

Internal Audit Plan 2022-23

Havant Borough Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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Introduction

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘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.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as 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 Strategic 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 Antony Harvey, Deputy Head of the Southern Internal Audit Partnership, supported Mark Norton, 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 2020 the Institute of Internal Auditors (IIA) completed an external quality assessment of the Southern Internal Audit Partnership. The report concluded:

'The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

Conflicts of Interest

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

Council Strategy

Havant Borough Council's updated Corporate Strategy for 2022-2025 states "Our purpose is to enhance the lives of our residents, businesses, and visitors. We will achieve our priorities by concentrating on the below themes:

- An environmentally aware and cleaner borough
- A safe environment, healthier and more active residents
- A thriving local economy
- A revitalised borough with infrastructure that meets our ambitions
- A responsive and commercial council
- A quality home for all"

Developing the internal audit plan and Council risk

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

- Kim Sawyer – Interim Chief Executive
- Matthew Tiller – Deputy S151 Officer
- Malcom Coe – Interim Strategic Finance Lead
- Heads of Service
- Audit and Finance Committee.

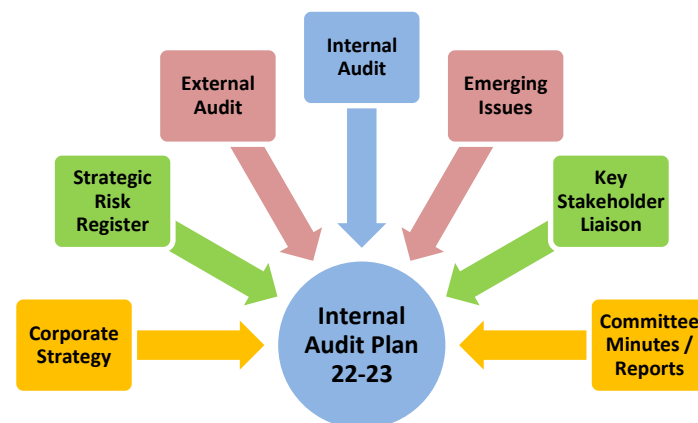
Based on these conversations with key stakeholders, a review of key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed the audit plan for 2022-23. Following Council's decision to withdraw from the Joint Management / Shared Staff Arrangements with East Hampshire District Council, internal audit activity will initially focus on the

activities to transition from the joint arrangements and on areas of strategic importance such as risk management, governance and financial stability.

During this period of transition and significant change, the audit plan includes provision for consultancy/advisory work and to respond to corresponding emerging issues and risks. In order to provide an annual report and opinion on the framework of internal control, risk management and governance, sufficient assurance work will still be required. The plan therefore includes provision for service specific / operational reviews which will be aligned to the programme to transition from the joint arrangements and will be identified through regular liaison with the senior management team.

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 purpose and priority themes. 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.

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 2022-23

Audit Review	Indicative scope	Indicative Timing
Transition Arrangements / Transformation Programme	Allowance of days for the provision of assurance / consultancy work to support the transition from the Joint Management / Shared Staff Arrangements; and Transformation Programme.	Q1-4
Risk Management Arrangements	Assurance over the risk management framework including governance, transparency and maturity – 2022/23 follow-up to review progress since the Limited assurance review in 2021/22.	Q1-2
Financial Stability	Following the ending of the Joint Management Arrangements, assurance over the process to review and update the Council's 2022-23 budget and medium-term financial strategy to ensure the Council achieves a balanced budget and financial stability.	Q3
Asset Management (Corporate Estate)	Review of the arrangements in place to deliver the key objectives within the Asset Management Strategy (including the results of the 2019 CIPFA peer review and corresponding management actions). 2022/23 review to follow-up on progress following initial review in 2021/22.	Q4
Business Continuity / Disaster Recovery	Review corporate and service business continuity / disaster recovery arrangements, ensuring there is resilience, and all plans are complete, current and have been tested so the Council is prepared to respond to emergencies and continue delivering services following a critical event.	Q2-3
Norse South-East Partnership	Review of the arrangements for the Norse South-East Partnership, including the management of assets and performance monitoring arrangements.	Q4
Fraud Framework	Facilitation of the National Fraud Initiative exercise.	On-going
Human Resources	Allowance of days for the provision of assurance work to support the transition from the Joint Management / Shared Staff Arrangements	Q1-2
Accounts Payable	Cyclical coverage of core systems to meet legislative requirements.	Q3-4

Audit Review	Indicative scope	Indicative Timing
Accounts Receivable / Debt Management		Q3-4
Treasury Management		Q2
Benefits (including Council Tax Support Scheme)		Q2
ICT - Data Decoupling	Assurance over the identification and forward planning for data which needs to be decoupled between Havant Borough Council and East Hants District Council to achieve the new management direction of both Authorities.	Q4
ICT	Provision of time for further ICT review(s) aligned to the Council's ICT strategic direction.	Q1-4
Homelessness	Review of the Homelessness Strategy (adopted in 2020/21), progress against the key objectives and how homelessness is managed to reduce costs to the Council.	Q1-2
Service/Operational Reviews	Provision of audit days for Service/Operational reviews – areas to be confirmed through on-going, regular liaison with the Council, aligned to changes to the risk registers; the timing of any restructuring; systems and/or process changes resulting from the ending of the shared staff arrangements.	Q1-4
Certification work	Government Grant Certification work as required.	On-going
Follow-ups	Quarterly review of outstanding audit actions.	On-going
Audit Management	Planning, reporting, monitoring, liaison and advice	On-going
Total days		300