

**Report to:** **AUDIT AND GOVERNANCE COMMITTEE**

**Date:** **11th MARCH 2024**

**Title:** **Draft Internal Audit Plan for 2024/25**

**Report of:** **Chief Internal Auditor**

**Ward(s):** **All**

**Purpose of report:** **To propose an Internal Audit Plan for 2024/25**

**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 Internal 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 Internal 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 As has been the practice since 2020-21, an indicative Internal Audit plan has been produced. This practice was brought in to allow a more flexible approach to auditing. The plan appended to this report is the work that Internal Audit will carry out if no other work is requested. Over recent years, senior managers have become more willing to approach Internal Audit to request reviews in their areas, where they may have concerns.

2.2 It is important that Internal Audit adds value to the council and ensures 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.

<b>Department</b>	<b>No of areas</b>	<b>% of total</b>
Regeneration	11	7%
Tourism and Enterprise	18	12%
Service Delivery	58	39%
Corporate Services	63	42%
<b>TOTAL</b>	<b>150</b>	<b>100%</b>

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 Internal 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 Internal Audit Plan for 2024/25.**

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. The calculation can be found at Appendix A.

4.2 It should also be noted that Internal Audit has been requested to provide a service for the Tourism Local Authority Controlled Company (LACC). The Chief Internal Auditor has been informed that this will probably be in place by 1<sup>st</sup> April 2024. It has been agreed that 16 days of audit time will be purchased by the LACC and these days would need to be removed from the time available for the councils’ audit plan. However, it would also affect percentage split of work as at least one area would be removed from the audit universe. It should also be considered that there are other changes underway which, when they occur, will have a greater effect on the Internal Audit Plan and could mean that, overall, there are more days available to the plan. Therefore, the indicative plan is set without any of the changes taken into account. When a better idea is known of whether and when these changes will take effect, the committee will be updated on how these affect the plan.

4.3 There are 12 “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. Again, with the Tourism LACC, this will reduce to 11 after the next financial year.

- 4.4 For 2024/25 the Internal Audit team will be fully staffed. This has allowed for more audit days being available for the plan. As an additional benefit the Chief Internal Auditor will be able to hand back the carrying out of Eastbourne Homes Ltd audits to the Internal Audit team. The time freed up by this will allow for other work to be carried out.
- 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:

<b>Total days available</b>		<b>318 audit days</b>
Regeneration	7%	22 audit days
Tourism and Enterprise	12%	38 audit days
Service Delivery	39%	124 audit days
Corporate Services	42%	134 audit days

- 4.6 To begin considering what should be included in the Internal Audit Plan, a list of suggestions made during the previous year is considered. Then the Audit Universe is considered, to identify areas that have not been audited for some time.
- 4.7 When deciding on which audit reviews to add to the list, consideration is given to current issues facing the council. For the coming year, particular attention was given to areas that fitted into the themes of income generation, expenditure and sustainability.
- 4.8 Finally, the list of suggested reviews is compared to the Strategic Risk Register to ensure that areas of risk had been considered in the plan.
- 4.9 As mentioned at 4.4, time has been freed up for the Chief Internal Auditor. In putting together the indicative Internal Audit Plan, areas were identified that required some review but were not traditional reviews looking at controls alone. These have been listed at the bottom of the plan as these will be carried out by the Chief Internal Auditor, and possibly the Audit Manager, but will not take time out of the Internal Audit Plan to be carried out by the Internal Auditors.
- 4.10 The draft indicative Internal Audit Plan can be found at Appendix B.
- 4.11 This draft indicative plan has been taken to Corporate Management Team for consideration.
- 4.12 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, if and when other work is requested, it will be carried out within the time allocated for that department and will mean that one of the audits already in the plan will have to be dropped. 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.

- 4.13 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 Internal Audit Plan for 2024/2025

## **10. Background Papers**

- 10.1 Audit universe

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