

Internal Audit

Internal Audit Plan 2024-25

**Torbay Council
Audit Committee**

March 2024

Not Protectively Marked



Lynda Sharp-Woods
Audit Manager

Tony Rose
Head of Devon Audit Partnership



Auditing for achievement

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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid-Devon, South Hams & West Devon, Torridge and North Devon councils and Devon & Somerset Fire & Rescue Service. We aim to be recognised as a high-quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Senior Leadership Team.

This Council's Internal Audit Charter formally describes the Purpose, Authority, and Principal Responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at Appendix 1, along with the scope of Internal Audit work. The PSIAS refer to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review, and note the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

The Chief Audit Executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using Risk appetite levels set by management for the different activities or parts of the organisation as represented in Appendix 3.

The audit plan represents the proposed internal audit activity for the year. At the start of each audit the scope is discussed and agreed with management with the view to providing Management, the Chief Finance Officer (Section 151) and Members with assurance on the control framework to manage the risks identified. The plan will remain flexible, and any changes will be agreed formally with management and reported to Audit Committee.

Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements,
- the basis of assessment of the audit work in the proposed plan,
- the resources allocated to meet the plan,
- proposed areas of internal audit coverage in 2024-25.

Following consideration of the above the Audit Committee are required to note the proposed audit plan.

Tony Rose
Head of Audit Partnership

High Level Audit Plan

This chart shows a summary of planned audit coverage for the year totalling 720 direct days (742 including 22 days for Schools). It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Council and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more agile and responsive to changing risks.

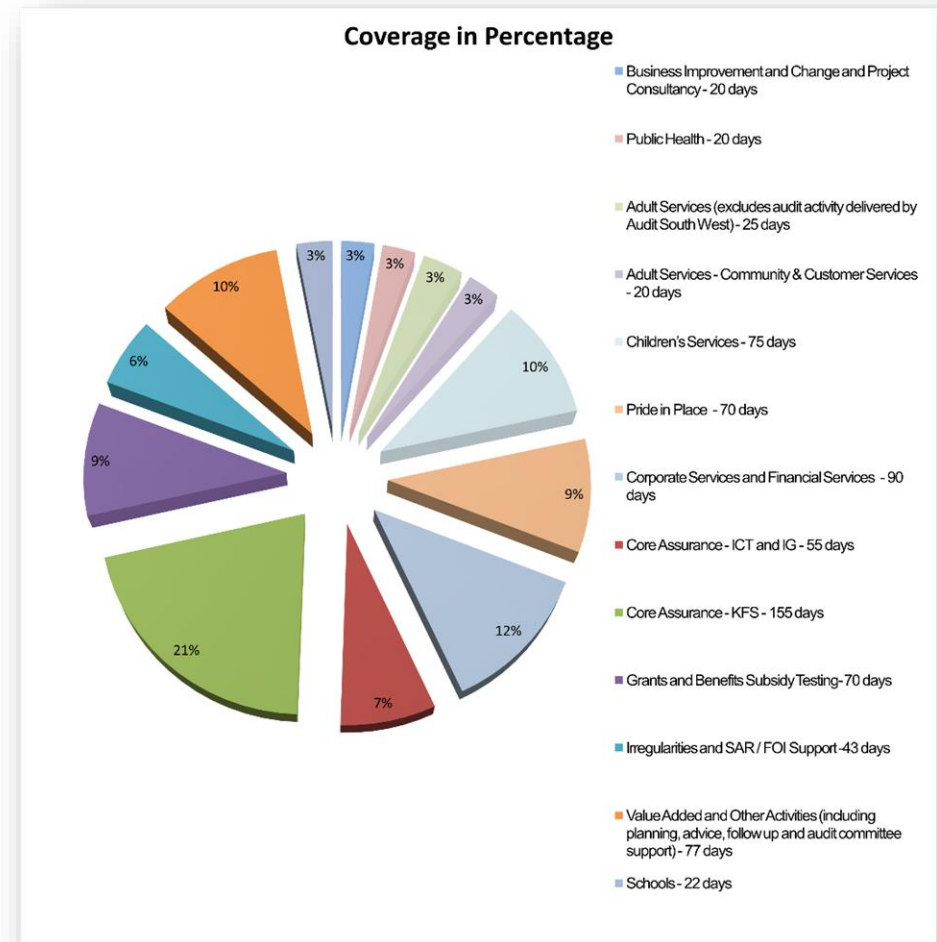
As outlined in Appendix 3 to this report, the Audit Plan is drawn up considering various factors including global risk themes, risks to the Council as outlined in the Council's risk register, and the views of Directors, Senior Officers, and Members. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key and current risks to the operation or function are considered during our review. A brief overview of proposed audits is provided on the following page.

As we progress through the year, any changes to the audit plan will be agreed by the Section 151 officer and are notified to the Audit Committee via our monitoring reports.

The Internal Audit Plan is intended to cover the period 1st April to 31st March. We know from our experience that our work does not start on the 1st April or finish on the 31st March. The delivery of the work commences in April with the bulk of the work delivered within each financial year, concluding with our reports being finalised after year end. This timeframe helps to ensure the annual Head of Internal Audit assurance opinion is based on the fullest possible breadth of work.

We regularly review wider risk information to help inform our Internal Audit Plans. The [Institute of Internal Auditors \(IIA\)](#), the [World Economic Forum](#) and the Institute of Risk Management (IRM) [IRM Global Risk Trends 2023 \(theirm.org\)](#) produced documents linked to global, national, and regional risks, many of which are relevant to the services delivered by the Public Sector. The [IRM](#) made their 2024 Risk Trends Report available for download in March 2024. In addition, Mazars undertake an annual review of emerging risks, the latest one being the [2023-24 version](#).

These documents provide a useful information source for Auditors, Senior Management and Audit Committee Members as they consider what items should be included in the Annual Internal Audit Plan. These can be found using the links should you wish to view them.



Service Area Overview of Audit Coverage (including delivery quarter and audit needs assessment-ANA)							Business Projects & Value Added Q1-4
Thematic Overview Audit Coverage	Adult Services	Adult Services Community & Customer Services	Public Health	Children's Services	Corporate Services & Financial Services	Pride in Place	
	ASC Transformation Plan (QA role) Q1-4 ANA Critical	Housing (including sufficiency) Q1 ANA High	NHS Links (management of contracts with GPs and impacts) Q3 ANA Medium	Safety Valve (QA role) Q1-4 ANA Critical	CRM System Q2 ANA High	Highways Commissioning Q1 ANA Medium	Business Improvement and Change ANA Critical
	ASC – Use of social care grants Q2 ANA High		0-19 Procurement (governance arrangements) Q4 ANA Medium	Home to School Transport (QA role) Q1-4 ANA Medium	Financial Resilience (including 24/25 Budget Savings Plans, Medium Term Resource Plan and Reserves) Q2 ANA High	Enforcement (Planning) Q1 ANA High	Safe on-boarding of TDA / TorVista (QA role) ANA Critical
	ASW Assurance <i>The Director of Adult Services works with ASW Assurance to devise an audit plan covering Adult Services delivered by the Trust.</i>			Sufficiency Strategy Progress Q2 ANA High	Council Borrowing (including Loans) Q1 ANA High	Capital Programme Q2 ANA High	Information Governance Steering Group ANA High
				SEND (Special Educational Needs and Disabilities) Q3 ANA High	Audit Committee Assessment Q1-4 ANA Medium	Events - follow up of Festival recommendations Q2 ANA Medium	Irregularities
				Early Help (including Family Hub) Q2 ANA High	Democratic Services and Member Allowances Q2 ANA Medium	Development Management Planning Q2 ANA High	Subject access and freedom of information requests
				Vulnerable Pupils Q4 ANA Medium	Business Continuity Q4 ANA Critical	Land Release Fund (LRF) and Other Grants Q4 ANA High	Advice
							Audit Follow Up
	Core Assurance	Business Processes & Governance, Schools Assurance – Grant Certification (Q1-4) ANA High , HB Subsidy (Q2-4) ANA High ; Schools audits (Q1-4), Audit plan preparation, monitoring and reporting (Q1-4)					
Key Financial Systems (KFS) ANA High – Open Revs and Civica W2 System Admin (Q1); Treasury Management (Q1); Asset Register (Q1); FIMS System Admin (Q1); Income Collection (Q2); Council Tax Support Scheme (new) (Q2); Main Accounting System and Bank Rec (Q2); Housing Benefits (Q3); CTAX and NDR (Q3); Debtors (Q3); Payroll (Follow Up) (Q4); Creditors and POP (Follow up) (Q4)							
ICT ANA Critical – IT Service Review (Q1-4); Firewall (Q2); IT Risk Management (Q3); ICT KFS (Q3); Patch Management (Q4)							

The diagram shows the proposed 2024-25 audit coverage as identified through risk assessment and discussion with Senior Management. ANA is described in Appendix 3.

**Thematic Overview
Audit Reserve List**

Service Area Overview of Reserved Audit Areas					
Adult Services	Adult Services Community & Customer Services	Public Health	Children's Services	Corporate Services & Financial Services	Pride in Place
No items on reserve	No items on reserve	No items on reserve	No items on reserve	Performance Management Elections Printing Human Capital / Workforce Crisis Employment Status (off payroll working and tax) Devolution Deal LGA Peer Review Procurement of IT Solutions IT Supply Chain Management Procurement (Compliance with new legislation) Supply Chain Management Counter Fraud	Economic Growth Harbours (rolling cycle of audits)

The diagram shows the areas discussed and agreed with Directors during the audit planning process which have subsequently been placed on a reserve list by the Section 151 Officer, as they could not be accommodated within the commissioned audit plan days. The areas on the reserve list will be reviewed should any of the planned work be deferred in year, or in response to changing priorities.

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities as requested by the Financial, Ethics and Probity (FEP) Group, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud as directed by FEP. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”, Internal Audit will liaise with the Council’s Corporate Fraud Officer, to enable resource to be focussed on identifying and preventing fraud before it happens. Additionally, new guidance introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and also the Home Office ‘UK Anti-Corruption Plan’, will further inform the direction of counter-fraud arrangements going forwards.

The Cabinet Office runs a national data matching exercise (The National Fraud Initiative - NFI) run every two years, which is managed by Torbay Council’s Counter Fraud Officer. The NFI programme has a cumulative savings figure of [£2.4 billion](#) since its creation in 1996. The outcomes exclude the non-financial benefits also experienced by participants, such as improvements in the accuracy of records, or a greater knowledge of the extent and types of risks their organisations might face.

Internal Audit Governance

An element of our work ensures effective and efficient services are provided to the Council and that the Internal Audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e., an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include: -

- Preparing the internal audit plan and monitoring implementation,
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee,
- Assistance with the Annual Governance Statement,
- Liaison with other inspection bodies (e.g., Grant Thornton),
- Support to the Council’s internal Risk Management team.

Partnership working with other audit agencies

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We participate in a range of internal Audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton) and ASW Assurance (Internal Audit for NHS).

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015 amended 2021, 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 (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive 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 Chief Audit Executive 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.

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.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning and best practice, helping each authority develop further to ensure that risk remains suitably managed.

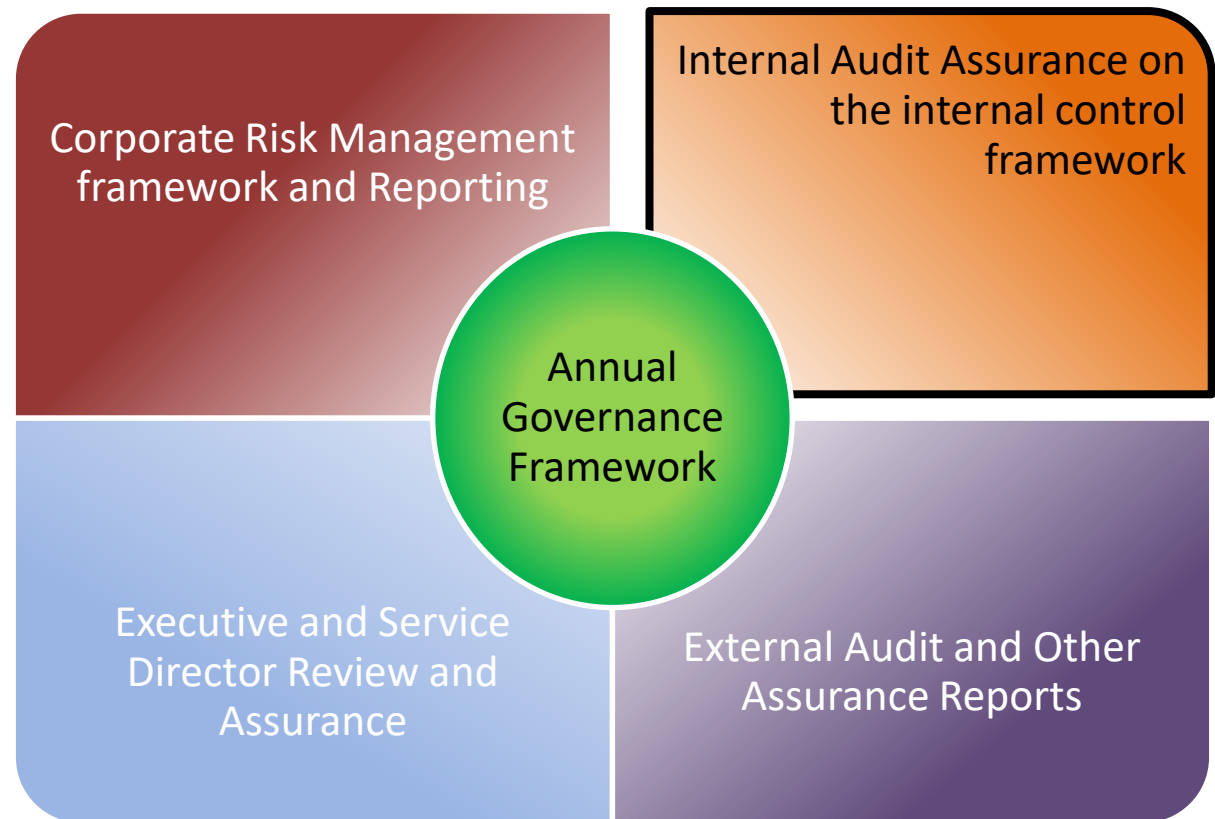
Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice,
- high quality services are delivered efficiently and effectively,
- ethical standards are met,
- laws and regulations are complied with,
- processes are adhered to,
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -

- be prepared by senior management and signed by the Chief Executive, Leader of the Council and Chair of the Audit Committee,
- highlight significant events or developments in the year,
- acknowledge the responsibility on management to ensure good governance,
- indicate the level of assurance that systems and processes can provide,
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon,
 - The Authority,
 - Audit Committee,
 - Risk Management,
 - Internal Audit,
 - Other reviews / assurance.
- Provide confirmation that the Authority complies with CIPFA's International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

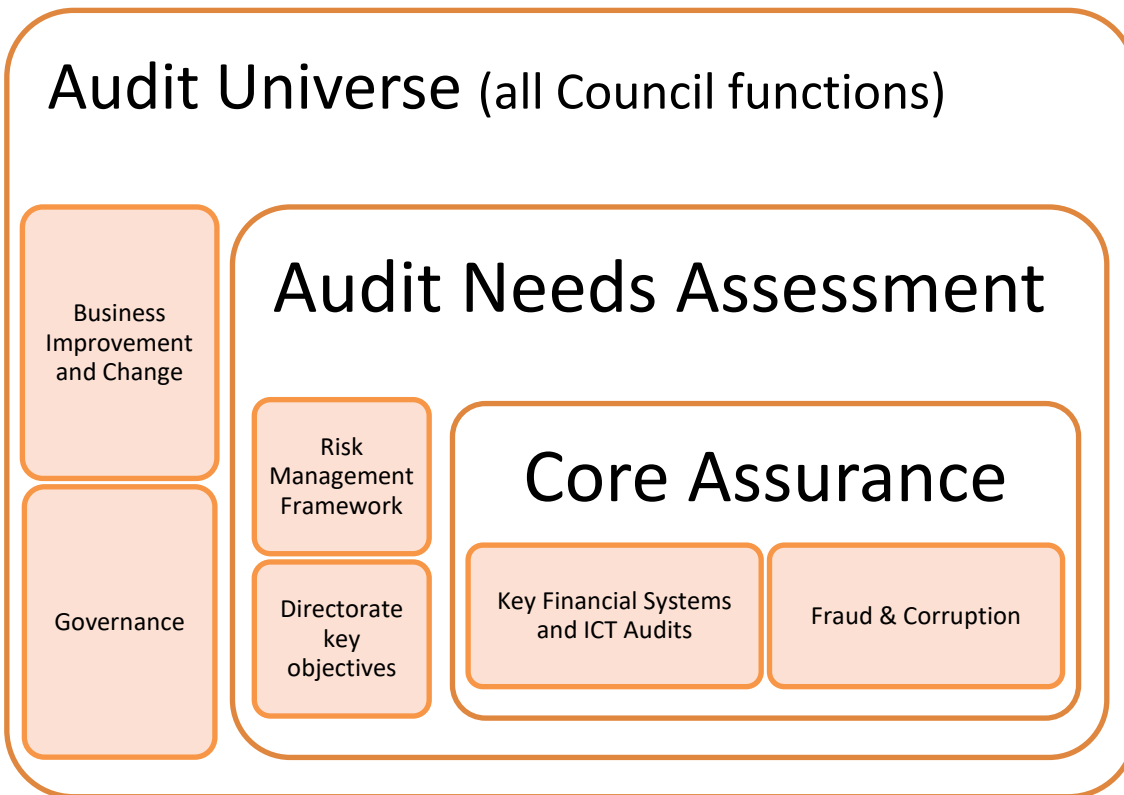
The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g., ASW Assurance) that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

We work closely with the Section 151 Officer, Directors, and Members to employ a risk-based priority audit planning approach to identify those areas from the Audit Universe where audit resources can be most usefully targeted.

This involves consideration of global risk themes, the Council’s risk register, budget consultation information, and Internal Audit assurance mapping. The outcomes of this process support the audit needs assessment and the resulting audit plan.

The result is the Internal Audit Plan set out within the thematic on page 3 of this report. A number of areas are placed on a reserve list for future consideration (page 4).



The audit plan for the year plan has been created by:

Consideration of global risks and risks identified in the Authority’s strategic register

Review of the audit universe

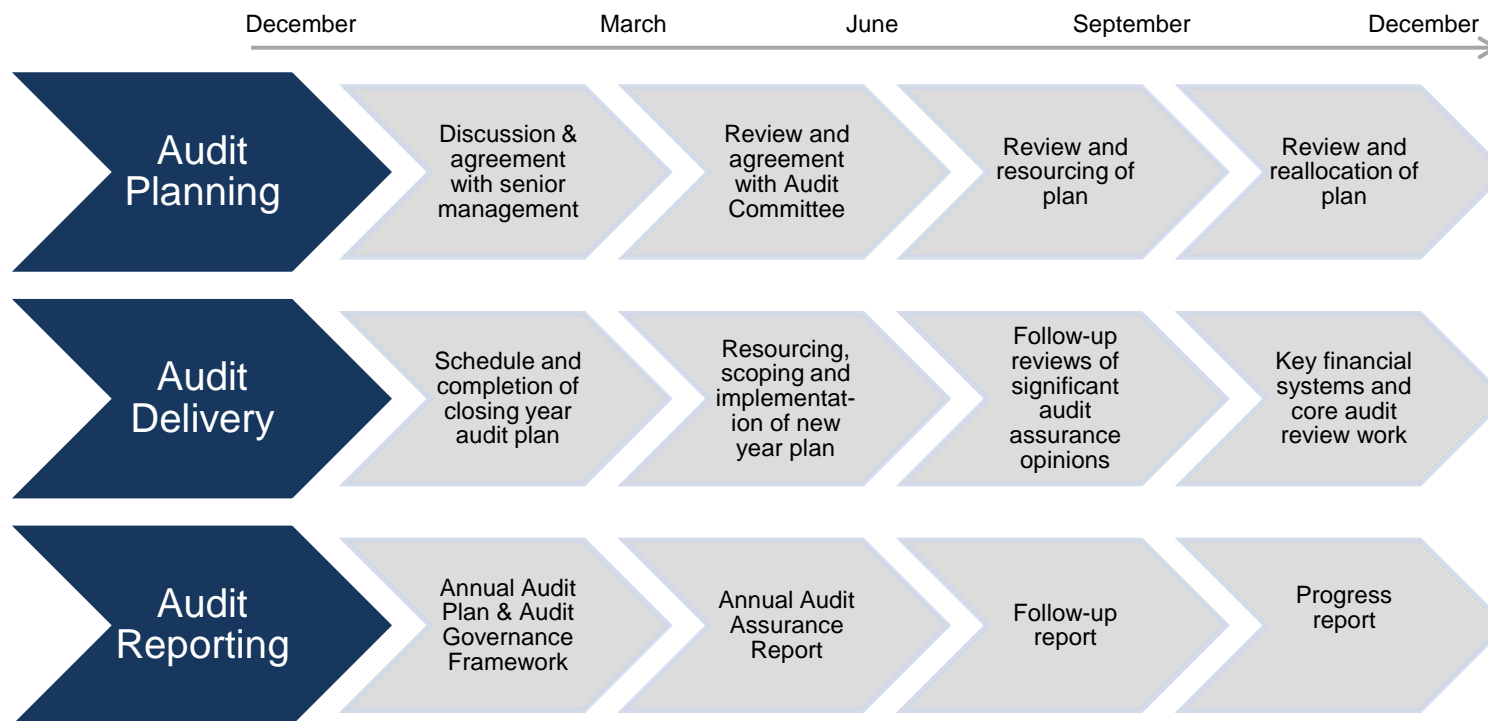
Discussions with the Section 151 Officer, Directors, Senior Officers and Members regarding the risks which threaten the achievement of corporate or service objectives, including changes and/or the introduction of new systems, operations, programmes, and initiatives

Taking into account results of previous Internal Audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec to Feb 2024	Directorate planning meetings
March 2024	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year-end field work completed
Apr / May 2024	Annual Performance reports written
May 2024	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
January 2025	Follow-up and progress report presented to Audit Committee
January 2025	Six-month progress reports presented to Audit Committee
	2025/26 Internal Audit Plan preparation commences

<p>Tony Rose Head of Audit Partnership T 01392 383000 M 0779420113 E tony.d.rose@devon.gov.uk</p>	<p>Lynda Sharp-Woods Audit Manager – Torbay Council T 01392 382322 E lynda.sharp-woods@devon.gov.uk</p>	<p>Joanne McCormick Deputy Head of Audit Partnership T 01392 383000 M 07961650617 E joanne.mccormick@devon.gov.uk</p> <p>Claire Moore Audit Manager – Schools T 01392 383000 E claire.moore@devon.gov.uk</p>
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