

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

**Date:** **1<sup>st</sup> MARCH 2023**

**Title:** **Draft internal audit plan for 2023/24**

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

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

**Purpose of report:** **To propose an internal audit plan for 2023/24**

**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 As has been the practice since 2020-21, an indicative 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 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 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.

<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>	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 2023/24.**

- 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.
- 4.3 The Audit Manager is undertaking a Leadership apprenticeship This has reduced the audit time available while undertaking the training. There is also time set aside for another Auditor to undertake some professional training.
- 4.4 The team has been carrying a vacancy since the end of October. A recruitment exercise took place before Christmas but it was felt that none of the applicants were suitable. There is a further recruitment exercise is taking place. It is generally acknowledged that there is an issue with the employment market and it is increasingly difficult to fill vacancies. If it is not possible to fill this post then there will be a reconsideration of the training being considered for the Auditor as noted in 4.3 above. In addition, this year, the Chief Internal Auditor will carry out the Eastbourne Homes Audits to allow a further 36 days to go into the Audit Plan.

- 4.5 It should also be noted that there has been an increase of the time set aside to carry out follow ups. This is owing to the number of outstanding recommendations, as has been highlighted in the quarterly report.
- 4.6 Because it is currently not known if the vacant post will be filled in the ongoing recruitment exercise, the calculation of available days has not included the vacant post. This takes time out of the available days but equally the time which would have allocated to training the new member of staff has been added back into the time available. If it is found that it is possible to recruit to the post then the audit plan will be revisited and reported on to the committee.
- 4.7 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>133 audit days</b>
Regeneration	7%	9 audit days
Tourism and Enterprise	12%	16 audit days
Service Delivery	39%	52 audit days
Corporate Services	42%	56 audit days

- 4.8 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.
- 4.9 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 table in 4.6.
- 4.10 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.
- 4.11 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 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.
- 4.12 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 2023/2024

## **10. Background Papers**

10.1 Audit universe

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