

# **Internal Audit Plan**

**2022/23**

**29 March 2022**

**Sevenoaks District Council**



# Introduction

- 1) This paper presents the 2022-23 Internal Audit Plan (**Annex 1**) for Members' approval.

## Internal Audit Plan 2022-23

- 2) Under the Public Sector Internal Audit Standards (PSIAS), the Chief Audit Executive is required to develop a risk-based plan of work in order to ensure both that Internal Audit resources are used to best effect and that a robust overall opinion on systems of risk management, governance and control can be delivered at the end of the year.
- 3) This year we will be adapting the format of the Internal Audit Plan to increase its flexibility and enable the service to meet the needs of the Council in the event of changing risk profiles during the year. Previously, Plan A has been the focus with any remaining resource being used to progress audits on Plan B. However, in practice, there has not been any remaining resource and the audits on Plan B have not been initiated. Additionally, it has been difficult to flex Plan A when needed to either add or remove audits during the year as and when auditable areas become more or less relevant.
- 4) The Audit Plan this year does still consist of two lists, however, we now have High Priority audits and Medium Priority audits.
- 5) The High Priority list is much smaller than the Plan A that was previously used. These audits are those that due to the nature of the risk posed by the subject area, absolutely should be examined in the next 12 months to provide assurance that controls are operating effectively. We commit to delivering 100% of these audits and they can only be removed from the plan in exceptional circumstance with agreement of the Audit Committee Chair.
- 6) The Medium Priority list contains a larger selection of projects. These audits are ones that would be valuable for the Council given their risk profile but factors such as availability of the service, implementation of new systems or other emerging risks may mean that their risk profile may change during the year. We will look to undertake engagements from the Medium Priority list throughout the year and completion of these projects will run alongside those on the High Priority. Medium Priority projects will be selected each quarter based upon the level of risk posed by that area to Council objectives among other factors, meaning we commit to delivering at least 11 of the 21 audits presented as possibilities below.
- 7) The main objectives of the Internal Audit Plan are to:
  - Provide sufficient coverage in order to enable an overarching opinion at the end of the year on the overall effectiveness of systems of governance, risk management and internal control
  - Be focused on key risks, and provide assurance on the Council's management of these
  - Ensure that the organisation is adequately equipped to face future challenges and achieve strategic priorities
  - Provide assurance on core systems and key controls
  - Provide advice and consultancy services based on management requests, usually in relation to new and developing systems and processes
- 8) In order to achieve these objectives, we have followed a detailed risk-based planning process. This has included review of corporate strategies and risk registers, meetings with all Service Managers, Chief Officers and the Chief Executive and consideration of the wider environment. We have taken into account how changes within the internal and external environments over the past year may have

changed the risk profile of the Council. Across all sectors, risks such as information security, financial resilience and staff well-being, for example, have become more prominent and all feature within the proposed Plan.

## Resources

- 9) In developing the Plan, I have to consider whether resources are sufficient to meet the Council’s needs.
- 10) I have calculated the total days available in 2022/23 for audit work to be 450 per Council. This takes into account all resource, minus allowances for administrative tasks, leave, training and sickness. The proposed breakdown of how these 450 days will be used for Sevenoaks is shown in Table 2 below:

**Table 2 – Internal Audit resource**

Activity	Total Projected Days
Risk Management	12
Counter Fraud	10
Member Support / Training / Meetings	15
Follow-Up	25
Annual Audit Planning	12
Advisory & Consultancy	55
<b>Total non-audit</b>	<b>129</b>
<b>Available for audits/projects</b>	<b>321</b>
<b>Total Days</b>	<b>450</b>

- 11) Priorities have been discussed with Strategic Management Team. Based on those discussions and the risk register analysis shown in Table 1, I believe that the planned coverage is currently sufficient to meet the needs of the Council.

## Assurance Levels

- 12) The CIPFA recommended set of assurance levels and definitions were adopted last year. Given the assurance levels were adopted so recently we will retain this system for the forthcoming year. We will look to review their appropriateness towards the end of 2022/23 when developing the 2023/24 audit plan and consider whether they remain the most suitable at that time.

## Conclusion

- 13) This report and the accompanying annexes set out how Internal Audit resources will be deployed over the forthcoming year in order to provide assurance on the key organisational risks and priorities. Overall, the Plan is sufficiently balanced to cover strategic and operational areas across the Council as a whole. The new assurance definitions will bring the Partnership in line with best practice in this regard and will provide a suitable framework to assess how risks are being managed. The revised KPIs will also give Members more nuanced and robust assurances on the performance of Internal Audit.
- 14) Members are therefore asked to approve the Audit Plan.

## Annex 1 - Audit Plan 2022/23

### High Priority Projects

Audit Title	Indicative Days
<b>Authority Wide Projects</b>	
<b>Contract Management</b> A review to seek assurance over the management of contracts in line with identified best practice	15
<b>Ethical Governance</b> The precise scope will be determined at planning stages but could include how we treat staff, suppliers and customers, or arrangements for staff and Member conduct, values and behaviours.	15
<b>Service Planning</b> A review to consider the effectiveness of the Council's service planning process in helping services to achieve their objectives	15
<b>Customer &amp; Resources</b>	
<b>Procurement</b> A review to seek assurance on the Council's compliance with legislation and Contract Standing Orders when undertaking procurement	15
<b>Commercial &amp; Property</b>	
<b>West Kent Partnership</b> A review to seek assurance on the governance and funding arrangements in place for the partnership	10
<b>Capital Project Management</b> A review to seek assurance on the Council's project management framework in relation to capital projects	20
<b>Asset Management</b> A review to seek assurance on the completeness and accuracy of the Council's asset management system	15
<b>People &amp; Places</b>	
<b>Landlord Incentive Scheme</b> To seek assurance on the operation of the scheme in line with requirements and on the accuracy of performance and financial information	15
<b>Planning &amp; Regulatory</b>	
<b>Net Zero Action Plan</b> A review to consider progress against the action plan	15
<b>Assistant Chief Executive</b>	
<b>Business Continuity</b> A review to seek assurance on the Council's arrangements in the event of business disruption	15
<b>Total Days</b>	<b>150</b>

## Medium Priority Projects - Available Days: 186

Service Area	Audit Title & Draft Objectives
Assistant Chief Executive	<b>Elections Management</b> To seek assurance on the arrangements for running elections
Finance & Trading	<b>Green Waste Collection Service</b> To seek assurance on the subscription garden waste collection service
	<b>Business Development</b> To seek assurance on achievement of the service's objectives
	<b>Safety Advisory Group</b> To seek assurance on the governance arrangements in place for the Safety Advisory Committee
	<b>Leases</b> To seek assurance on the Council's compliance with IFRS16 Legislation
	<b>Creditors</b> To seek assurance on the controls in place to manage and monitor accounts payable
Planning & Regulatory	<b>Building Control</b> To seek assurance on appropriate accounting for Building Control income and compliance with relevant quality standards
	<b>Environmental Health</b> Service review post restructure
	<b>Taxi Licences</b> To seek assurance on administration of applications and compliance with relevant legislation
	<b>Local Plan</b> To seek assurance on the project plan for delivering the Local Plan
	<b>Pre-Application Advice</b> To seek assurance on the administration of Pre-Application Advice, including the use of Planning Performance Agreements
	<b>Planning Applications – Validation Checks</b> To seek assurance on the application of validations checks in line with best practice and planning legislation
Customer & Resources	<b>IT Project Management</b> To seek assurance on the arrangements for accepting and delivering development projects in line with procedure
	<b>Equality &amp; Diversity</b> To seek assurance on controls to ensure compliance with the Equalities Act
	<b>Workforce Strategy</b> To seek assurance on implementation of the new strategy in line with expectations
	<b>Training &amp; Development</b> To seek assurance on the offering to staff and completion of mandatory training as well as the process in place to ensure staff are developed
	<b>Governance – Committee Process</b> To seek assurance on the decision making process through committees including the quality of information provided to support decisions
	<b>Revenues &amp; Benefits Risk Based Verification</b> To seek assurance on the adequacy of the Council's risk based verification policy
	<b>Revenues &amp; Benefits Discretionary Powers</b> To seek assurance on the delegation and use of discretionary powers within Revenues & Benefits

Service Area	Audit Title & Draft Objectives
People & Places	<b>Community Projects</b> To seek assurance on the governance of community projects and their engagement with local residents
	<b>Homelessness Prevention</b> To seek assurance on compliance with relevant legislation in relation to preventing homelessness
	<b>Disabled Facilities Grant</b> To provide assurance on the administration and delivery of DFGs in line with relevant guidance and legislation

## Annex 2

### Definitions of Assurance Levels

OPINION	DEFINITIONS
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place.  Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified.  Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.  The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.