

Internal Audit

Internal Audit Plan 2022-23

Torbay Council Audit Committee

March 2022

Not Protectively Marked



Robert Hutchins
Head of Devon Audit Partnership



Auditing for achievement

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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Torridge, Mid Devon, North Devon, South Hams, West Devon, and Devon 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@devon.gov.uk

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

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 Senior Leadership Team. 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).

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 make reference to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

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 Chief Finance Officer (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 consider the proposed audit plan.

Robert Hutchins
Head of Audit Partnership

High Level Audit Plan

This chart shows a summary of planned audit coverage for the year totalling 761 direct days (797 including 36 days for Schools). It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Council and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more agile and responsive to changing risks. The ongoing Covid-19 responses have highlighted the needs and benefits of this approach, with a significant number of in-year changes having been made to the 2021/22 audit plan.

As outlined in Appendix 3 to this report, the Audit Plan is drawn up considering various factors including risks to the Council and the views of Directors and Senior Officers. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key and current risks to the operation or function are considered during our review.

As we progress through the year, any changes to the audit plan will be agreed by the s151 officer and are notified to the Audit Committee via our six-monthly monitoring reports.

A brief overview of proposed audits is provided in the following schedule.

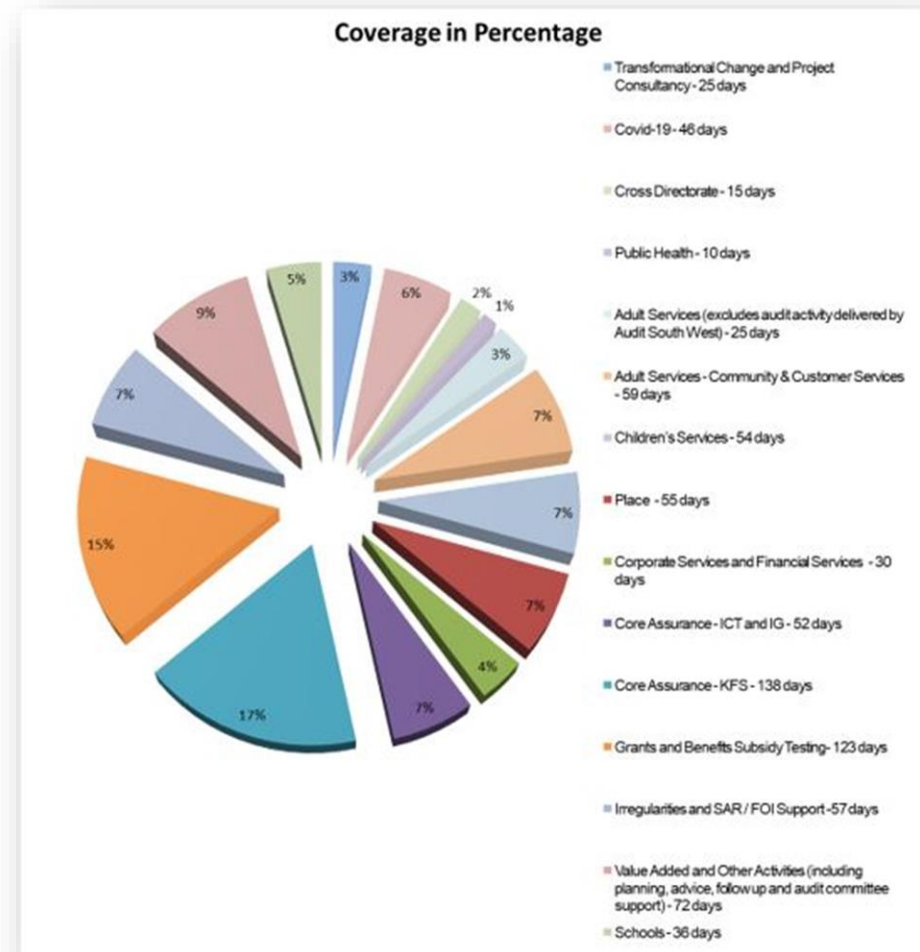
Colleagues at Mazars undertake an annual review of emerging risks that could be considered when preparing Local Government Internal Audit Plans. Whilst not all organisations are in the same place in terms of how they respond to risk, the document provides a useful reference source for Auditors, Senior Management and Audit Committee Members as they consider what items should be included in the Annual Internal Audit plan. Please see the link below from which the report can be downloaded.

[Risk in the public and social sector - horizon scanning - Mazars - United Kingdom](#)

In addition to the Mazars document we regularly review wider risk information to help inform our Internal Audit Plans. Recently both the Institute of Internal Auditors (IIA) and the World Economic Forum have produced documents linked to global, national, and regional risks, many of which are relevant to the services delivered by Local Authorities. These can be found using the following links should you wish to view them.

[FINAL-Risk-in-Focus-2022-V11.pdf \(ecia.eu\)](#)

[Global Risks Report 2022 | World Economic Forum \(weforum.org\)](#)



Service Area Overview of Audit Coverage

**Thematic Overview
Audit Coverage**

Adult Services	Adult Services Community & Customer Services	Public Health	Children's Services	Corporate Services & Financial Services	Place	Business Projects & Value Added
Commissioning / Performance Management – Young Devon	Housing Options Housing (including cross Council joint working)	0 – 19 Service Commissioning and Performance Management	Fostering and Connected Carers Sufficiency Strategy	Capital Programme Risk Management (Assurance Mapping)	Housing Companies Tor Bay Harbour Authority Climate Change SWISCo (client role / management)	Business Improvement and Change Information Governance Steering Group Irregularity Prevention and Investigation Subject access and freedom of information requests Advice Audit Follow Up Schools incl. Financial Value Standard
Adult Social Care Precept Use	Vulnerable Renters		Higher Needs/SEND			
Adult Social Care Client Debt	Health & Safety		Quality Assurance and Audit Frameworks			
ASW Assurance <i>The Director of Adult Services works with ASW Assurance to devise an audit plan covering Adult Services delivered by the Trust.</i>	Covid-19 Household Support Grant Omicron Grant CT Rebate Covid Additional Relief Fund		Recruitment, Retention and Learning Academy			

Core Assurance	Business Processes & Governance – Cross Directorate Service Delivery Interdependencies and related Improvement Plans (Adult Services, Children's Services and Public Health), Commissioning and Performance Monitoring, Grant Certification, and Audit Assurance Planning and Reporting
	Key Financial Systems – Payroll, IBS Sys Admin, Creditors & Electronic Ordering, FIMS Sys Admin, Debtors & Corporate Debt, Benefits & Council Tax Support Scheme, Income Collection, Asset Register, Council Tax & Non-Domestic Rates, General Ledger & Bank Reconciliation, Treasury Management
	ICT – Cyber Essentials, Change Management, Incident and Problem Management, Information Governance – Data Quality and Records Management, ICT Continuity and Disaster Recovery (arrangements for key systems)

The diagram shows the thematic approach to the elements proposed for audit coverage in the coming year as identified through risk assessment and discussion with Senior Management. This overview is supported by the detailed plans, by theme, from page 4.

Proposed audit reviews

* Whilst audit area titles are detailed below, our practice is to agree detailed scopes closer to the actual timing of the audits.

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Business Improvement and Change and Project Consultancy		
Business Improvement and Change Programme - project 'trusted advisor' including review of <ul style="list-style-type: none"> ○ Council Redesign Programme (including sub-projects such as Customer Relationship Management / Open Portal) ○ Children's Services (including CS IT Systems Board) ○ Digitalisation ○ S106 & CIL System Implementation ○ Other emerging projects as required 	ANA – critical	1-4
Covid-19		
Household Support Grant	ANA – high, client request (s151)	1
Omicron Grants	ANA – high, client request (s151)	1
CTAX rebate (band A to D) and discretionary scheme (band E and higher)	ANA – high, client request (s151)	1
Covid Additional Relief Fund (CARF) Scheme	ANA – high, client request (s151)	1
Other Directorate Areas (excluding Business Improvement and Change and project consultancy)		
Cross Directorate		
Service Delivery Interdependencies and related Improvement Plans (Adult Services, Children's Services and Public Health)	ANA – high, client request	2
Public Health		
0 – 19 Service Commissioning and Performance Management	ANA – high, client request	1
Adult Services		
Commissioning and Performance Management (direct contract management – Young Devon Contract)	ANA – medium, client request	1
Adult Social Care Precept Use (procurement and spend framework)	ANA – high, client request (s151)	2
Adult Social Care Client Debt (monitoring of commissioned function)	ANA – high, client request (s151)	3

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
The Director of Adult Services is working with colleagues at ASW Assurance to devise an audit plan that meets key risks / challenges regarding services delivered by the Trust.	Audit areas to be notified and agreed by the Director of Adult Services Audit Plan to be approved at TSDFT's Audit Committee	
Adult Services – Community and Customer Services		
Housing Options (focussed on Temporary Accommodation)	ANA – high, client request	3
Vulnerable Renters (use of Homelessness Prevention grant and other grants)	ANA – high, client request (s151)	2
Housing (including cross council joint working and an element of trusted advisor role)	ANA - medium	4
Health & Safety	ANA - high	4
Children's Services		
Fostering and Connected Carers	ANA – medium	3
Quality Assurance and Audit Frameworks	ANA – high, client request (s151)	2
Recruitment, Retention and Learning Academy	ANA – medium, client request (s151)	2
Sufficiency Strategy Progress	ANA – high, client request (s151)	2
Higher Needs Block / SEND Progress	ANA – high, client request	2
School Financial Value Standard (SFVS)	n/a	1
Schools	Service bought by Schools – summary of findings provided in relation to Authority Controlled Schools	n/a
Place		
Housing Companies (client role / management)	ANA – high	2
Tor Bay Harbour Authority	ANA - medium	2
Climate Change (cross partner audit)	ANA – high	4
SWISCo (client role / management)	ANA – high	3

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Corporate Services and Finance		
Capital Programme (focussed on Town Deal and Future High Streets)	ANA – medium, client request	4
Risk Management - Assurance Mapping (DAP development of an Assurance Map for the Council, specifically the Senior Leadership Team, Audit Committee, and the Performance & Risk Team) **, i.e., consultatively involving the Performance and Risk Team	ANA – medium, (consultancy)	2
<p>**An assurance map brings an organisations risk appetite to life. At the same time as highlighting assurance gaps, it also shows where there is duplication or too much assurance. It is a simple way of aligning assurance resource, risk, and internal control. It improves awareness of the control environment by looking across the organisation rather than at individual reports which can lead to siloed thinking. It drives positive behaviours by enabling robust discussions about risk, educating on the value of assurance and aiding collaboration between functions. Collectively, the assurance community of an organisation often has a more powerful voice when it works together; an assurance map is a practical platform benefiting all parties. It also supports Public Sector Internal Audit Standards (PSIAS) Performance Standard 2050. [Chartered Institute of Internal Auditors Mapping assurance to support the audit committee COVID-19 guidance COVID-19 policy IIA]</p>		
Core Assurance – ICT and IG		
Cyber Essentials	ANA - high	2
Change Management	ANA – high	4
Incident and Problem Management	ANA – high	3
ICT KFS (including Continuity and Disaster Recovery arrangements for key systems) (cross partner audit)	ANA - high	1
Information Governance – Data Quality and Records Management	ANA - high	2
Information Governance Steering Group	ANA – high, client request	1-4
Core Assurance – Key Financial Systems and Grant Certification		
General Ledger (Main Accounting System) and Bank Reconciliation	ANA – medium	3
Creditors & Electronic Ordering (POP)	ANA – high	3
Debtors and Corporate Debt	ANA – high	4
FIMS Sys Admin (follow up audit)	ANA – high	1
Asset Register (follow up audit)	ANA – medium	1
Treasury Management (follow up audit)	ANA – medium	1
Income Collection (follow up audit)	ANA – medium	2

Risk Area / Audit Entity *	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Timing
		Quarter
Payroll	ANA – high	4
Benefits and CTAX Support Scheme	ANA – high	2
Council Tax and Non-Domestic Rates	ANA – medium	3
IBS Open Sys Admin	ANA – high	1
A rolling programme of audits is adopted for material systems whereby although the overall planned days is likely to remain stable each year, the work programmes may differ, with each audit having varying amounts of system review, testing or a combination of the two, or follow up of the previous year's audit findings. This approach enables us to deliver a more cost-effective service, whilst providing enough assurance as to the adequacy of the Authority's material system control environment.		
Grant Certification	ANA – client request	n/a
Benefits Subsidy		2-3
Value Added and Other Activities		
Irregularity Prevention and Investigation ***	business driven requirement, client request	n/a
Subject access and freedom of information requests		n/a
Advice		n/a
Audit Follow Up ****		3
Other activities (including audit planning and annual plan report; support for audit committee; 6 month and annual monitoring reports; support for the preparation of the AGS; attendance at corporate meetings; external audit liaison etc.)		n/a

Risk Assessment Key

SRR / ORR – Local Authority Strategic or Operational Risk Register reference
 ANA - Audit Needs Assessment risk level

***To note, the time spent on irregularities in 2021-22 was more than 54 days. Should this be the case during 2022-23 then there will be a need to either revisit the audit plan and redirect resources or commission further internal audit days. In such instances in previous years, the s151 Officer and Director of Corporate Services have made these decisions.

****To note, this activity is currently being evolved to link with the Council's new Performance and Risk Management arrangements.

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities as requested by the Financial, Ethics and Probity (FEP) Group, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud as directed by FEP. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit will liaise with the Council’s Corporate Fraud Officer, to enable resource to be focussed on identifying and preventing fraud before it happens. Additionally, new guidance introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and also the Home Office ‘UK Anti-Corruption Plan’, will further inform the direction of counter-fraud arrangements going forwards.

The Cabinet Office runs a national data matching exercise (The National Fraud Initiative - NFI). Whilst the main NFI exercise is run every two years, with 2022-23 being an ‘off-year’, the Council are continuing to review data matches that were generated by the 2020-21 NFI exercise. There are further Covid 19 Business Grant data matches expected by the end of March 2022 which will require processing during the next financial year. The Council will also need to supply Council Tax (CT) and Electoral Registration (ER) data to the Cabinet Office towards the end of 2022 as part of the annual CT / ER NFI exercise.

Internal Audit Governance

An element of our work is classified as “other chargeable activities” – 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 Senior Management 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,
- 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 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) and ASW Assurance (Internal Audit for NHS).

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.

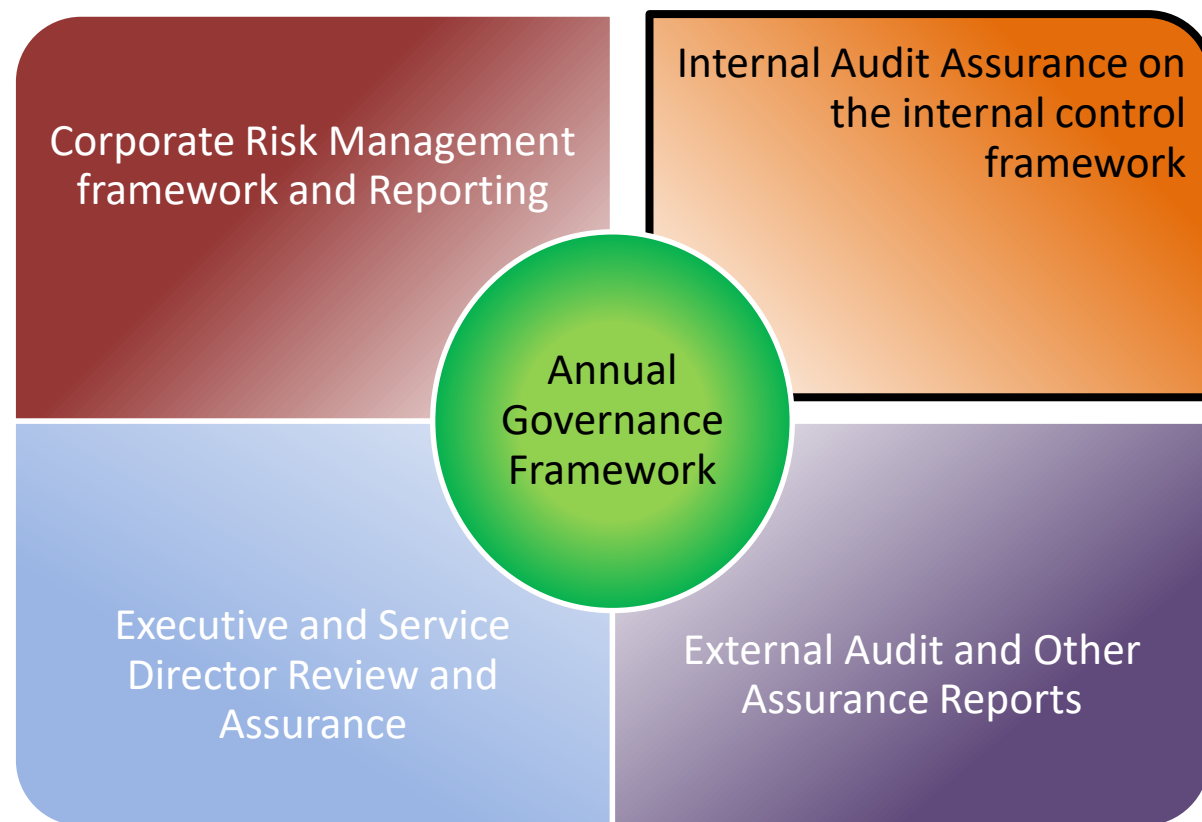
Appendix 2 - Annual Governance Framework Assurance

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.



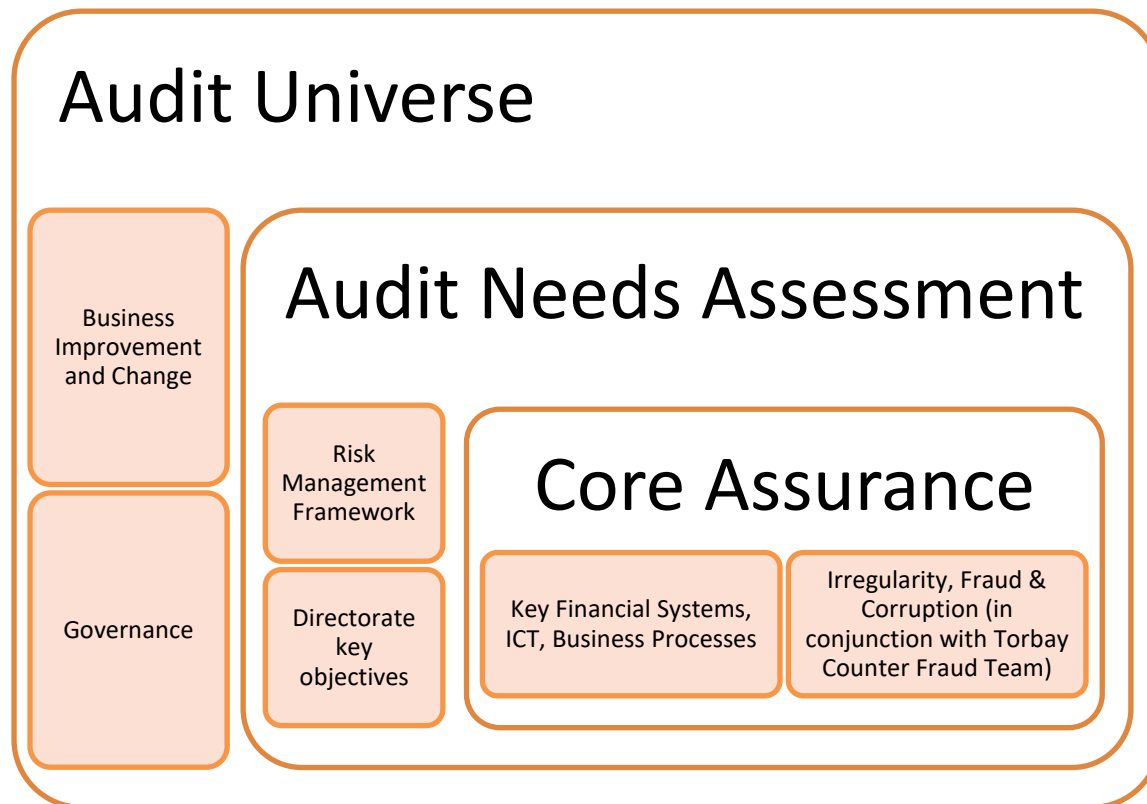
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

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

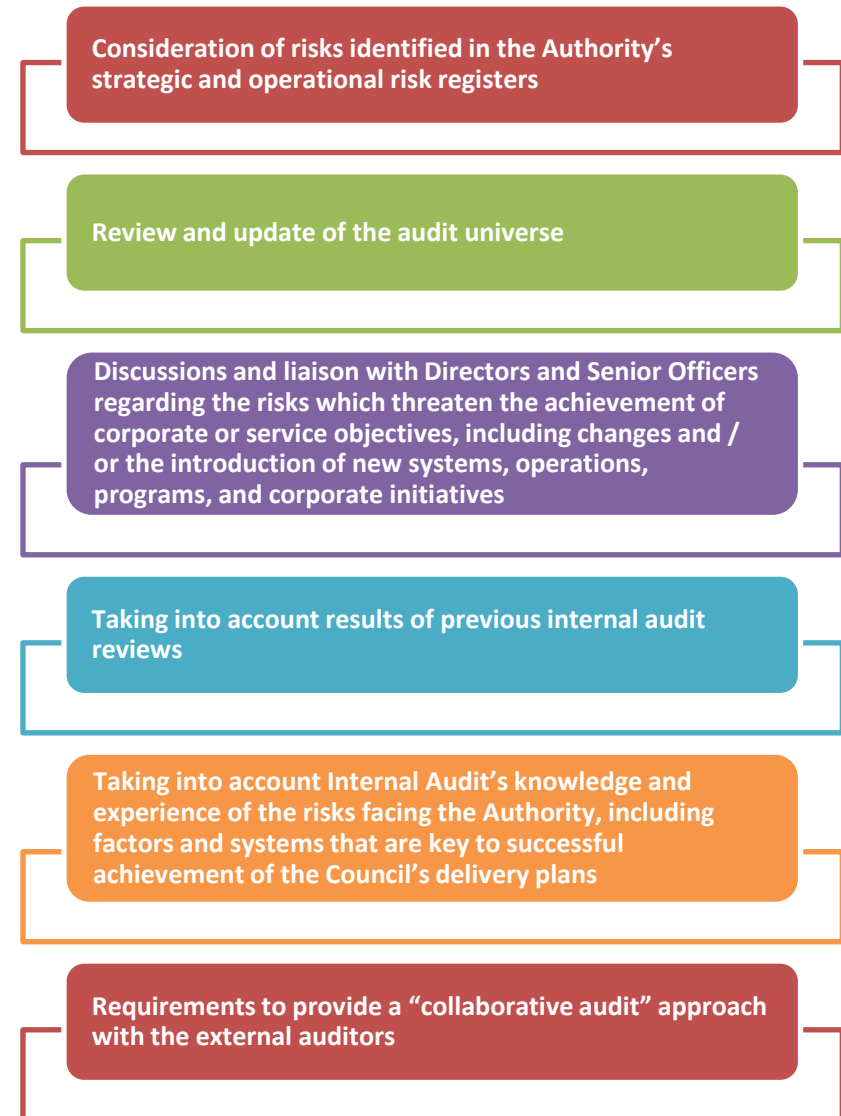
Appendix 3 - Audit Needs Assessment

We employ a risk-based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

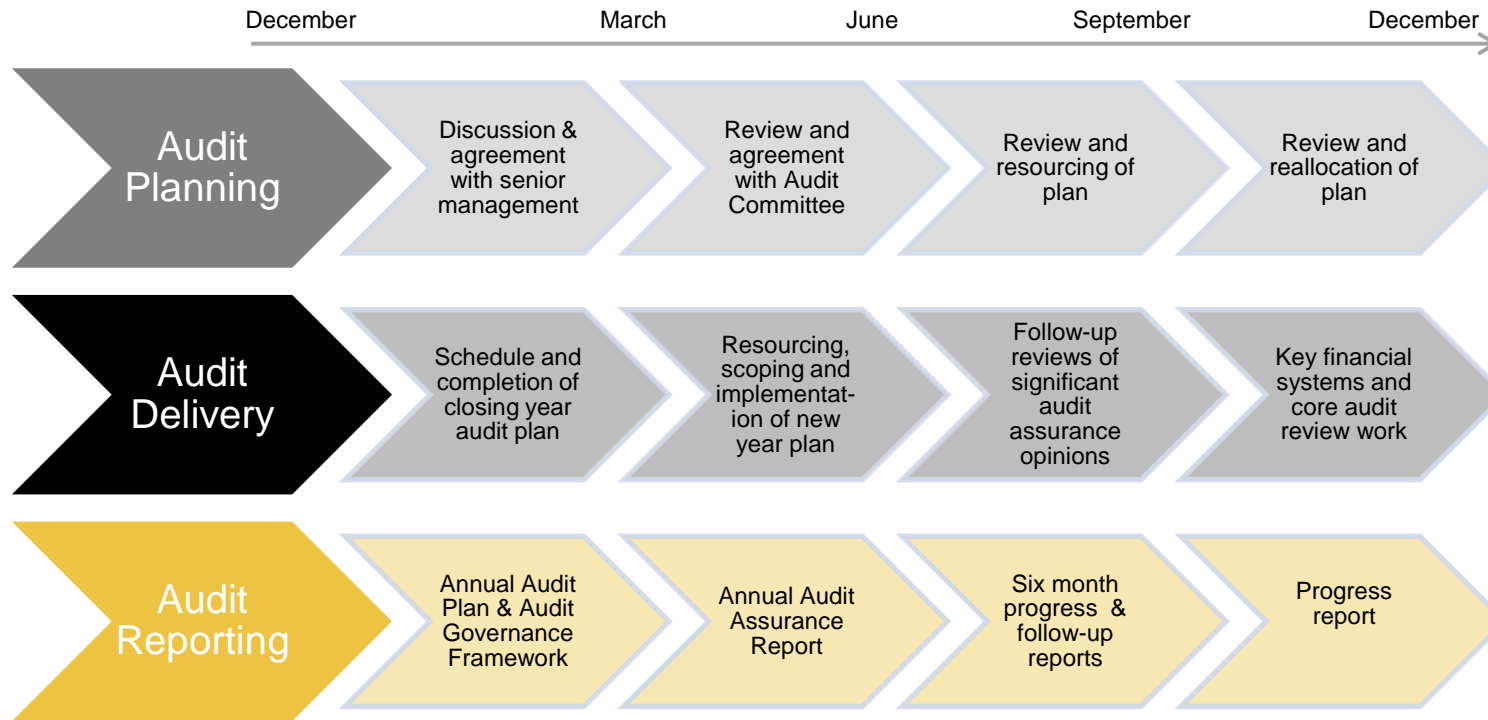
The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year plan has been created by:



Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec to Feb 2022	Directorate planning meetings
March 2022	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year-end field work completed
Apr / May 2022	Annual Performance reports written
May 2022	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
January 2023	Follow-up and progress reports presented to Audit Committee
January 2023	Six-month progress reports presented to Audit Committee
	2023/24 Internal Audit Plan preparation commences

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