



Internal Audit Plan 2023/24

Harborough District Council

Chief Internal Auditor: Rachel Ashley-Caunt CPFA

Internal Audit Plan 2023/24

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at Harborough District Council for 2023/24 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 Chief Internal Auditor 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/advisory 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 Chief Internal Auditor 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 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 Central to 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 support delivery of those 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 cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.
- 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 compliance will provide assurance over the effective procurement of supplies and services.

Fraud risks

- 2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.
- 2.9 In addition, the internal audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council’s whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work. The contingency time in the plan provides flexibility for the team to respond to urgent requests, if required.

3. Planning process

- 3.1 In order to ensure that the Audit Plan for 2023/24 addresses the Council’s key risks and adds value, the Chief Internal Auditor 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 November 2022 to agree the audit planning process and consult the Committee 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 Chief Internal Auditor, the S151 Officer and Chair of the Audit & Standards Committee.
- 3.5 Also provided is a 'reserve list' showing the other potential areas for coverage which were considered in the drafting of the Plan, but were assessed as lower priority. Should the risk environment change, which impacts on the relevance of the planned audit work, these can be considered as potential areas for alternative audit work – depending on any wider risk implications. The details of those areas are provided in Table 2, which explains the basis for the priority assigned to these and the plan for seeking assurances, should the audit coverage not be included in 2023/24.

Resources

- 3.6 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.
- 3.7 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.
- 3.8 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 Chief Internal Auditor can confirm the service's independence.
- 3.9 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit & Standards Committee 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 2023/24

Assurance areas	Internal Audit Assignments (including assurances sought)	Audit days	Risk register ref / source	Initial timing
Corporate governance and counter fraud	Decision making and delegations To provide assurance over compliance with updated Constitutional arrangements for decision making and appropriate, recorded use of delegations.	12	Internal Audit assurances on governance	Q3
	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
	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	Internal Audit assurances on internal controls	Q4
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. To include coverage on budgetary control / savings plans.	30	Internal Audit assurances on internal controls	Q4
	Cyber security To provide assurance over the Council's preventative, detective and responsive controls to manage the risks of a cyber attack.	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. To include coverage on data retention.	15	CR34 Risk register	Q3
Corporate priority: Healthy lives	Leisure project To continue to engage with the project and issue reports at key stages under an embedded assurance approach – including assurance over the management of risks, consultation and communications, procurement, use of resources and plans and governance and decision making.	15	CR39 Risk register	All year
Corporate priority: Place and Community	Environmental Services contract procurement To provide assurance over the process for the award of this key, high value contract and delivery against the Council's project management framework. To adopt an embedded assurance approach.	15	CR38 Risk register	All year
	S106 monitoring To provide assurance over the collection of s106 monies due, based on monitoring of trigger points, and the accounting for the timely use of those monies, in line with the s106 agreements.	12	CR42 Risk register	Q2
	Local Plan development project To provide assurance over the delivery of this key project to support a timely, quality outcome which is suitably informed and delivered in line with the Council's project management framework. To adopt an embedded assurance approach.	15	CR43 Risk register	All year

Assurance areas	Internal Audit Assignments (including assurances sought)	Audit days	Risk register ref / source	Initial timing
Corporate priority: Environment and sustainability	Climate emergency action plan The Council has adopted a climate emergency action plan and agreed that it should form part of the Corporate Plan. As such, assurance will be sought that the Council is delivering against its commitments and the specified 'future actions'.	10	Corporate plan Priority 3	Q3
Corporate priority: Economy	Enforcement policy compliance To provide assurance over the Council's enforcement activity and compliance with its policies and regulations on taking enforcement action. To include activity on Private Sector Housing (and implications of latest regulations) and empty homes. Coverage to include enforcement plans, policies, protocols and procedures; enforcement officer training and guidance; and enforcement policy compliance.	18	CR33 Risk register	Q1
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		

Table 2: Reserve list 2023/24

Assurance area	Basis for prioritisation	Action if not audited in 2023/24
<p>Homelessness To provide assurance over the consistent and compliant handling of homelessness applications and the maximising of value for money in the procurement, and allocation, of temporary housing.</p>	<p>Audit of temporary accommodation completed in 2021/22, with some actions still open and subject to internal audit follow up.</p>	<p>Include in audit plan development for 2024/25.</p>
<p>Website content / policies To provide assurance over full and accurate publishing of latest policy documentation.</p>	<p>Area for management/operational oversight, with value of an audit considered lower than the assignments planned.</p>	<p>Known issue - management/operational oversight needed.</p>
<p>Corporate health and safety To provide assurance over compliance with the Health & Safety at Work Act.</p>	<p>Assurances already gathered on first aider coverage, risk assessments and fire marshals in 2022/23 Agile Working audit.</p>	<p>Include in audit plan development for 2024/25.</p>
<p>Safeguarding To provide assurance over the Council's safeguarding arrangements to ensure staff are suitably informed to raise safeguarding concerns and exercise relevant controls in key service areas to protect service users i.e. pre-employment checks / taxi licensing proper person checks.</p>	<p>Substantial Assurance opinion for design and compliance at last audit in 2019/20. Not risks noted on risk register that raise the risk profile.</p>	<p>Include in audit plan development for 2024/25.</p>