

Internal Audit Plan

2018-19

Havant Borough Council

Havant
BOROUGH COUNCIL

**Southern Internal
Audit Partnership**



Contents

Introduction	.....	2
Your Internal Audit Team	.....	3
Conformance with Internal Audit Standards	.....	3
Conflicts of Interest	.....	3
Council Vision	.....	4
Council Risk	.....	4
Developing the internal audit plan 2018-19	.....	5
Internal Audit Plan 2018-19	.....	6 – 9

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 Heads of Service and Executive Board, 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 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 2018/19

We have used various sources of information and discussed priorities for internal audit with the Executive Board, Head of Service and the 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 audit plan reflects the Council's vision and strategies for example its strategy to commission services, with several audits specifically linked to the 6-Council's Corporate Services Contract, procurement and contract management.

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 2018-19

Audit	Risk	Scope
Corporate / Cross Cutting		
*Partnership Management (Client Relationship Team)	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 and contract management arrangements delivered by the Client Relationship Team.
Strategic Planning (Fit for Future)	Workforce unable to adapt to new working practices / working with other organisations / cultures.	Review how the Council has prepared for transformational change in culture / working practices, and whether the outcomes of the Fit for Future Project have been achieved.
*Human Resources	Ineffective HR service post transfer. Financial and reputational loss.	Review of the HR service provision post transfer.
Risk Management	Failure to deliver strategy / inability to identify, evaluate and manage risks effectively.	Review of the risk management framework of the Council.
Commercial Activities	Failure to achieve 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 HBC's commercial activities including the arrangements for identifying, monitoring and managing trading activities.
Partnership Management (Horizon Leisure Trust)	Failure to achieve strategic objectives / delivery of community facilities.	Governance and control framework to support the effective management of Leisure Centres.
Contract Management Arrangements	Working with other organisations / cultures. Potential for some loss of control / ownership.	Review arrangements with contractor's / third parties, specifically in relation to Business Continuity, Health & Safety and compliance with the new General Data

Audit	Risk	Scope
	Deliverables not achieved / benefits not realised. Loss of service provision.	Protection Regulations.
*Procurement	Working with other organisations / cultures. Potential for some loss of control / ownership. Deliverables not achieved / value for money.	Review of contract arrangements for delivery of procurement through CAPITA, and whether contractual arrangements are complied with.
*Insurance	Working with other organisations / cultures. Potential for some loss of control / ownership. Loss of service provision.	Review of Insurance service provision post transfer.
Corporate 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.	Compliance with General Data Protection Regulation (GDPR) introduced in May 2018.
*6-Council's Governance Framework	Ineffective programme management, delay in services and systems transferring to CAPITA.	Follow up on review on the effectiveness of the governance framework established to manage the transition programme for the Corporate Resources Contract (with CAPITA)
Financial Management		
*Accounts Payable	Cyclical coverage of core financial systems to meet external audit / regulatory requirement	All core financial systems moved to CAPITA in 2017-18. Review will cover key controls for Integra (financial management system) introduced in

Audit	Risk	Scope
*Accounts Receivable / Debt Management	and management concerns.	2018, once Target Operating Model has been achieved.
*Main Accounting	Coverage in 2018-19 to include the Integra system introduced as part of contract with CAPITA.	
*Financial Planning / Budgetary Control		
*Payroll	Ineffective Payroll service post transfer. Financial and reputational loss.	Review of the Payroll service provision post transfer.
*Benefits	Ineffective Benefits service. Cyclical coverage of core financial systems to meet external audit / regulatory requirement, and management concerns.	Review of benefits service following move to Academy.
Overtime & Expenses	Workforce unable to adapt to new working practices / working with other organisations / cultures. Reductions in expenditure not realised.	Review of controls and processes for authorising and monitoring overtime and expense claims.
De-Commissioning of Civica Financials	Compliance with statutory requirements / retention of financial records.	Review controls and processes for de-commission Civica Financials.
Information Technology		
*ICT Provision	Change of IT provider in 2017/18 Failure to meet performance standards or provide statutory services.	Review will cover IT elements delivered through the Corporate Services Contract with CAPITA e.g. security systems, back-up arrangements, access controls.

Audit	Risk	Scope
Corporate Objectives		
Land Charges	Change of provider in 2017/18 Failure to meet performance standards or provide statutory services.	Review of controls and processes for delivery of the Land Charges service.
Private Sector Housing	Poor private sector housing standards / reputational loss.	Review of health & safety / houses of multiple occupancy inspection process.
Traffic Management	Compliance with regulations / reputational and financial loss	Review of processes operating within Traffic Management team relating to road safety projects.
Regeneration	Failure to deliver strategy / reputational loss.	Review of the governance framework supporting the achievement of the Council's regeneration objectives.
Other		
VAWAG	Grant conditions not met / financial loss	Grant certification
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.