

# Internal Audit Plan 2023-24

## North Devon Council Governance Committee

March 2023

Tony Rose  
Head of Audit Partnership



Auditing for achievement

## 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 Governance Committee and senior management is the Council's 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, and 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 Governance Committee, under its Terms of Reference contained in the Council's Constitution, is required to review, and approve 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 considers 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 and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing Senior Management 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 Governance Committee.

### **Expectations of the Governance Committee for this annual plan**

Governance 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 2023-24.

Following consideration of the above, the Governance Committee are required to approve the proposed audit plan.

**Tony Rose**  
**Head of Audit Partnership**

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## Development of the Plan

This year's audit plan has been developed through discussions with the Senior Management Team, and consideration of the Council's risk register and plan. It is also informed by previous audit findings, and our awareness of current themes in Devon and elsewhere, such as Climate Change and Homelessness. Within the plan, we aim to provide good coverage of Council Corporate risks, and current public sector risks (see appendix 5). Audit coverage has been set as 242 direct audit days with management agreement, compared to 244 for 2022/23.

We have maintained the four-year plan to help identify future resource requirements and ensure good coverage of areas over the period, but our focus for this meeting is to agree the audit days for 2023/24.

## Audit Plan Summary

Our audit plan is grouped into the different management areas as follows, with further detail provided in the plan table.



Within those business areas, we identify:

- **Core audits** which are largely on what are termed “key financial systems” that process most of the Council's income and expenditure and which have a significant impact on the reliability and accuracy of the annual accounts. These include Payroll, Creditors, Main Accounting System, Council Tax, Housing Benefit. This work will provide assurance that core controls continue to be effective despite the changing environment. These audits mainly come under the Head of Governance.
- **Risk based audits** affecting core assurance service delivery with focus on different service areas particularly those at higher risk. We also undertake follow on work related to Limited Assurance opinions from 2022/23.

In accordance with the PSIAS, the plan is flexible, to reflect and respond to the changing risks and priorities of the Authority. As a result, it will be regularly reviewed and updated to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months' time to ensure it continues to reflect the key risks and priorities.

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 risks to the operation or function are considered during our review.

## Fraud Prevention and Detection and Internal Audit Governance

Fraud is a recognised risk area for the Council and effective counter fraud activity assists in the protection of public funds and accountability. Our Counter Fraud Service continues to support work by the council to identify its fraud risks and consider effectiveness of its controls. To support this the authority is encouraged to agree a separate plan of counter fraud work. Our Counter Fraud service also oversees investigations, instances of suspected fraud and irregularities referred to it by managers and can also carry out testing of systems considered most at risk to fraud. Our services will liaise with the Council to focus resource on identifying and preventing fraud before it happens. This work is informed by the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the publication “Protecting the English Public Purse”. Additional guidance recently introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and the Home Office ‘UK Anti-Corruption Plan’, are also relevant.

### Audit Management

One line of our plan is classified as “Audit Management”. This is work supporting effective and efficient audit services to the Council, and 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. It also includes Follow Up time, and Contingency. Other areas that this may cover include:

- Preparing the internal audit plan and monitoring implementation.
- Preparing and presenting monitoring reports to Leadership and the Governance Committee.
- Assistance with the Annual Governance Statement
- Liaison with other inspection bodies (e.g., Grant Thornton).
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue in the coming year.
- On-going development within the Partnership to realise greater efficiencies in the future.

### Partnership working with other auditors

We continue to work to develop 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), One West, and Audit Southwest (Internal Audit for NHS).

# North Devon Internal Audit Plan for 2023/24

HD OF GOVERANCE	Last Done	2022/23	2023/24	2024/25	2025/26	2026/27	Notes
CORE-Main Accounting System & Budgetary Control	2022/23	10	7	10	7	10	<b>Limited Opinion 22/23</b>
CORE-Creditors (including ordering processes)	2022/23	8	5	10	5	10	
CORE- Debtors	2022/23	5	8	5	8	5	
CORE -Cash and Card Collection	2022/23	8		6		6	
CORE- Treasury Management	2022/23	3	3	3	6	3	
CORE- Payroll	2022/23	7	7	7	7	7	
Procurement	2021/22		10		10		
Contracts & Commissioning	2022/23	2		10		10	
VAT	2022/23	5					
Commercialisation / income generation	2022/23	5			5		
Capital Programme and Expenditure.	2019/20		8			8	
Covid-19 - assurance (grants, recovery, control)	2021/22						
Other grants	2022/23	5	5	5	5	5	
Insurance	Not Known		5			5	
Democratic Services - Elections	Not Known			5			
Democratic Services - Councillor Grants, Allowances	2022/23	5		5		5	
Risk Management	2022/23	5		8		8	
Corporate Governance Arrangements	2021/22		8				
Corporate Plan	2021/22			5		5	
Partnerships	Not Known		3				
Fraud, Bribery & Ethics, National Fraud Initiative	2022/23	5	5	5	5	5	
<b>Totals</b>		<b>73</b>	<b>74</b>	<b>84</b>	<b>58</b>	<b>92</b>	

HD ENVIRONMENTAL ENHANCEMENT	Last Done	2022/23	2023/24	2024/25	2025/26	2025/26	
Leisure Services	2022/23	5	3				Confirm effective management performance of new Leisure Centre contract
Grounds Maintenance contract	2021/22						
Vehicle Workshops	Not Known		5				As outsourced to contractor review contract is operating effectively.
Cemeteries	2022/23	5				5	
Climate Change	2022/23	8	7	7	7	7	
Tree Preservation Orders	Not Known			5			
Waste Management (Refuse and Recycling)	2022/23	5			5		
Street Cleaning	Not Known		5				
<b>Totals</b>		<b>23</b>	<b>20</b>	<b>12</b>	<b>12</b>	<b>12</b>	

HD ORGANISATIONAL DEVELOPMENT	Last Done	2022/23	2023/24	2024/25	2025/26	2025/26	
Recruitment	2022/23	5				5	<b>Limited Opinion 22/23</b>
Equality & Diversity	2022/23	5	5			5	
Corporate Health & Safety	2021/22			5		5	
Learning and Development	Not Known		5				Deferred to 23/24 when new i-Trent skills module introduced
<b>Totals</b>		<b>10</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>15</b>	

HD PLACE, PROPERTY AND REGEN	Last Done	2022/23	2023/24	2024/25	2025/26	2025/26	
CORE- Parking Operations	2022/23	5		5		5	Follow up of Limited Assurance audit Green Lanes management
Town Centre Management / CCTV	2022/23	5					
Museums and Theatres	2022/23	2		2			Undertake early in 2024/25 Confirm Asset Management Plan introduced
Regeneration Projects	2021/22			10			
Estate management	2022/23	10	5		10		
Security	2022/23	8			8		

Harbour Authority	Not Known		5			5	
Economic Development	Not Known						
<b>Totals</b>		<b>30</b>	<b>10</b>	<b>17</b>	<b>18</b>	<b>10</b>	

HD CUSTOMER FOCUS	Last Done	2022/23	2023/24	2024/25	2025/26	2025/26	
Information Technology / Cyber Audit	2022/23	22	22	22	22	22	HIGH RISK - CYBER HIGH RISK - DATA RETENTION <b>Must be undertaken in Q3 (or Q2 if necessary).</b> <b>Must be undertaken in Q3 (or Q2 if necessary).</b>
Information Governance	2022/23	5			5		
CORE- Council Tax & NNDR	2022/23	10	10	10	10	10	
CORE- Housing Benefits	2022/23	10	10	10	10	10	
Customer Service Centre	2022/23	8			8		
<b>Totals</b>		<b>55</b>	<b>42</b>	<b>42</b>	<b>55</b>	<b>42</b>	

HD PLANNING, HOUSING AND HEALTH	Last Done	2022/23	2023/24	2024/25	2025/26	2025/26	
Housing Needs, Schemes, PFI, including Choice Based Lettings	2021/22		5				To be undertaken in Q4
Licensing	2021/22			5			
Food Safety	Not Known		5				
Home adaptations (Disabled Facility Grants) and Home Energy Efficiency schemes	Not Known			5			
Emergency Planning / procedures, Civil Contingencies Plan	2021/22			5			
Building Control	2020/21			10			In conjunction with Mid Devon Review of S106, Council confidence in wider regulatory activity.
Planning	2022/23	5	10		10		
Environmental Protection	Not Known		10				
Business Continuity	2021/22			5			In conjunction with Torridge
Crematorium	2019/20		3				
Homelessness and temporary accommodation	2022/23	8					
Safeguarding Children and Vulnerable Adults	2021/22		8	8	8	8	
<b>Totals</b>		<b>13</b>	<b>41</b>	<b>38</b>	<b>18</b>	<b>8</b>	

HEAD PROGRAMME MANAGEMENT & PERFORMANCE	Last Done	2022/23	2023/24	2024/25	2025/26	2025/26
Completion of corporate programmes	2022/23	3		4		
Performance Management	Not Known		8			
<b>Totals</b>		<b>3</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>0</b>

AUDIT MANAGEMENT & PLANNING	2022/23	2023/24	2024/25	2025/26	2025/26
Follow Up	5	5	5	5	5
Contingency	10	10	10	10	10
Audit Management	22	22	22	22	22
<b>Total</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
<b>Overall TOTAL</b>	<b>244</b>	<b>242</b>	<b>239</b>	<b>198</b>	<b>216</b>

## Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, 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 & best practice, helping each authority develop further to ensure that risk remains suitably managed.

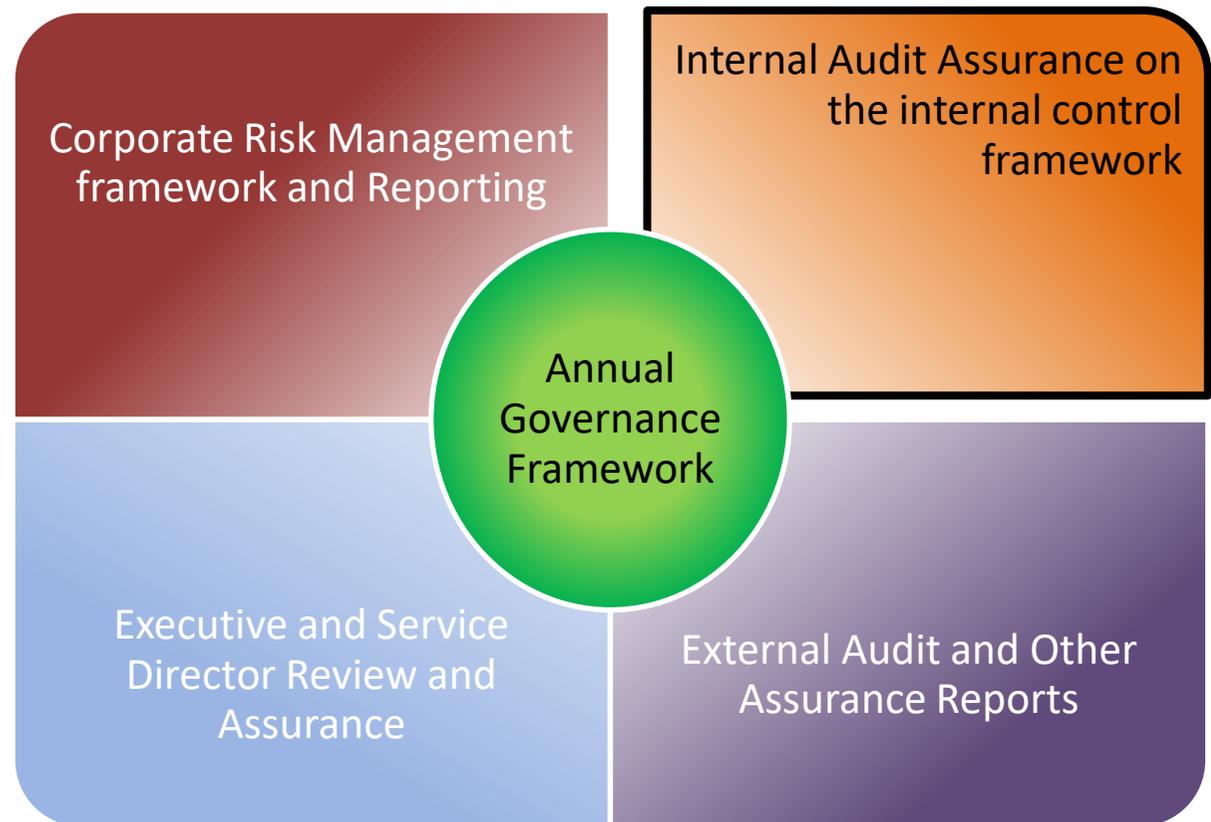
## Appendix 2 - Annual Governance Framework Assurance

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 and the Mayor.
- 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.
  - Governance Committee.
  - Risk Management.
  - Internal Audit
  - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



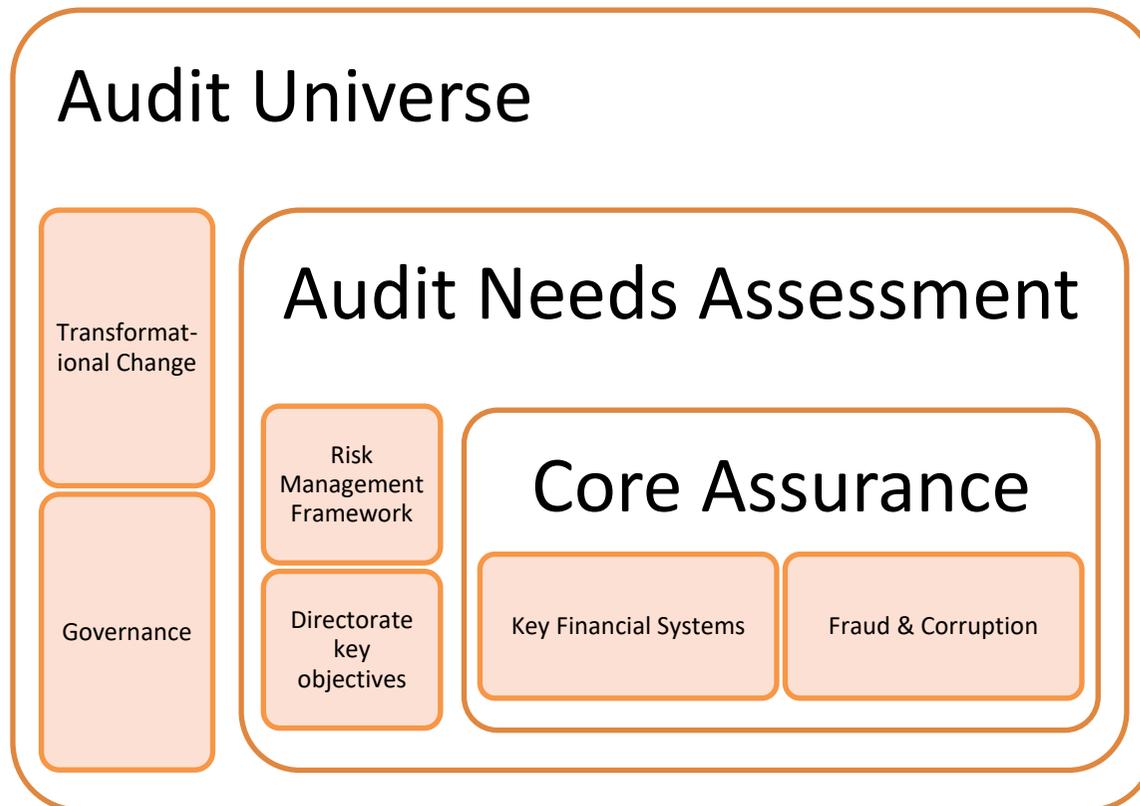
The AGS needs to be presented to, and approved by, the Governance Committee, and then signed by the Chair.

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

## Appendix 3 - Audit Needs Assessment

Our process to create the audit plan includes discussions with management, review of risk registers, consideration of previous work. We also consider the Audit Universe we maintain for the council. Ultimately, our requirement is to undertake a broad-based audit plan of work that supports provision of an end of year assurance report to support the council's own governance statement.

The result is the Internal Audit Plan set out earlier in this report.



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

Consideration of risks identified in the Authority's strategic and operational risk registers

Review and update of the audit universe

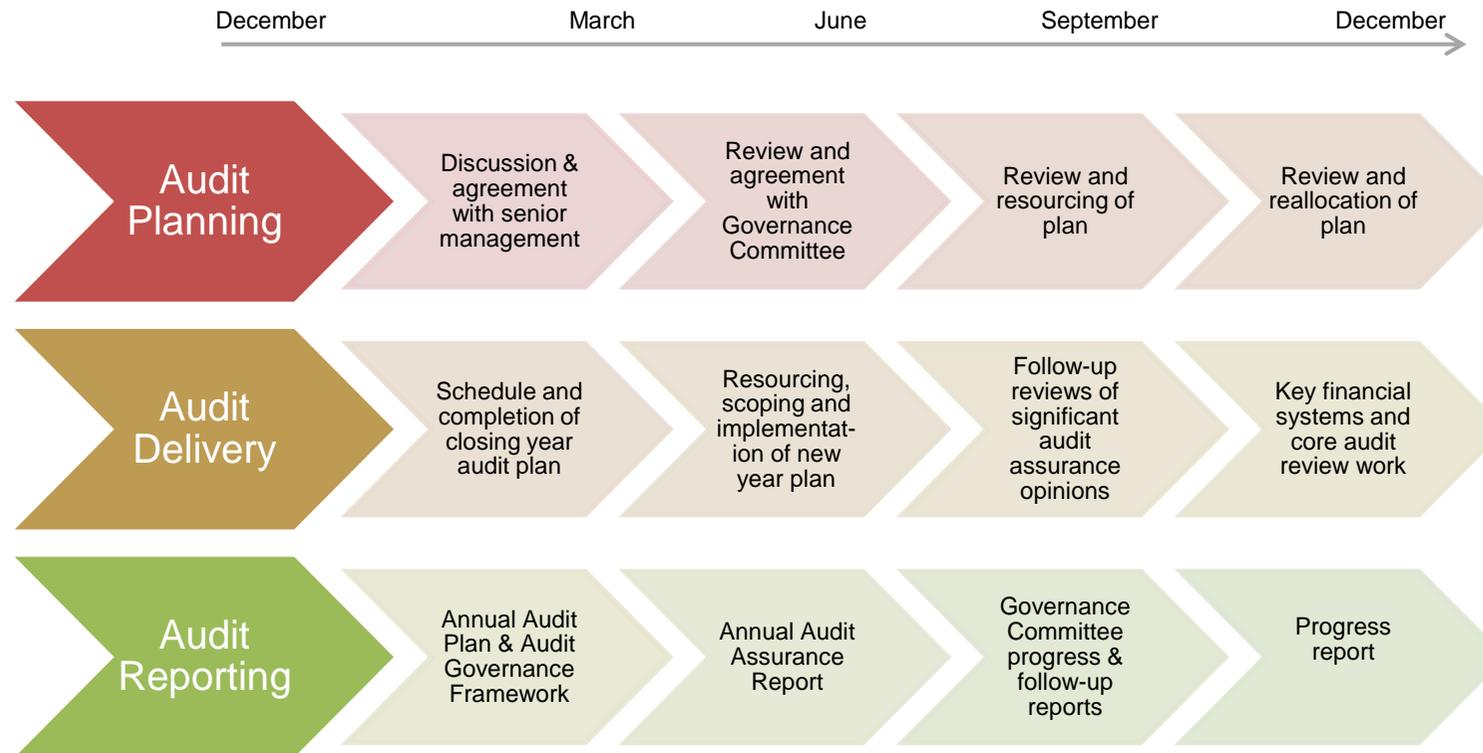
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

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 / Feb	Meetings with management to discuss the plan
Mar	Internal Audit Plan presented to Governance Committee
Mar	Internal Audit Governance Arrangements reviewed by Governance Committee
Mar/Apr	Year-end field work completed
April	Annual Performance reports written
May / June	Annual Internal Audit Report presented to Governance Committee
Apr to Mar	Progress Reports presented to each Governance Committee
Dec	Internal Audit Plan preparation commences

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## Appendix 5 Sector Risk Model

(Source Institute of Internal Auditors – Risk in Focus 2023)

### Key Risk areas:

Cyber security remains the number one concern for almost everyone.

Human Capital – staffing has become more important given manpower shortages.

Macroeconomic and geographical uncertainty has also increased in importance, not surprising given the international situation of conflict in Ukraine and tension with China.

Changes in laws and regulations are also important although a slight reduction since last year.

Climate change is increasingly back on the agenda.

## What are the top five risks your organisation currently faces?

Human capital risk moves into second place this year followed by macroeconomic and geopolitical uncertainty.

■ 2023  
 ■ 2022

