Internal Audit Plan
2022/23
HARBOROUGH DISTRICT COUNCIL

Head of Internal Audit: Rachel Ashley-Caunt

INTERNAL AUDIT PLAN 2022/23

1.   Introduction

1.1   This report sets out the proposed work of Internal Audit at Harborough District Council for 2022/23 for review and approval by the Audit & Standards Committee.

1.2   Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives.   To deliver this, Harborough District Council commissions 235 days for delivery of the Internal Audit service on an annual basis.

1.3   The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Head of Internal Audit to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.

1.4   Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.   Any proposed consultancy work is clearly specified as such on the Audit Plan.

1.5   In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:

- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
- The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
- The Head of Internal Audit should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

2.   The Audit Plan

2.1   The Audit Plan covers the two key component roles of Internal Audit:

- The provision of an independent and objective opinion to the Section 151 Officer/ Head of Finance and Corporate Services and the Audit & Standards Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
- The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

2.2   At the centre of the organisation, is the core delivery of the Council's objectives and corporate plan.   The risk based audits are focused upon providing independent assurance over the controls in place to manage risks faced in achieving these objectives.

2.3   In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage.   These controls and policies range from key financial controls and systems to health and safety

policies, from data management to procurement rules. These policies and controls must be complied with by all service areas to secure the Council's standing.

2.4   Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5   As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

Value for money

2.6   In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.

2.7   Some of the corporate level audits will provide specific assurances in relation to the value for money requirements – the audit of Procurement will provide assurance over the effective procurement of supplies and services, including when working with third parties.

3.   Planning process

3.1   In order to ensure that the Audit Plan for 2022/23 addresses the Council's key risks and adds value, the Head of Internal Audit has identified and prioritised the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Undertaking an assurance mapping exercise against the risks identified to highlight any gaps in the assurance framework and identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Paper to the Audit & Standards Committee in February 2022 to agree the audit planning process and consult Members on any areas where assurance is sought; and
- Meeting with members of Corporate Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

3.2   The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from the Councils within the shared service client base.

3.3   Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.

3.4   In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used

effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit & Standards Committee meetings, involving consultation between the Head of Internal Audit, the S151 Officer and Chair of the Audit & Standards Committee.

4   Resources

4.1   The audit assignments for all of the shared service clients are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of a shared service.

4.2   Efforts are constantly made to ensure all clients benefit from the shared service arrangement. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.

4.3   Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Head of Internal Audit can confirm the service's independence.

4.4   On an annual basis, the Head of Internal Audit completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Head of Internal Audit must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Members if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

Table 1: Draft Internal Audit Plan 2022/23

Assurance Areas	Internal Audit Assignments (including assurances sought)	Audit days	Risk register ref / source	Initial timing
Corporate Governance and Counter Fraud	**National Fraud Initiative (NFI) support** To provide support in the oversight of data uploads and investigation of data matches.	15	**Fraud risk** Assessment	As req'd
Key Corporate Controls and Policies	**Key financial controls** To provide assurance over the design and compliance with key controls within the Council's financial systems. Undertaken on an annual basis, with a cyclical approach to testing.	30	Internal Audit assurances	Q4
	Performance management To provide assurance over the Council's new performance management framework – including the focus of performance indicators, completeness and accuracy of data and effective use of the new software.	12	**CV10** **Risk register**	Q1
	Procurement compliance To test compliance with Contract Procedure Rules and the Statement of Required Practice on the procurement of goods and services across the Council. To inform annual assurance opinion on value for money and counter fraud.	8	**Fraud risk** assessment	Q3
	IT Asset management To provide assurance over the management and control of the Council's hardware and software assets – including security of devices and software licensing.	12	**CR29** **Risk register**	Q2
	Information governance To provide assurance over the Council's management of risks associated with data security and compliance with regulatory requirements.	15	**CR34** **Risk register**	Q1
The People: A healthy, inclusive and engaged community	**Leisure project** To engage with the project and issue reports at key stages – including assurance over the management of risks, consultation and communications, procurement, use of resources and plans and governance and decision making.	15	**KA.04.03** Corporate delivery plan	Q3/Q4
The Place: An enterprising, vibrant place	**Environmental Services contract management** To provide assurance over the management of this key contract and confirm the mechanisms in place to ensure services are delivered to the required standard and in line with contractual	18	**CR38** **Risk register**	Q3

Assurance Areas	Internal Audit Assignments (including assurances sought)	Audit days	Risk register ref / source	Initial timing
	agreements.			
	Managing major projects To review the Council's procedures for managing major projects and assess compliance with key controls in ensuring projects are delivered on time, within budget and in accordance with Council policies, procedures and delegated decision making powers.	18	**Internal Audit assurances**	Q2
Your Council: innovative, proactive and efficient	**Strategic partnering and sharing services** To review the Council's strategy approach to engagement in partnerships and shared services and seek assurance over the consistent application of expected controls and governance in establishing such arrangements. To include a review of the effectiveness of existing arrangements and strategies applied to assessing any potential opportunities and the expected benefits to be achieved.	15	**CV04 Risk register**	Q1
	Agile working To assess lessons learnt from the agile working trial and assess arrangements in place for supporting staff against recommended practice, to support productivity and staff wellbeing.	12	**CV06 Risk register**	Q2
	Online payments To provide light touch review/real time audit support on the roll out of new online payment portal and compliance with Payment Card Industry Data Security Standards.	7	**Internal Audit assurances**	As req'd
Contingency	To enable some flexibility during the year to respond to changing risks environments/issues arising.	3		
Support to Harborough District Council	Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors. Includes contingency days.	35		
Management & development of delegated Internal Audit service	Development and management of Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.	20		