

NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

03 March 2015

INTERNAL AUDIT PLAN 2015-16

Head of Southern Internal Audit Partnership

ITEM NO

FOR DECISION

Portfolio: Governance and Logistics – Cllr Jackie Branson

Key Decision: No

1.0 Purpose of Report

- 1.1** The purpose of this paper is to provide the Governance and Audit Committee with the Internal Audit Plan 2015–2016 for Havant Borough Council (Appendix 1).
- 1.2** The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

2.0 Recommendation

- 2.1** That the Governance and Audit Committee approve the Internal Audit Plan 2015-2016.

3.0 Summary

- 3.1** The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.
- 3.2** The strategic audit plan has historically projected audit activity over a 3 year period, however due to the rapidly changing local government environment, the relevance of predicting future year's coverage at this stage would be of questionable value.

- 3.3** Internal audit focus should be proportionate and appropriately aligned; as such resources primarily concentrate on high and medium priority reviews.
- 3.4** All low priority review areas remain within the audit universe and are reassessed on an annual basis, however, will not be routinely incorporated in the planning process if continued to be assessed as a low priority.
- 3.5** The plan will remain fluid and subject to on-going review, and amended in consultation with the relevant officers, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for the governance of the Council.
- 3.6** Other reviews, based on criteria other than risk, may also be built into the work plan. These may include 'mandatory' audits or reviews requested or commissioned by management. Any commissioned review must be able to clearly demonstrate a contribution to the audit opinion on risk management, control and governance.
- 3.7** The internal audit team have adopted a matrix style approach to enable the delivery of the plan, by using a resource pool of multi disciplinary auditors capable of forming into teams as audit projects determine.
- 3.8** This approach will ensure seasonal peaks in demand can be effectively managed, an appropriate level of independence in the rotation of audit reviews and the avoidance of over reliance on individual areas of expertise.
- 3.9** The Council's 'internal audit charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion.
- 3.10** Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Management Team.
- 3.11** The endorsement and sponsorship of the plan at Member / Executive Head level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.
- 3.12** A key role of internal audit is to objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.13** A clear objective of the risk based audit approach adopted is to identify any instances of over as well as under control and provide management with a clear articulation of residual risks where existing controls are inadequate.
- 3.14** In a climate where it is necessary to become less process driven and eliminate unproductive tasks, internal audit will not become (or perceived) as a barrier to innovation. Whilst it is imperative that Internal Audit continue to ensure an appropriate control environment exists and

appropriately reported on, the service is ideally positioned and has been appropriately briefed to challenge current practice and where applicable highlight duplication and over control, contributing to efficiencies across the Council.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 380 audit days and remains fluid throughout the year to meet the changing needs of the Council.

4.2 Legal:

Compliance with the Accounts and Audit (England) Regulations 2011.

4.3 Strategy:

Internal audit plays a vital role in helping the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.4 Risks:

The audit needs assessment follows a risk based audit approach taking cognisance of the Council's risk register.

4.5 Communications:

None directly from this report.

4.6 Customers & Community:

None directly from this report although improvements to controls and governance arrangements will ensure more efficient and effective service delivery.

4.7 Integrated Impact Assessment (IIA):

n/a

5.0 Consultation

5.1 The report has been discussed and approved by the Management Team who met at the Executive Board on 3 February 2015.

Appendices:

Appendix 1 – Internal Audit Plan 2015 - 16

Agreed and signed off by:

Legal Services: Jo Barden-Hernandez – 3 February 2015.

Finance: Jane Eaton - 3 February 2015.

Executive Head of Governance & Logistics: Jane Eaton - 3 February 2015.

Contact Officer: Neil Pitman
Job Title: Head of Southern Internal Audit Partnership
Telephone: 01962 845139
E-Mail: neil.pitman@hants.gov.uk

**Havant Borough Council
Internal Audit Plan 2015-2016**

Audit	Audit Sponsor	Priority H/M/L	2015/16
Corporate cross cutting			
Asset Management	G&L	M	✓
Contract Management	G&L	H	✓
Strategic Planning	G&L	H	✓
Performance Management Systems	M&D	H	✓
Procurement	G&L	H	✓
Corporate governance			
Proactive Fraud Initiatives	G&L	H	✓
Annual Governance Statement	G&L	H	✓
Special Investigation (s)	G&L	n/a	✓
Effectiveness of Internal Audit	G&L	H	✓
Local Government Transparency Code 2014	G&L	H	✓
National Fraud Initiative (NFI)	G&L	n/a	✓
Decision Making / Accountability	G&L	H	✓
Financial management			
Accounts Payable	G&L	H	✓
Accounts Receivable / Debt Management	G&L	H	✓
Financial Planning / Budgetary Control	G&L	H	✓
Finance – Main Accounting	G&L	H	✓
National Non-Domestic Rates (NNDR)	G&L	H	✓
Standing Conference of Problems Associated with the Coastline Accounts (SCOPAC)	G&L	L	✓
Information technology			
New IT Applications / Finance System Access Controls	M&D	H	✓
ICT Hosted Services	M&D	M	✓
Corporate objectives			
Disabled Facilities Grants	E&NQ	M	✓
Insurance	G&L	M	✓
Land Charges	P&BE	M	✓
Licensing	E&NQ	M	✓
Traffic Management	E&NQ	M	✓
Thematic Review / smaller services	E&C	M	✓
Legal Services (Trading Services)	G&L	H	✓
Other direct audit activity			
Advice and Liaison	n/a	n/a	✓
Annual Internal Audit Report	n/a	n/a	✓
Audit Committee	n/a	n/a	✓

Audit	Audit Sponsor	Priority H/M/L	2015/16
Audit Strategy and Planning	n/a	n/a	✓
External Audit	n/a	n/a	✓
Follow ups	n/a	n/a	✓
Monitoring and Progress Reports	n/a	n/a	✓

Key to Audit Sponsors	
Executive Head (Marketing and Development)	M&D
Executive Head (Governance and Logistics)	G&L
Executive Head (Economy and Communities)	E&C
Executive Head (Environment and Neighbourhood Quality)	E&NQ
Executive Head (Planning and the Built Environment)	P&BE

Havant Borough Council Audit Universe (excluding proposed 2015-16 reviews)

(NB: This is not an exhaustive list and will be updated regularly as new activities are identified)

Corporate Cross Cutting
Business Continuity Planning / Disaster Recovery
Human Resources
Information Management
Partnership Management
Project management
Risk management
Sustainability / Energy Management
Data Protection / Freedom of Information
Corporate Governance
Constitution
Code of Conduct
Health and Safety at Work
Complaints / Compliments
Financial Management
Lease Income
Benefits
Parking
Income collection and banking
Capital Purchases / Capital programme
Council Tax
Finance - Treasury Management
Finance - Payroll
Information Technology
Computer implementations
ICT Contract
ICT Policies and Security
Inventory Management
Specific Application reviews
Corporate Objectives
Depot Services
Fuel Management
Cemeteries and Burials
Cleansing and Waste management
Parks and Open Spaces
Vehicle Maintenance
Beachlands
Building Control
Coastal Defence Partnership
Community Safety
Electoral Registration and Elections
Environmental Health
Planning development / Fee income

Homelessness / Housing Grants
Crematorium Partnership
Impact of Welfare Reform
Beach Huts
Leisure Centre
Langstone Harbour Board
Developers Obligations and Contributions / CIL
Property Management / Facilities Management (to also include Building Maintenance)
Grants Received / Grants Awarded