

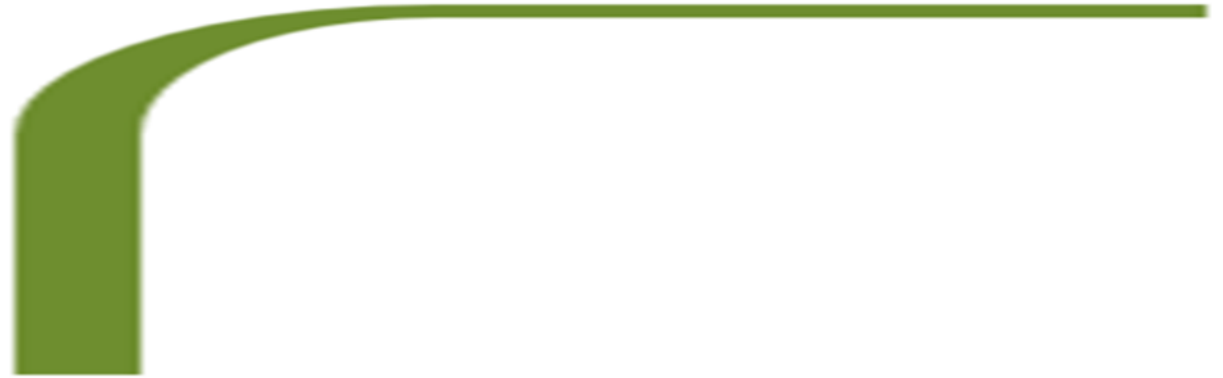
Internal Audit Plan

2017-18

Havant Borough Council

Havant
BOROUGH COUNCIL

**Southern Internal
Audit Partnership**



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Introduction

The role of internal audit is that of an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

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
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

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.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Service Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership, supported by Antony Harvey, Strategic Lead and Amanda Chalmers, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles. **This performance is within the top decile of EQA reviews we have performed.** This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.'*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Council Vision

The 'Corporate Strategy' outlines Havant Borough Council's vision for 2020 and is defined in the context of the following themes:

Economy	Environment	Society	Organisation
What businesses will operate in our area, who will work for them and what skills will they have?	What will the environment look like and how will it be cared for?	<p>How will society operate in the future and how will it have changed?</p> <p>How will we shape services to meet local customer needs?</p>	How will we work with partners and communities to ensure that we are sustainable and able to deliver vital services?

Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Developing the internal audit plan 2017/18

We have used various sources of information and discussed priorities for internal audit with the following groups:

- Executive Board
- Heads of Service
- Governance and Audit Committee

Based on these conversations with key stakeholders, review of key corporate documents including the Council Strategy and Risk Register, and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the coming year.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan 2017-18

Audit	Risk	Scope	Proposed Timing
Six Council Partnership			
Partnership Management *1	Working with other organisations / cultures. Potential for some loss of control / ownership. Deliverables not achieved / benefits not realised. Loss of service provision.	Review of the overall governance framework for the Partnership/contract management arrangements.	
Performance Management *1	Poor performance, partnership dispute and non delivery of outcomes.	Review of the performance measures and management information for services transferring to CAPITA, Vinci and Arcadis. To cover robustness and accuracy of pre and post transfer performance measures & information.	
Human Resources *1	Incomplete record transfer. Loss of personal information. Migration of poor or excessive records leading to costly post transfer rectification. Ineffective HR service post transfer. Financial and reputational loss.	Review of the controls and processes supporting the transfer of the service to CAPITA, including data /record cleansing and the secure, timely and complete migration of manual and electronic data/records. Review of the key controls post transfer.	
Environmental Health / Licencing	Failure to meet Statutory responsibilities.	Schemes of delegation / levels of authorisation for issuing licences and transfer of the service to CAPITA. Review of mapping exercise to ensure all statutory responsibilities are being delivered.	
Six Council Partnership – Core Financial Systems (Migrating Systems)			
Lease Income / Asset Management	Cyclical coverage of core financial systems to meet external audit / regulatory requirements, and management concerns.	All core financial systems moving to CAPITA to be reviewed both pre and post migration.	
Accounts Payable *1		The pre-migration work will cover the cleanse of records and activities	

Audit	Risk	Scope	Proposed Timing
Accounts Receivable / Debt Management *1	Additional coverage in 2017 to cover the migration to CAPITA.	undertaken to help ensure the smooth transition from the existing systems/arrangements to CAPITA's systems. Post migration work to test that the key controls are operating as intended.	
Main Accounting *1			
Treasury Management *1			
Payroll *1			
Management Reporting *1			
Six Council Partnership – Core Financial Systems (Business as usual)			
Income Collection and Banking	Cyclical coverage of existing CAPITA core financial systems to meet external audit / regulatory requirements, and management concerns.	Income collection and banking arrangements, including reconciliations.	
Council Tax		Council Tax billing, collection and debt recovery/write off arrangements.	
NNDR		Non collection of rates (implications of retention as a replacement for RSG); applicability of concessions i.e. charitable, empty etc., appeals.	
Six Council Partnership - ICT			
ICT Provider Transfer *1	Significant risks to ICT continuity and provision due to changing ICT providers. Loss of services. Failure to meet performance standards or provide statutory services.	Controls and processes around migrating from one provider to another, ensuring no loss of systems, and maintenance of ICT security and continuity.	

Audit	Risk	Scope	Proposed Timing
Strategic Objectives			
Commercial Property Investments	Failure to achieve investment returns in order to offset the loss of Government Grant. Non-achievement of strategy due to insufficient skills and poor decision making.	Governance and control frameworks to support the commercial property investment strategy. Potential scope to include:- <ul style="list-style-type: none"> • Strategy setting • Asset management strategy & plan • Workforce skills • Option/investment appraisal • Performance management. 	
New Homes Bonus	Government interventions. Loss of New Homes Bonus due to non-delivery of Local Plan.	Governance and controls to help ensure effective planning, monitoring and delivery of the Local Plan and avoidance of Government Interventions or loss of bonus.	
Governance			
Fraud & Irregularities	Ineffective procedures to detect / mitigate fraud and irregularity or to promote a zero tolerance culture.	To operated in line with the proposed Fraud & Irregularity Business Plan <ul style="list-style-type: none"> • Proactive • Reactive • NFI • CIPFA Survey. 	
Information Governance	Non compliance with legislative requirements (DPA, FOI, Transparency etc.) exposure to reputational / financial risk.	Preparation for General Data Protection Regulation (GDPR) in May 2018.	
Business as Usual			
Planning Development /	Poor planning. Non-achievements of timescales.	Review of controls and processes in place supporting the delivery of the	

Audit	Risk	Scope	Proposed Timing
Fee Income	Loss of income. Additional disputes. Reputational risks.	planning application process and associated fee income collection.	
Building Control	Poor decision making, loss of service provision.	Review of business case for entering into potential Partnership.	
Norse South East – Governance and Performance	Poor performance & non achievement of outcomes/benefit realisation.	Review of annual report, outturn and performance for first year of the joint venture.	
Norse South East – Assurance mapping	Failure to achieve assurance over the framework or risk management, governance and control. Reputational risk. Financial loss.	Establishment of what assurances are being obtained to ensure risks to the achievement of objectives are managed.	
Norse South East – Business continuity	Failure to maintain service levels with resulting in environmental risk/danger to Public.	Review of arrangements to ensure sufficient Business Continuity arrangements are in place and there are no gaps in coverage.	
Other			
Management	Planning, liaison, reporting, audit committee, external audit, advice.	-	-
Total Days			380

*1 Reviews related to the Six Council Partnership that will cover HBC and EHDC, which are included in both Council's audit plans.