

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 26 APRIL 2023



Title of Report	INTERNAL AUDIT 2023/24 ANNUAL AUDIT PLAN.	
Presented by	Kerry Beavis Audit Manager	
Background Papers	Public Sector Internal Audit Standards	Public Report: Yes
Purpose of Report	To inform the Committee of the proposed Internal Audit Annual Plan for 2023/24 and allow them to comment and approve.	
Recommendations	THAT THE COMMITTEE 1. NOTES THIS REPORT AND COMMENTS AS APPROPRIATE. 2. APPROVES THE 2023/24 INTERNAL AUDIT ANNUAL PLAN.	

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service and risk-based plan supports the delivery of all council priorities.
Consultation/Community Engagement:	The corporate leadership team have been consulted during the development of the plan.
Risks:	The absence of a risk based internal audit plan could lead to an inefficient internal audit service.
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INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

2023/24 Internal Audit Annual Plan

1. INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards require the Chief Audit Executive (the Audit Manager for this Council) to develop a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. This document sets out the background and the approach to producing the annual plan, with the 2023/24 annual plan attached at Appendix A.

2. BACKGROUND

- 2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.
- 2.2. Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems are designed and working, with consulting or advisory activities available to help to improve those systems and processes where necessary. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- 2.3. The Internal Audit Charter sets out the purpose, authority and responsibilities of Internal Audit. The Charter:
- establishes Internal Audit's position within the organisation;
 - authorises access to records, personnel and physical properties relevant to the performance of engagements; and
 - defines the scope of Internal Audit activities.
- 2.4 The Three Lines of Defence Model (below) is a valuable framework that explains Internal Audit's role in providing assurance that the management arrangements over governance, risk and internal control are adequate and effective.



Source: Chartered Institute of Internal Auditors

3. INTERNAL AUDIT PLAN

3.1. Overall Strategy

- 3.1.1 The key aim of the service is to provide an independent, objective assurance and advisory function which is designed to add value and improve the Council's operations. This supports North West Leicestershire District Council in the achievement of its priorities and helps services to provide good value for money, as it brings a systematic disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.
- 3.1.2 The Audit Manager has produced a risk-based annual audit plan for 2023/24. This is informed by a risk assessment which is based on a combination of:
- consulting with key stakeholders including senior management;
 - reviewing the strategic risk register and committee minutes;
 - reviewing reports from external agencies (for example external audit) and legislative updates;
 - factors such as changes in staffing, systems and processes; and
 - the Audit Manager's professional judgement.

This approach enables the finite resources of the team to be focussed on areas where it can add value and conforms to the Public Sector Internal Audit Standards.

- 3.1.3 The outcomes from each audit engagement undertaken as part of the annual audit plan underpin the Audit Manager's annual opinion on the Council's internal control environment. This opinion feeds into the Council's Annual Governance Statement.
- 3.1.4 It should be noted that the Public Sector Internal Audit Standards state that
- "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."*

The Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2023/24. In practice this may mean that audits are added to or removed from the plan, with details included in the quarterly progress reports.

3.2. Resources Available

- 3.2.1 The Audit Team who will deliver the 2023/24 annual audit plan at North West Leicestershire District Council consists of the Audit Manager (0.4 FTE), Internal Auditor (0.69 FTE), Internal Audit Assistant (1 FTE), Internal Audit Apprentice (0.34 FTE) and an IT audit contractor. Table 1 shows a calculation of the available audit days for 2023/24, this does not include the days for the IT auditor. Additionally, as the Internal Audit Assistant post is currently vacant the number of days has been adjusted to reflect this, and further contingency is in place to postpone some audits if the vacancy cannot be filled.

Table 1: Resources Available

Available Days	434
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit/Audit Reviews	63
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	21
Available Audit Days	350

3.3. Internal Audit Annual Plan 2023/24

- 3.3.1 The proposed 2023/24 Annual Audit Plan is shown in Table 2 below and the detailed plan is shown in Appendix A. The Plan will be subject to ongoing review to ensure that it remains aligned with the Council's objectives and the risks identified by management and the audit team. Any changes will be reported to the Corporate Leadership Team and the Audit and Governance Committee.

Table 2: 2023/24 Annual Audit Plan

Risk Based Audit Work 2023/24 (see Appendix A)	255
Completion of 2022/23 Outstanding Audits	12
Follow up reviews	10
Advisory – Ad hoc	12
Public Sector Internal Audit Standards	8
NFI, RIPA, Fraud	35
Risk Scrutiny	4
Contingency	14
Total Audit Days	350

- 3.3.1 Three of the Council's key financial systems (Benefits, Council Tax and NNDR) are provided by the Leicestershire Revenues and Benefits Partnership, and therefore the audits in relation to these systems will be undertaken by the internal auditors at Hinckley and Bosworth Borough Council. The Audit Manager will review the audit reports to take assurance from them.
- 3.3.2 The timings shown within the Internal Audit Annual Plan are estimates based on time taken on previous similar audits and a high-level consideration of the scope and existing arrangements. As part of the set-up process for each audit engagement the scope of the audit will be agreed in detail and a more accurate budget for audit days will be set. A contingency has been included in the plan to allow for variances in planned audits days against actual and for ad-hoc or fraud investigations that may arise during the year. The quarterly progress reports to Audit and Governance Committee will include a comparison of planned to actual days for each audit undertaken.

3.4 Limitations

- 3.4.1 The matters raised in the audit reports will only be those which come to our attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or all the improvements that may be required. Whilst every care will be taken to ensure that the information contained in audit reports is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained therein. Our work does not provide absolute assurance that material errors, losses or fraud do not exist.

2023/24 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL KEY PRIORITY AREA/RISK REGISTER	PLANNED AUDIT DAYS
HOUSING				
Housing Repairs	Audit	Q1,2,3,4	KP3 / RR1	40
Housing Planned Maintenance	Audit	Q1,2,3,4	KP3 / RR1	40
Asbestos Management	Audit	Q2	KP3 / RR1	10
Subtotal				90
COMMUNITY SERVICES				
HMO/ Selective Licensing	Audit	Q4	KP3	10
Safeguarding	Audit	Q1	KP2 / RR1	8
Transport Management & Operating Licensing	Audit	Q4	KP2	8
Tree Stock Management	Audit	Q3	KP1,2	6
Protect Duty	Audit	Q4	KP1,2	8
Subtotal				40
FINANCE				
New finance system	Advisory/ Testing	Q1/2/3	KP All / RR2, 3	10
Key financial systems	Audit	Q1/2/3/4	KP All / RR2, 3	52
Subtotal				62
HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT				
Workforce Planning	Audit	Q2	RR3	8
Subtotal				8
ICT				
IT Asset Management	Audit	Q2	RR5	10
Remote Support & Data Exchange	IT Audit Contractor	TBA	RR7	Not included in audit days
Cyber Security	IT Audit Contractor	TBA	RR5, 7	Not included in audit days
Subtotal				10

AUDIT AREA	TYPE	TIMING	COUNCIL KEY PRIORITY AREA/RISK REGISTER	PLANNED AUDIT DAYS
CROSS CUTTING				
Corporate Policy Management	Audit / Data analysis		KP All	10
Capital Programme Management	Audit	Q1 & Q4	KP All / RR2, 3	10
Transformation Projects	Advisory	As required	KP All / 14	5
Climate Change Strategy	Audit	Q2	KP All	10
Procurement & Contract Management	Audit	Q2	KP All/ RR 4	10
Subtotal				45
Total				255

The areas detailed below are audits that will be brought on to the plan if time allows, if not they will be included on the 2024/25 plan.

- Partnership Working/ SLA's
- Health & Safety
- Corporate Complaints
- The new market
- Development Control – Planning Applications

The following audits have been agreed to be included in the 2024/25

- Commercial Lettings
- Waste Services
- Housing Compliance Management
- Service Planning & Performance Management

Key

1. Supporting Coalville to be a more vibrant, family friendly town
2. Our communities are safe, healthy and connected
3. Local people live in high quality, affordable homes
4. Support for businesses and helping people into local jobs
5. Developing a green and clean district