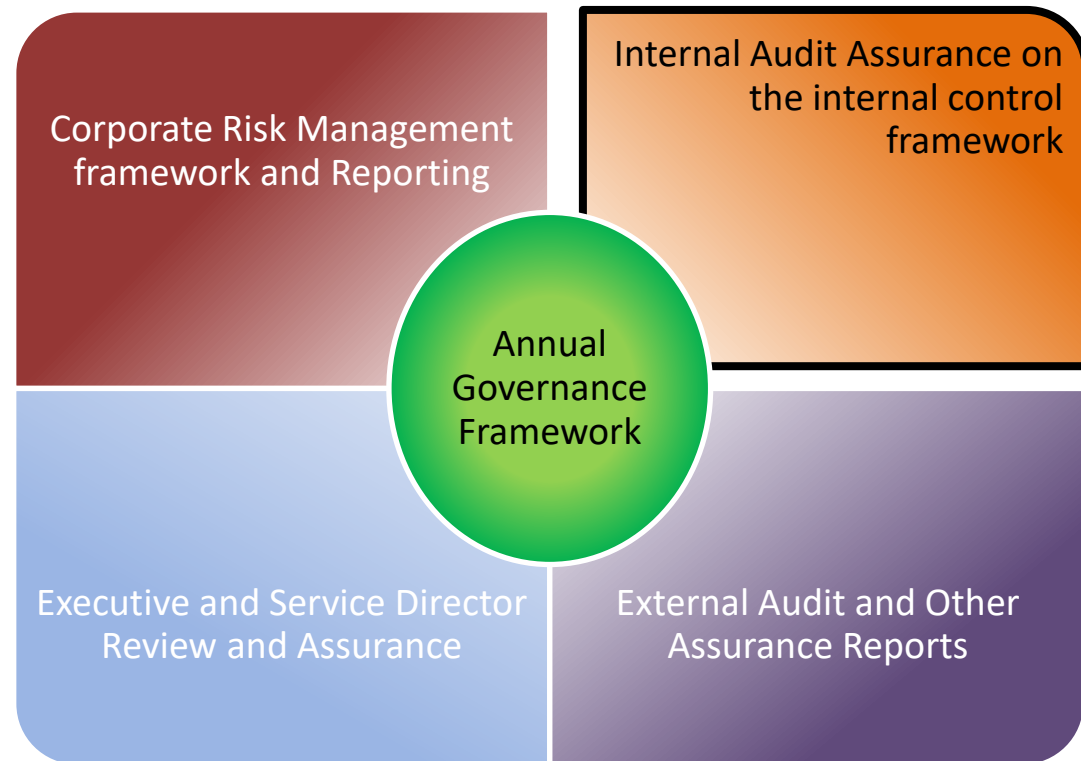
Appendix 3 - Annual Governance Framework Assurance

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



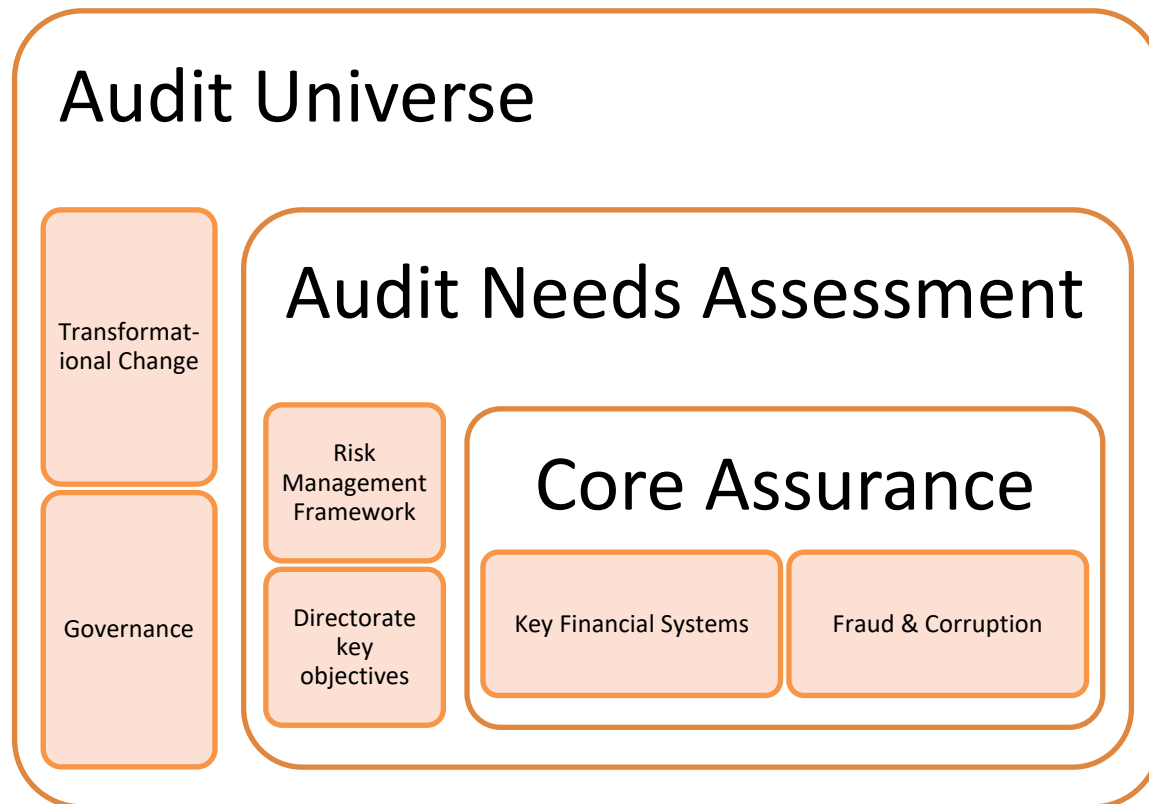
The AGS needs to be presented to, and approved by, the Governance Committee, and then signed by the Chair.

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

Appendix 4 - 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

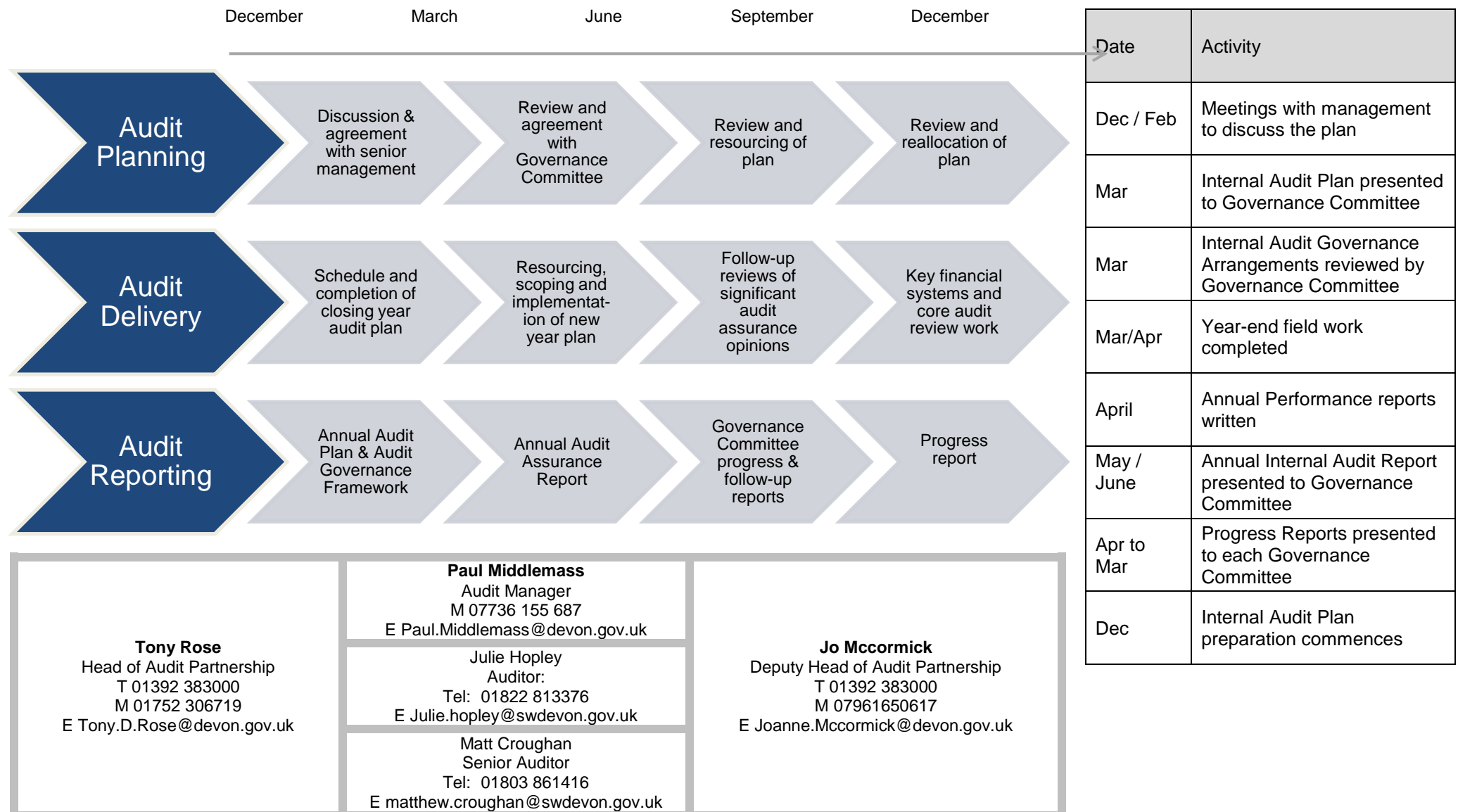
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

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 5 - Our Audit Team and the Audit Delivery Cycle



Appendix 6 Sector Risk Model (Source Institute of Internal Auditors – Risk in Focus 2024)

Key Risk areas:

Cyber security remains the number one concern for almost everyone.
 Human Capital – staffing has become more important given shortages in professional and other manpower.
 Changes in laws and regulations are also important although a slight reduction since last year.
 Macroeconomic and geographical uncertainty has slightly reduced in importance.
 Climate change has reduced as a key risk area.

What are the top five risks your organisation currently faces?

Business continuity and operational resilience moved up two places this year in response to continuing global turmoil with market changes coming in as a new category.

■ 2024
 ■ 2023

