

Internal Audit Plan

2020/21

16 July 2020

Sevenoaks District Council

Introduction

All local authorities must make proper provision for internal audit in line with the [Local Audit and Accountability Act 2014](#) and the [Accounts and Audit Regulations 2015](#) (regulation 5). The latter requires authorities 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 or guidance.”

The Regulations state that services must follow the [Public Sector Internal Audit Standards](#) – which are mandated across the whole of the public sector. They are an expansion of international standards by HM Government, adding elements specific to the UK Public Sector. The ‘Standards’ form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which is applicable to all UK Local Authorities.

The mission of internal audit is set out in the Plan as: ***to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.*** We achieve this by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance for the Council.

In order to ensure that we work in accordance with the Standards and deliver on our mission we have an ***Internal Audit Charter*** which is presented for approval in a separate paper. The Charter sets out our purpose, authority and responsibility as an internal audit service for Sevenoaks District Council.

The Standards also set out the requirements over the audit plan. Specifically standard 2010:

2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.

Interpretation:

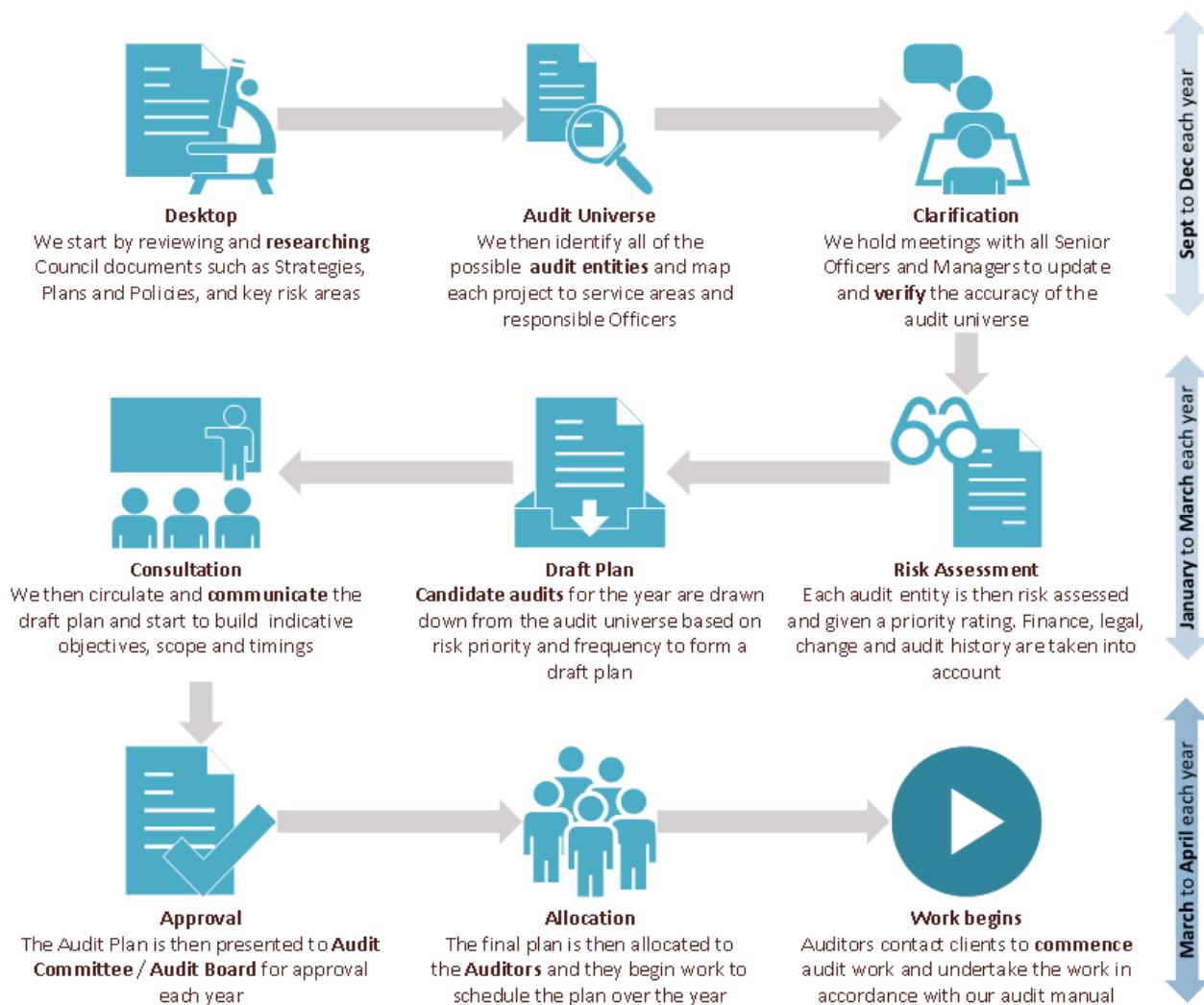
To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organisation’s strategies, key business objectives, associated risks and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems, and controls.

In accordance with that requirement, this report sets out the internal audit plan, providing Members with a summary of the steps taken to develop, identify, assess and formulate the Audit Plan for 2020/21 in addition to providing details of the audit activities and allocation of resources for the year.

Risk Based Planning

The Standards require that we apply a risk-based approach to our audit plan. In compiling the Plan therefore, we need to be aware of and consider the risks directly facing the Council, in addition to the wider sector and economic risks. We then need to apply our own risk assessment that includes the internal audit judgement, and the Council's own assessment.

We undertook a full risk based planning exercise this year between September 2019 and March 2020 to identify the main auditable areas across the Council. The illustration below sets out this process:



We applied a risk assessment to each of the audit areas identified. This assessment takes into consideration the following criteria:

- **History:** Audit work undertaken in previous years and the overall conclusions
- **Frequency:** The length of time since we last conducted work in the area
- **Finance:** The level of materiality to the Council budget
- **Regulatory:** The legal, statutory or regulatory framework for the area
- **Priorities:** Links with the Council strategy and corporate plan
- **Inclusion:** Whether it is an area of regular audit attention
- **Change / Environment:** The stability of the operating environment

Members will note however that this detailed planning process was undertaken prior to the Covid-19 pandemic which has significantly altered the risk landscape for all local government authorities. The pandemic also impacted the resources available to Internal Audit as some in-house staff were redeployed and contractors were furloughed. As a result, the first draft Internal Audit Plan was reviewed and updated in May 2020 in consultation with Senior Management.

Global and Sector Risk

In drawing together the audit plan, we also need to consider global and sector risks. This includes updates provided by relevant professional bodies, such as CIPFA. We also consult with our internal audit colleagues through groups such as the London and Kent Audit Groups and through the review of published audit plans from other Councils in the South East.

These sources give us further insight into the key issues facing local government and how other audit teams are responding to them. We have also considered the **Risk in Focus** publication from the Institute of Internal Auditors. The table below sets out the main risks identified through this research:

Hot Topics	Audit Partnership Response
IT Governance	We have included an audit of Cyber Security on the 2020/21 audit plan
Post-GDPR Data Protection	We undertook a review of GDPR in 2018/19; all actions are now closed
Sustainability: Environment & Social Ethics	We have included audit work on the Local Air Quality Management for 2020/21
Bribery & Corruption Compliance	Our work in 2020/21 will aim to strengthen governance arrangements. In particular the Counter Fraud Risk Assessment and counter fraud policies
Communication: Brand and Reputation	We have included a review of the Council's Communication Strategy in 2020/21
Workplace Culture	We are completing a review against the Corporate Governance Code in 2019/20 which will include workplace culture
Risk Management & Governance	Our work in 2020/21 will aim to strengthen governance arrangements. Time for risk management has been set aside in our resource allocation Risk Management Framework
COVID-19	Our audit work during 2020/21 will assist the Council in its response to COVID-19.

Given the scale of the exercise and the number of audit areas resulting from the consultations and risk assessment exercise, we have drawn together the 2020/21 audit plan based on risk / priority areas. However, our audit planning process is continuous and as we work through the year the risk assessments will be enhanced and updated, which could lead to in-year revisions to the audit plan.

Resources

The Partnership consists of 5.8 FTE, plus 0.5 admin support. To calculate the total amount of resources available we take the total available days and subtract non-working and non-audit time. This enables us to ensure that we factor in the ongoing support and development of the service, in addition to the administrative demands of the role. We have also factored into our projection the redeployment of audit resources during the pandemic and an allowance for the vacant Lead Auditor post. The table below provides a summary of the total available days for 2020/21:

Activity	Dartford		Sevenoaks	
	19/20	20/21	19/20	20/21
Risk Management	10	10	10	10
Counter Fraud	5	5	5	5
Member Support / Training / Meetings	10	10	10	10
Follow-Up	15	15	15	15
Audit Planning	10	10	10	10
Advisory & Consultancy	50	100	74	100
External Quality Assessment	0	10	0	10
Total non-audit	100	160	124	160
Available for audits/projects	325	215	301	215
Total Days	425	375	425	375

Due to the impact of COVID-19 and the redeployment of audit resources during the pandemic, the Partnership has access to 750 chargeable audit days for 2020/21. These days are split 50/50 for **Sevenoaks** and **Dartford**. We are able to ensure flexibility in how those days are deployed depending on the demand from each partner. The table above shows the allocation of the **375** audit days for Sevenoaks.

Audit Standards require us to assess whether the resources available are sufficient to fulfil the audit needs of the Council each year. In order to make this judgement, we consider:

- **Whether we had sufficient resource to complete our prior year plan**
 - The 2019/20 audit plan has not been fully achieved, as reported separately as part of our Annual Opinion. This was partially due to a team restructure and partially due to the impact of the pandemic with permanent staff redeployed and contractors furloughed. Where 2019/20 audits remain relevant but have not been completed, they have been carried forward into 2020/21.
- **Whether the size and complexity of the organisation has changed over the last year**
 - There has been no change in the size or complexity of the organisation over the last year. However, the Council has experienced significant changes to service delivery since January 2020, as result of COVID-19. In order to counter this, our resource calculation for 2020/21 includes a larger audit budget for 'advisory & consultancy', which we will use to further assist the Council's response to the pandemic including ongoing post-payment checks on business grants.
- **Whether the organisation's appetite for risk has changed**
 - The Council continues to pursue its corporate priorities, and commitment to deliver key strategic projects.
- **If there have been any significant changes to the control environment, taking into account audit opinions and responses to audit findings**
 - We issued one 'Limited' assurance opinion in 2019/20 – Private Sector Lettings. However, the actions arising from this review have already been fully implemented and we consider this audit to be closed. Additionally, we continue to see positive responses to our findings.
- **Whether there have been significant changes to professional standards**
 - There have been no significant updates to the Public Sector Internal Audit Standards.

Based on the criteria above, we believe we have sufficient resources to deliver the 2020/21 plan however we recognise that, especially in the current climate, there will be a need to continually review the assumptions we have made, the available resources and the Council's priorities.

As a result, we have prioritised the Internal Audit Plan to create a Plan A and a Plan B. Plan A consists of the core areas for completion; Plan B consists of those additional areas that will be completed if resources allow.

Audit Plan 2020/21

The outcomes of our audit projects are concluded in one of two ways, those that lead us to issue an assurance rating and those that do not. Members will be familiar with our assurance ratings, and we have kept them the same for 2020/21. We recognise that Internal Audit resources may be used to provide a supporting role on developing projects, or through providing advice and insight. In these circumstances, an assurance rating is not provided. However, we do issue reports for this type of work and will continue to provide summaries in our reporting to Members.

The table below sets out our audit plan for 2020/21. The audit plan is split up into two main parts – ‘Plan A’ and ‘Plan B’. Audit Plan A will be the main focus of our audit resources during 2020/21 as these cover the highest priority and risk scoring audits. Plan B audits will be completed if audits are removed or delayed from Plan A, or if resources allow.

We have categorised our work into 4 types of assurance:

- **Finance:** Those areas that present a material impact on the Council budget
- **Governance:** Areas that sit in the corporate centre, such as laws and regulations
- **Risk-Based:** Operationally focussed work that looks at how effective controls are at managing key service risks
- **Consultancy:** Client requested project work to provide support and added value to a service area

The plan also includes a short description of the objective of the work. The scope and individual budget for each project will be confirmed and agreed at the planning stage. The work will be undertaken in accordance with our agreed audit process and our quality assurance and improvement programme. Our performance will also be measured using our agreed performance indicators.

AUDIT PLAN A:

	Service Area	Audit Title	Scope	Project Type	Assurance Rated?
1	Finance	Annual Governance Statement	<ul style="list-style-type: none"> To facilitate the Council in the preparation of the 2020/21 Annual Governance Statement 	Governance	X
2	IT Services	Cyber Security	<ul style="list-style-type: none"> Cyber Security – excluding patch management 	Governance / Compliance	✓
3	Chief Executive	COVID-19 Response & Recovery	<ul style="list-style-type: none"> A review of the pandemic response and recovery to the date of fieldwork including impacts, decision making, lessons learnt, recovery and planning for a possible second spike. Within all of our audits we will also consider the impact of the pandemic, how the service has adapted to the new ways of working and any best practice for future working going forwards 	Risk-based	✓
4	Direct Services	Domestic Waste & Recycling	<ul style="list-style-type: none"> Key risks associated with the waste collection service, including data transfer between the Council and KCC 	Risk-based	✓
5	Corporate Customer Services	Contact Centre (Phones)	<ul style="list-style-type: none"> The adequacy of customer service via the contact centre (phones) 	Risk-based	✓
6	Revenues & Benefits	Housing Benefits	<ul style="list-style-type: none"> Systems mapping of Housing Benefits system 	Risk-based	✓

	Service Area	Audit Title	Scope	Project Type	Assurance Rated?
7	Legal & Democratic Services	Members Expenses & Allowances	<ul style="list-style-type: none"> Compliance with the Council's Members' Allowance Scheme 	Risk-based	✓
8	Legal & Democratic Services	Contract Management	<ul style="list-style-type: none"> Adequacy of controls over the management of Council contracts 	Risk-based	✓
9	IT & Digital Services	Local Land Charges & GIS	<ul style="list-style-type: none"> Administration of local land charges Data quality of information recorded in GIS system 	Risk-based	✓
10	HR & Payroll	Recruitment	<ul style="list-style-type: none"> Compliance with the Council's Recruitment policy Adequacy of the Council's induction process 	Risk-based	✓
11	Policy & Communications	Communication Strategy	<ul style="list-style-type: none"> Adequacy of controls over delivery of the Communication Strategy 	Risk-based	✓
12	Environmental Health Partnership	Local Air Quality Management	<ul style="list-style-type: none"> Collection, monitoring and reporting of air quality 	Risk-based	✓
13	Environmental Health Partnership	Corporate Health & Safety	<ul style="list-style-type: none"> Compliance with the Health & Safety Executives' regulations 	Risk-based	✓
14	Licensing	Licensing Administration & Fees	<ul style="list-style-type: none"> Processing of licensing applications Receipt, banking and reconciliation of fees 	Risk-based	✓
15	Housing & Health	Housing Allocations	<ul style="list-style-type: none"> Processing of Housing Register applications Compliance with the Housing Allocations policy 	Risk-based	✓
16	Housing & Health	Disabled Facilities Grants	<ul style="list-style-type: none"> Processing of Disabled Facilities Grants (>£30k), including interactions with West Kent Housing 	Risk-based	✓
17	Direct Services	Grounds Maintenance - Tree Maintenance	<ul style="list-style-type: none"> Review of the arrangements and processes to effectively deliver the tree maintenance service 	Risk-based	✓
18	Planning	Planning Enforcement	<ul style="list-style-type: none"> To review the process for creating, documenting and executing planning control notices 	Risk-based	✓

	Service Area	Audit Title	Scope	Project Type	Assurance Rated?
19	Finance	VAT Management	<ul style="list-style-type: none"> Review of the new digital VAT procedures 	Consultancy	X
20	Audit Partnership	Counter Fraud Risk Assessment	<ul style="list-style-type: none"> Assessment of the Council's fraud arrangements against 'Fighting Fraud & Corruption Locally' checklist 	Consultancy	X
21	Housing & Health	Private Sector Housing – Enforcement	<ul style="list-style-type: none"> Review to support the service in the development of a Private Sector Housing Enforcement Strategy 	Consultancy	X
22	Finance	Budget Control and Monitoring	<ul style="list-style-type: none"> Review of the controls in place to ensure the accuracy of budget monitoring to support financial planning and decision making. Carried forward from 2019/20. 	Finance	✓

AUDIT PLAN B (additional work to be completed if resources allow):

	Service Area	Audit Title	Scope	Project Type	Assurance Rated?
22	Finance	Bank Reconciliation	<ul style="list-style-type: none"> Review of the bank reconciliation procedures 	Finance	✓
23	Finance	Insurance	<ul style="list-style-type: none"> Procurement of the insurance policy The adequacy of the corporate insurance cover Processing of insurance claims 	Finance	✓
24	Emergency Planning & Property	Emergency Planning	<ul style="list-style-type: none"> To assess whether the Council is satisfying its statutory obligations for emergency planning 	Risk-based	✓
25	Emergency Planning & Property	Safety Advisory Group	<ul style="list-style-type: none"> To review the governance arrangements over the Safety Advisory Group To assess the controls over event management 	Risk-based	✓
26	Parking Services	Car Park – Season Tickets	<ul style="list-style-type: none"> Processing & issuing of season tickets Receipting, banking & reconciliation of season ticket income 	Risk-based	✓
27	Direct Services	Fleet Management	<ul style="list-style-type: none"> Procurement, management and maintenance of the Council's fleet 	Risk-based	✓
28	Corporate Customer Services	Freedom of Information	<ul style="list-style-type: none"> Compliance with the Council's statutory Freedom of Information obligations 	Risk-based	✓
29	Revenues & Benefits	KCC Funding Agreement – Fraud & Error	<ul style="list-style-type: none"> Compliance with the KCC's funding agreement 	Risk-based	✓
30	Revenues & Benefits	Revenues & Benefits Shared Service Review	<ul style="list-style-type: none"> Evaluation of service performance, against the Revenues & Benefits partnership agreement / restructure business case 	Risk-based	✓
31	Planning	Pre-application Planning Advice	<ul style="list-style-type: none"> Processing of pre-application planning advice cases Receipting, banking & reconciliation of fees / income 	Risk-based	✓
32	Community Safety & Leisure	Community Grants	<ul style="list-style-type: none"> Processing of community grant applications Processing of grant payments 	Risk-based	✓

33	Chief Executive	Shared Services - Value for Money Review	<ul style="list-style-type: none"> To determine whether Sevenoaks District Council is getting optimum value for money from shared services 	Consultancy	X
34	Community Planning & Projects	Local Strategic Partnership	<ul style="list-style-type: none"> Governance arrangements over the Local Strategic Partnership 	Consultancy	X