

Report to: **Audit Committee**  
Date: **20 March 2018**  
Title: **2018/19 Internal Audit Plan**  
Portfolio Area: **Support Services – Cllr C Edmonds**  
Wards Affected: **All**  
Relevant Scrutiny Committee: **Overview and Scrutiny**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Dominic Measures** Role: **Audit Manager**  
**Robert Hutchins** **Head of Partnership**

Contact: [Dominic.measures@swdevon.gov.uk](mailto:Dominic.measures@swdevon.gov.uk) 01803 861375  
[Robert.hutchins@swdevon.gov.uk](mailto:Robert.hutchins@swdevon.gov.uk) 01392 383000

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## **RECOMMENDATION**

**It is RECOMMENDED that the:**

- 1. report be approved, and**
- 2. proposed Internal Audit Plan for 2018/19 at Appendix A be approved.**

### **1. Executive summary**

- 1.1 The purpose of this report is to provide Members with the opportunity to review and comment upon the proposed internal audit plan for 2018/19.
- 1.2 Whilst West Devon Borough Council and South Hams District Council operate as two unique councils, services are delivered by one

integrated organisation; to reflect that working arrangement, the 2018/19 audit plan is now presented as one combined plan. Where there are risks or issues that relate specifically to one council and not the other, the audit plan will be varied to include those areas of work as appropriate.

- 1.3 The report provides information on the legislative requirement for local authorities to provide an Internal Audit (IA) service in accordance with the Accounts and Audit Regulations and Public Sector Internal Audit Standards; the need for an annual risk-based IA plan to be prepared; and the methodology of identifying the audit needs for the Authority.
- 1.4 The 2018/19 audit plan sets out the proposed audit resource allocated to each audit area, although the plan needs to remain flexible to be able to respond to any changing risks and priorities of the Authority given the significant changes across the public sector.

## **2. Background**

- 2.1 All principal Local Authorities, including West Devon Borough Council, are subject to 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 or guidance”.

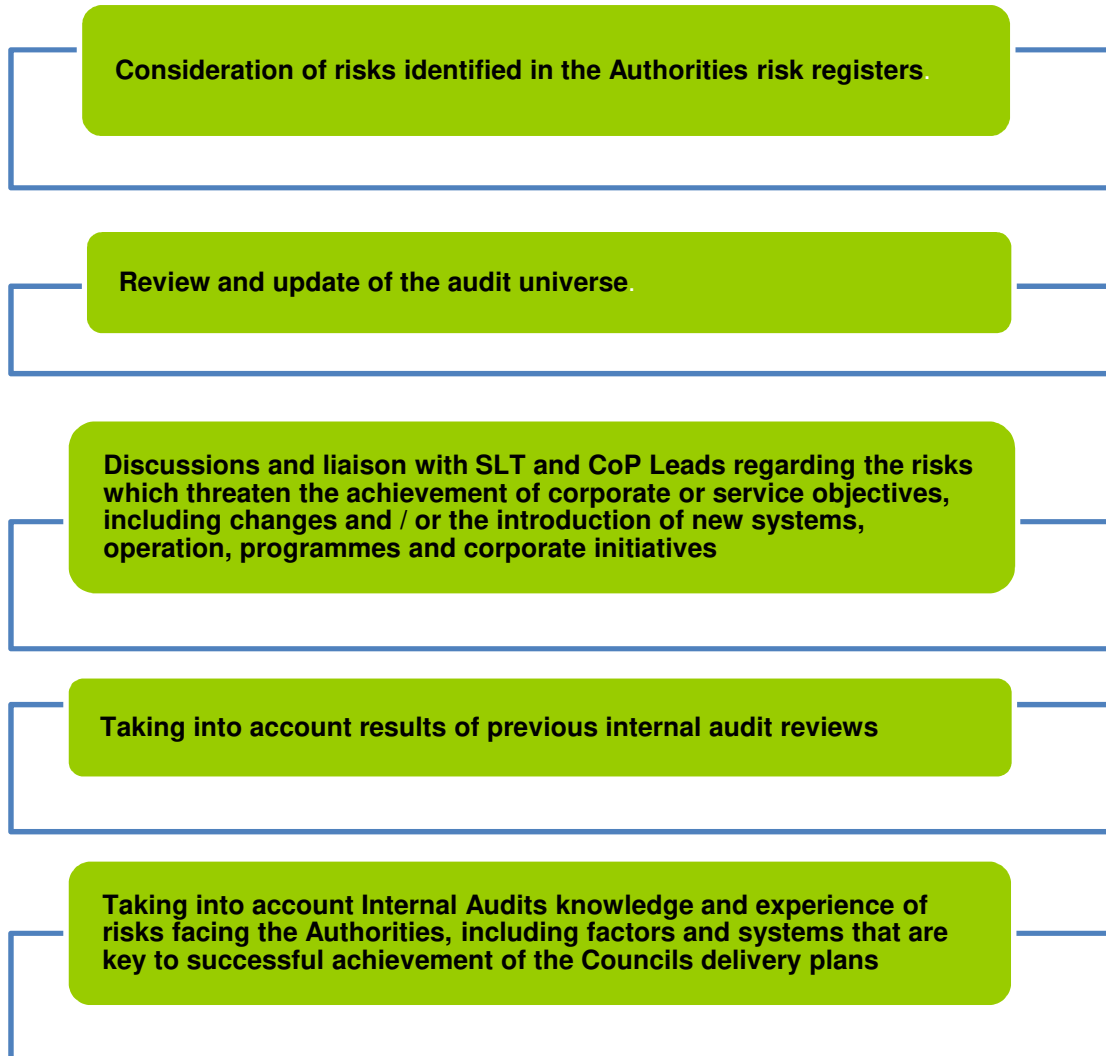
- 2.2 The Public Sector Internal Audit Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account 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.
- 2.3 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.

## **3. Outcomes/outputs**

- 3.1 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 both West Devon Borough Council and South Hams District Council, known as the “Audit Universe” using a number of factors/criteria. The

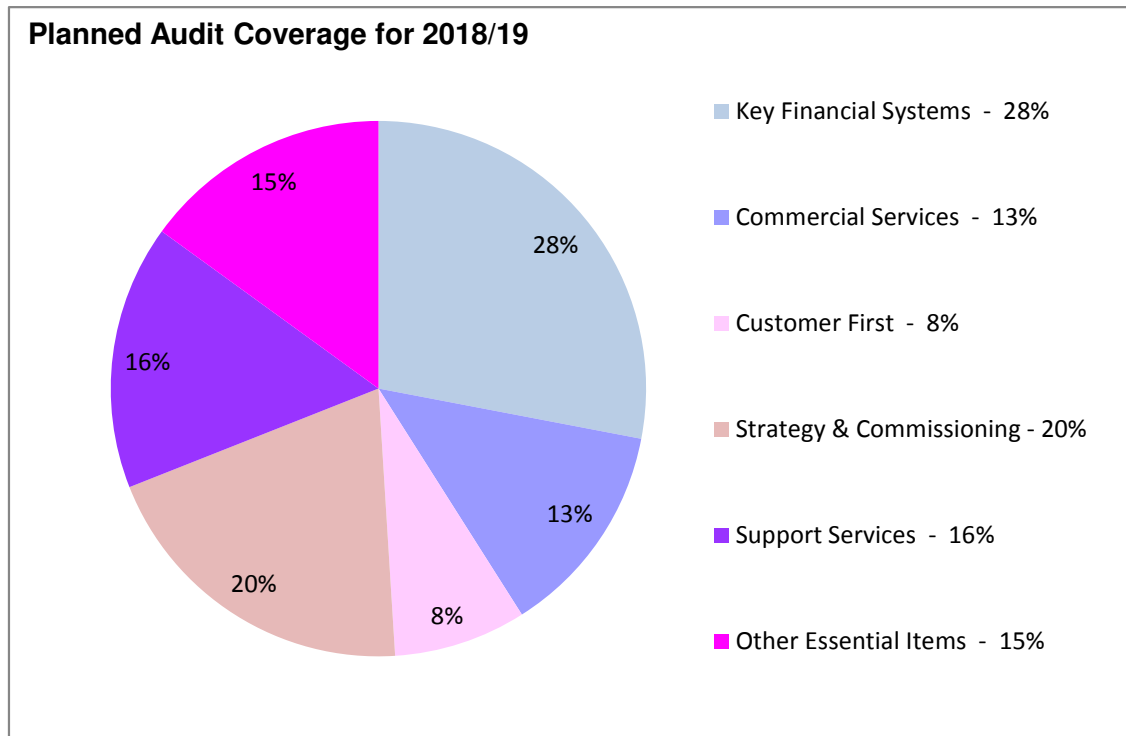
final score, or risk factor for each area determines an initial schedule of priorities for audit attention.

The audit plan for 2018/19 has been created by:



3.2 The overall percentage of internal audit coverage proposed for each area of the audit plan is represented in the chart at figure 1 below. The combined planned audit coverage for 2018/19 totals 430 days, see Appendix A for the proposed detailed plan. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to remain flexible to be able to respond to the changing risks and priorities of the Authority with any changes reported back to this Committee. To provide for some flexibility, the Internal Audit Plan includes a small contingency to allow for unplanned work.

**Figure 1**



#### **4. Options available and consideration of risk**

4.1 No alternative approach has been considered as the failure to develop a risk-based plan to determine the priorities of internal audit activity which is consistent with the priorities of the organisation would be in contravention of the Public Sector Internal Audit Standards and the Accounts and Audit Regulations 2015.

#### **5. Proposed Way Forward**

5.1 We will be flexible in our approach to ensure that the audit plan continues to reflect the changing risks and corporate priorities of the Council with the timetabling of audits agreed with management to ensure our work is delivered at the most effective time for the organisation.

## 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to 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.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.</p>
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.
Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

## **Supporting Information**

### **Appendices:**

Appendix A – Draft 2018/19 Internal Audit Plan

### **Background Papers:**

None.

## Appendix A

<b>Proposed 2018/19 Combined Audit Plan for West Devon Borough Council and South Hams District Council</b>		
	Priority/ Risk	Days
<b>KEY FINANCIAL SYSTEMS</b>		
Main Accounting System (inc budgetary control)	H	20
Payroll	H	15
Creditor (Payments)	M	15
Debtors (Income Collection)	M	15
Business Rates	M	15
Council Tax	M	15
Housing Benefits	M	15
Treasury Management	L	10
<b>KEY FINANCIAL SYSTEMS</b>		<b>120</b>
<b>COMMERCIAL SERVICES</b>		
Salcombe Harbour (S.Hams)	H	10
Dartmouth Lower Ferry (S.Hams)	H	8
Environmental Services – Enforcement Process (Fly Tipping, Abandoned Vehicles etc)	M	10
Grounds Maintenance Operations (inc control of bedding plants)	M	15
Depots & Stores (S.Hams) Follow Up	M	3
Environmental Services - Coastal Work (S.Hams) Follow-Up	M	3
Environmental Services – Beach and Water Safety	L	5
<b>COMMERCIAL SERVICES</b>		<b>54</b>
<b>CUSTOMER FIRST</b>		
Planning (Applications) – (Completion of 17/18 audit)	H	10
Housing - Homelessness	H	10
Section 106 agreements (follow up)	H	5
Environmental Services – Food Safety – Progress with Food Standards Agency Action Plan	M	5
Asset Management (deferred from 17/18)	M	5
<b>CUSTOMER FIRST</b>		<b>35</b>
<b>STRATEGY &amp; COMMISSIONING</b>		
Performance Management (KPI's & data quality) (deferred from 17/18)	M	15
Risk Management Follow-Up (deferred from 17/18)	M	10
Administration of Member Expenses (deferred from 17/18)	M	6

Procurement – Waste and Front Line Services	H	15
Commercialisation Strategy	H	10
Contract Management Strategy and Process	H	10
Contract Management – Leisure Contract	M	10
Business Continuity within the Supply Chain	M	8
Health & Safety Further Follow-Up	M	3
<b>STRATEGY &amp; COMMISSIONING</b>		<b>87</b>
<b>SUPPORT SERVICES</b>		
ICT Audit inc Incident Management, Change Management Follow-up, Asset Control	H	25
Corporate Information Management (GDPR compliance)	H	10
Cyber Security	H	6
Recharging	H	5
Business Continuity Follow-Up (inc BCP exercises)	H	5
Comments and Complaints	M	10
Review of Financial Regulations	M	5
Cash Collection	L	3
<b>SUPPORT SERVICES</b>		<b>69</b>
<b>OTHER ESSENTIAL ITEMS</b>		
Audit Management including:- - Audit planning, - Monitoring & reporting, - Audit Committee		28
Annual Governance Statement		2
Exemptions from Financial Regulations		5
Grants – LEAF and LAG		20
Contingency & Advice		10
<b>OTHER ESSENTIAL ITEMS</b>		<b>65</b>
<b>TOTAL AUDIT PLAN</b>		<b>430</b>