

NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

02 March 2016

INTERNAL AUDIT PLAN 2016-17

Head of Southern Internal Audit Partnership

FOR DECISION

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 2016-17 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 2016-2017.

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 2015.

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 noted by the Management Team who met at the Executive Board on 9 February 2016.

Appendices:

Appendix 1 – Internal Audit Plan 2016-2017

Agreed and signed off by:

Legal Services: Sara Bryan – Acting Solicitor to the Council – 18 February 2016

Finance: Jane Eaton - Executive Head of Governance & Logistics – 9 February 2016

Contact Officer: Neil Pitman

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**Havant Borough Council
Internal Audit Plan 2016-2017**

Audit	Scope / Risk Assessment Summary	Audit Sponsor	Priority H/M/L	2016-17
Corporate Cross Cutting				
Business Continuity Planning / Disaster Recovery	Review of Business Continuity Plans to provide assurance on completeness and currency, focussing on those held at Service level, ensuring the organisation can react effectively to emergencies.	Head of Organisational Development	H	✓
Strategic Planning	Review of Corporate Strategy completed in 2015-16. 2016-17 review to focus on organisational development and workforce planning (appropriate skills and acumen to deliver services).	Head of Organisational Development	H	✓
Human Resources	Review of the recruitment processes / monitoring and reporting arrangements, including follow-up of audit completed in 2015-16 (limited assurance).	Head of Organisational Development	H	✓
Partnerships	Review of governance and transition arrangements for the 5-way authority partnership.	Steering Group rep	H	✓
Risk Management	The organisation understands and manages its existing and emerging risks in the delivery of its objectives.	Head of Customer Services	H	✓

Audit	Scope / Risk Assessment Summary	Audit Sponsor	Priority H/M/L	2016-17
Health and Safety	Review of Health and Safety arrangements, providing assurance over exposure to unsafe or inappropriate working practices.	Head of Organisational Development	H	✓
Information Governance	How the organisation handles information (in particular personal & sensitive data) including collection, storage and how it is used taking into account relevant legislative requirements (DPA, FOI etc.)	Head of Customer Services	H	✓
Corporate Governance				
CIPFA / TEICAF Fraud Survey	Completion of the annual CIPFA fraud survey.	Head of Finance	M	✓
Proactive – Fraud Analytics	Identification and strategic analysis and review of potential high risk areas of fraud.	Head of Finance	H	✓
Proactive – Fraud Compliance	Assessment of compliance against the CIPFA Code of Practice on Managing the risk of Fraud and Corruption using the devised 'assessment tool'.	Head of Finance	M	✓
Reactive – Fraud Contingency	To enable resources to react to potential fraud and irregularity reviews through the year.	Head of Finance	n/a	✓
National Fraud Initiative	Matches and enquiries (2014 data sets): Data uploads (2016 data sets).	Head of Finance	n/a	✓

Audit	Scope / Risk Assessment Summary	Audit Sponsor	Priority H/M/L	2016-17
Financial Management				
Lease Income	Processes and controls in place for lease income ensuring charges are raised correctly, collected and promptly banked and charges are periodically and robustly reviewed.	Head of Finance	H	✓
Benefits	Review of processes and controls in the administration of benefit claims and payments, ensuring they are valid and managed effectively.	Head of Customer Services	H	✓
Accounts Payable	Review of processes and controls relating to raising purchase orders and payment of creditors.	Head of Finance	H	✓
Accounts Receivable / Debt Management	Review of processes and controls relating to raising sundry debts, collection of income and debt recovery.	Head of Finance	H	✓
Main Accounting	Review of processes and controls relating to the management of the general ledger.	Head of Finance	H	✓
Information Technology				
ICT Contract	ICT is being transferred to a new 5 Councils contract from August 2017. Audit involvement is required early in the process to ensure the transition plans are robust and comprehensive.	Steering Group rep	H	✓

Audit	Scope / Risk Assessment Summary	Audit Sponsor	Priority H/M/L	2016-17
ICT Hosted Services	Assurance mapping against the significant IT coverage via the HCC audit plan.	Head of Programmes, Redesign and Quality	H	✓
Personalisation Programme	Havant are undertaking a personalisation programme using CRM software, which will be branded 'Havant Bespoke'. The audit will review controls in place to support effective project management and delivery.	Head of Research and Marketing	H	✓
Corporate Objectives				
Norse South East – Transition / Mobilisation	Review of the transition programme to transfer the management of the depot services to Norse South East.	Head of Environmental Services	H	✓
Norse South East – Governance Arrangements	Review of the governance arrangements relating to the partnership with Norse South East, ensuring roles and responsibilities are defined.	Head of Environmental Services	H	✓
Norse South East – Facilities Costing	Review of the pricing model applied for apportioning the costs of facilities / use of the depot by North South East and council services.	Head of Environmental Services	H	✓
Thematic Review	Review of a selection of services provided by Havant Borough Council focussing on a specific theme each year.	Head of Finance	H	✓

Audit	Scope / Risk Assessment Summary	Audit Sponsor	Priority H/M/L	2016-17
Developers Obligations and Contributions / Community Infrastructure Levy	Review of processes and controls for identifying, collecting, recording and monitoring of contributions following the implementation of Exacom, ensuring the introduction of the system manages the control weaknesses identified in audit completed in 2014-15.	Head of Planning (Havant)	H	✓
Grant / Non-Assurance Work				
Disabled Facilities Grants	Annual Grant Certification, in line with grant conditions.	Head of Neighbourhood Support	M	✓
Other Direct Activity				
Advice and Liaison	n/a	n/a	n/a	✓
Annual Internal Audit Report	n/a	n/a	n/a	✓
Governance and Audit Committee	n/a	n/a	n/a	✓
Audit Strategy and Planning	n/a	n/a	n/a	✓
External Audit	n/a	n/a	n/a	✓
Follow ups	n/a	n/a	n/a	✓
Monitoring and Progress Reports	n/a	n/a	n/a	✓

Havant Borough Council Audit Universe

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

Corporate Cross Cutting
Asset management
Business continuity planning / Disaster recovery
Strategic planning
Information management / Information governance
Human Resources
Partnerships / Partnership management
Project / Programme management
Risk management
Sustainability / Energy Management
Health and safety
Contract management
Procurement
Performance management
Corporate Governance
Code of Conduct
Constitution
Proactive fraud activities
National Fraud Initiative
Review of Annual Governance Statement
Local Government Transparency Code
Decision making and accountability
Complaints and compliments
Financial Management
Lease Income
Benefits
Parking
Income collection and banking
Capital purchases / Capital programme
Council tax
Treasury Management
Payroll
Accounts payable
Accounts receivable / Debt management
Main accounting
Financial planning / Budgetary control
NNDR (National Non-Domestic Rates)
Overtime / Travel and subsistence
SCOPAC (Standing Conference on Problems Associated with the Coastline accounts)

Havant Borough Council Audit Universe (Continued)

Information Technology
Computer implementations
ICT Policies and Security
ICT System & access controls
Specific applications reviews
Corporate Objectives
Norse South East Joint Venture
Crematorium Partnership
Cemeteries and burials
Beachlands
Coastal Defence Partnership
Beach Huts
Langstone Harbour Board
Sports and Leisure
Traded Services
Regeneration / Economic Development
Building Control
Community Safety
Disabled Facilities Grants
Licencing
Environmental Health
Planning Development / Fee Income
Homelessness / Housing Grants
Housing Loans
Insurance
Land charges
Impact of Legislative Change
Developers Obligations and Contributions / CIL
Thematic Review / small services
Trading Services
Property and Facilities Management / Maintenance
Grant certification work
Grants Received / Grants Awarded