



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

2024/25 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 2024/25 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 provides 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.



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 2024/25. 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 2024/25. 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 2024/25 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 2024/25, 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	393
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit/Audit Reviews	56
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	20
Available Audit Days	317

3.3. Internal Audit Annual Plan 2024/25

3.3.1 The proposed 2024/25 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: 2024/25 Annual Audit Plan

Risk Based Audit Work 2024/25 (see Appendix A)	239
Completion of 2023/24 Outstanding Audits	19
Follow up reviews	10
Advisory – Ad hoc	11
Public Sector Internal Audit Standards	7
NFI, RIPA, Fraud	22
Risk Scrutiny	4
Contingency	5
Total Audit Days	317

3.3.1 Three of the Council’s key financial systems (Benefits, Council Tax and National Non Domestic Rates (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 Audit's 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. Audit's work does not provide absolute assurance that material errors, losses or fraud do not exist.

2024/25 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	PLANNED AUDIT DAYS	
HOUSING					
Housing	Audit	Q1,2,3,4	2	30	
Housing Compliance	Audit	Q3	2	20	
Housing Contract Management	Audit	Q2	2	15	
Housing Stocktakes	Audit	Q1,2,3,4	2	2	
Subtotal				67	
COMMUNITY SERVICES					
Tree Stock Management	Audit	Q1	2	8	
Waste Services	Audit/ Advisory	Q1,2,3,4	3	20	
Subtotal				28	
FINANCE					
Insurance	Audit	Q1	4	8	
VAT & benefits in kind	Audit	Q2	4	10	
Key financial systems	Audit	Q2,3,4	4	55	
Subtotal				73	
REGENERATION					
Regeneration Projects	Consultancy	Q1/2	1	20	
Subtotal				20	
ICT					
IT Audits	IT Audit Contractor	TBA	4	20	Not included in audit days
Subtotal				20	

CROSS CUTTING				
Net Zero	Audit	Q3	All	8
Driver checks	Audit	Q2	All	6
Transformation Projects	Advisory	As required	All	3
Complaints	Audit	Q2	All	12
UKSPF	Audit	Q2	All	8
Changing Places	Grant	Q2/3	All	2
Procurement and Contract Management	Audit	Q4	All	12
Subtotal				51
Total				239

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 2025/26 plan

- Partnership Working/ Service Level Agreements (SLAs)
- Health and Safety
- Development Control – Planning Applications
- Service Planning and Performance Management

Key to Priorities

1. Planning and Regeneration
2. Communities and Housing
3. Clean, green and zero carbon
4. A well run council