

Report to: Audit and Governance Committee
Date: 2nd March 2022
Title: Draft internal audit plan for 2022/23
Report of: Chief Internal Auditor
Ward(s): All
Purpose of report: To propose an internal audit plan for 2022/23
Officer recommendation(s): To consider and agree the proposed plan.
Reasons for recommendations: The remit of the Audit and Governance Committee includes the duties to agree an Annual Audit Plan and keep it under review and to keep under review the probity and effectiveness of internal controls, both financial and operational, including the council's arrangements for identifying and managing risk.
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1.0 Introduction

- 1.1 The internal audit function contributes to the council's overall governance arrangements through the audits carried out in the annual internal audit plan.
- 1.2 The draft audit plan is taken to both the Corporate Management Team and the Audit and Governance Committee for consideration and approval.

2.0 Approach to setting the plan.

- 2.1 During the past few years it has been noted that senior managers are more willing to approach Internal Audit to request various audit reviews be carried out in their areas. As these requests usually involve issues which are a high risk, or are of immediate importance, these have been carried out by the team. There have also been times where an audit review of one area has been proposed but, at the time of scoping the review, the relevant senior manager has requested that the scope be changed to cover a different area with which they have concerns.
- 2.2 It is important that Internal Audit add value to the council and ensure that any emerging areas of concern are considered. The work of the team must add value and be flexible whilst still ensuring that there is an adequate breadth of cover to the work that is carried out.
- 2.3 In order to ensure adequate coverage, the total number of areas that can be audited has been divided into the departments under which they sit. The number of areas by department have then been calculated as a percentage of the total number of areas. The table below shows the number of areas listed in

the universe for each department which has then been calculated as a percentage of the total.

**Calculation of each department as a percentage of
the whole council**

Department	No of areas	% of total
Regeneration	15	10%
Tourism and Enterprise	18	12%
Service Delivery	58	39%
Corporate Services	59	39%
TOTAL	150	100%

These percentages have then been used to inform the contents of the plan and this is explained in more detail below.

3.0 The Audit Universe

3.1 The Audit Universe is the list of all areas across the councils which can be reviewed; this includes areas across both Eastbourne Borough and Lewes District Councils so that a full joint audit plan can be produced. Whilst many services are now delivered jointly, there are still some which are relevant to only one council and these are identified as such where appropriate.

4.0 Production of the draft audit plan for 2022/23.

4.1 The internal audit plan for each year begins by calculating the number of audit days available. This takes the number of work days of each member of staff less non-chargeable time (e.g. annual leave, public holidays, sick leave, training, admin. etc.). From the remaining days, 36 are allocated for audits for Eastbourne Homes and 5 for South East Environmental Services Ltd – both of which are paid for by the companies.

4.2 There are twelve “managed” audits which have to be undertaken every year as these cover our main financial systems and their controls. The time taken for these days is also taken off the remaining number along with some allocation for special pieces of work, advice, consultancy etc.

4.3 The Audit Manager is undertaking a Leadership apprenticeship and one Auditor is completing an apprenticeship scheme training with the Institute of Internal Auditors. This has reduced the audit time available while they undertake the training. Also a new member of staff joined the team in January 2022 and while the majority of training will take place during the last quarter of 21/22 some training will take place in 22/23. Another Auditor post is currently being advertised so time has been added to the plan for this post but at a reduced level because of the initial training that will need to be undertaken. The time of the Audit Manager is further reduced as she is providing the training to the new staff.

- 4.4 The total number of days available for carrying out audit reviews is then calculated and this can be seen at Appendix A. The calculation currently takes into account the Auditor position which is currently being advertised. It is hoped that this post will be filled by the beginning of the new financial year. If it is not then the plan will need to be adjusted to account for this.
- 4.5 The total number of days available for audits having been arrived at (see Appendix A) these have then been split by the percentages shown at 2.3. This is as follows:

Calculation of total audit days available for the plan

Total days available		326 audit days
Regeneration	10%	33 audit days
Tourism and Enterprise	12%	39 audit days
Service Delivery	39%	127 audit days
Corporate Services	39%	127 audit days

- 4.5 The universe is the starting point for developing the annual audit plan. Current issues facing the councils are considered and any relevant areas in the universe will be considered for auditing. Equally, any priorities or initiatives for the councils will be considered in the same way.
- 4.6 Once the audits that affect the objectives of the councils have been considered, the rest of the universe is looked at and consideration given to other areas of higher risk, areas that haven't been audited for some time, and new areas added. Any that are considered as being due for review are added to the list based on the percentages at 2.3 and the number of days available.
- 4.7 Time has been put aside for auditing Tourism. However, most of the Tourism functions are for Eastbourne and the recent Local Government Finance Review from Cipfa /Department Levelling Up, Housing and Communities for Eastbourne Borough Council has stated that the council should rely less on Tourism. A full review of this area is therefore being undertaken. The time set aside for auditing Tourism has therefore not been allocated to any specific review at this time. The situation will be monitored and consideration will be given to monitor the ongoing review or to carry out targeted audits later in the year.
- 4.8 The majority of services are now shared across the authorities so the audit plan reflects this as well. The draft plan therefore is flexible, covers the work in both authorities and reflects the risk levels around internal controls. This draft plan can be found at Appendix B.
- 4.9 The plan is in place to provide a list of audits that will be carried out if no other work is requested from the team. However, by using the percentage approach when other work is requested, it will be carried out within the time allocated for that department and will mean that one of the lower risk audits will be carried forward to be undertaken within a future audit plan. The aim is to ensure that the breadth of audit work across all areas is maintained whilst still being able to be flexible to requests. Should work be requested that would take the department beyond the percentage allocated then a conversation would be held to decide on the importance of the piece of work being requested.

4.10 The work of the team will be reported quarterly to the Audit and Governance Committee.

5.0 Financial Appraisal

5.1 There are no financial implications.

6.0 Legal Implications

6.1 This report takes account of regulation 5 of the Audit and Accounts Regulations 2015 which requires the Council to “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 or guidance.”

7.0 Risk Management Implications

7.1 If the council does not have an effective governance framework that is subject to proper oversight by Councillors it will not be able to demonstrate that it has in place adequate means to safeguard council assets and services, and it could be subject to criticism from the council’s external auditor or the public.

8.0 Equality Analysis

8.1 An equalities impact assessment is not considered necessary.

9.0 Appendices

9.1 Appendix A– Calculation of audit resources for the draft plan.
Appendix B – Draft Audit plan for 2022/2023

10. Background Papers

10.1 Audit universe

Jackie Humphrey
Chief Internal Auditor