

Hinckley and Bosworth Borough Council

Strategic Internal Audit Plan 2019-21
Annual Internal Audit Plan 2019-20

July 2019 – Audit Committee

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Introduction

Overview of Internal Audit

Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (Head of Internal Audit) to produce a risk based plan which takes into account Hinckley and Bosworth Borough Council's risk management framework, its strategic priorities and objectives and the views of its senior management and the Audit Committee.

Our strategic internal audit plan (2019 to 2021) and annual internal audit plan for the financial year ended 31 March 2020 sets out our planned work which will be undertaken in accordance with Public Sector Internal Audit Standards (PSIAS).

A risk based approach to internal audit planning

Our Strategic and Annual Plans are designed to provide sufficient coverage over Hinckley and Bosworth Borough Council's risk, governance and control environment (including financial controls) so that we can provide an annual internal audit opinion.

We developed our three year strategic plan as part of our planning for 2018/19. We have updated that strategic plan and drafted our 2019/20 plan through:

- a review of key council documents, in particular the corporate risk register,
- considering prior year findings from our reviews, and;
- a round table discussion with senior management to identify emerging risks and priorities
- We will also consider feedback from the Audit Committee before we finalise the plan.

Your control environment

Internal audit is not itself part of the internal control system, nor is it responsible for internal control or compliance. This remains the responsibility of management. Internal Audit is only one source of assurance available to you. The delivery of our internal audit plans will not, and does not, seek to cover all the risks and controls in place across the organisation. We will liaise with external audit, and other assurance providers to ensure that duplication is minimised. We do not place reliance on other sources of assurance available to you when forming our annual opinion

Strategic internal audit plan 2018 - 2021

Corporate level objectives and risks have been determined by Hinckley and Bosworth Borough Council. Your objectives are recorded below and have been considered when preparing the internal audit plan:

- People- helping people to stay healthy, active and protected from harm
- Places - creating clean and attractive places to live and work
- Prosperity - encouraging growth, attracting businesses, improving skills and supporting regeneration

Below are the high level auditable areas within Hinckley and Bosworth Borough Council. These areas form the basis of the internal audit plan. We have updated this plan to reflect actual coverage in 2018/19 and the next 2 years based on our risk based planning for 2019/20. Our plans reflect 130 internal audit days input per annum. For reference, the previous year strategic plan is included in Appendix A.

Auditable area	Corporate risk(s)	Risk assessment	Proposed internal audit coverage		
			2018/19	2019/20	2020/21
Corporate Services					
Compliance	S.14, S.30, S.44	Once every 2 years	Yes	-	Yes
Corporate risk	S.01, S.04, S.12, S.13, S.16, S.22, S.42	Annual	Yes	Yes	Yes
Legal services	S.14	Once every 3 years	-	-	Yes
HR & transformation	S.19, S.44	Once every 3 years	-	-	Yes
ICT	S12	Once every 2 years	Yes	-	Yes
Finance	S.01, S.11, S.20, S.21, S.43	Annual	Yes	Yes	Yes
Estates and Assets	S.01, S.37, S.48	Once every 2 years	Yes	Yes	-

Strategic internal audit plan 2018 - 2021

Auditable area	Corporate risk(s)	Risk assessment	Proposed internal audit coverage		
Community Services			2018/19	2019/20	2020/21
Community safety / anti-social behaviour	S.01, S.34	Once every 3 years	-	-	Yes
Housing repairs	S.01, S.36	Annual	Yes	Yes	Yes
Cultural services and heritage	S.01	Once every 3 years	-	-	Yes
Housing options / homelessness	S.01, S40	Once every 3 years	-	Yes	-
Private sector housing	S.01, S.40	Once every 3 years	Yes	-	-
Housing assets / HRA business plan	S.01, S.40	Once every 3 years	Yes	-	-
Strategic and community planning	S.01, S.06	Once every 3 years	-	-	Yes
Sports, health promotion, wellbeing, and recreation	S.01	Once every 3 years	-	-	Yes
Children and young people	S.01, S.34	Once every 3 years	-	-	Yes
Safeguarding	S.01,S34	Once every 3 years	-	-	Yes
Environment and Planning					
Crematorium	S.01, S.14	Once every 2 years	Yes	-	Yes
Environmental Health	S.01, S.14	Once every 2 years	-	-	Yes
Planning and development control	S.01, S14, S15	Once every 2 years		Yes	-
Building control	S.01	Once every 3 years	-	Yes	-

Strategic internal audit plan 2018 - 2021

Auditable area	Corporate risk(s)	Risk assessment	Proposed internal audit coverage		
			2018/19	2019/20	2020/21
Environment and Planning (continued)					
Waste management/ recycling	S.01, S.47	Once every 3 years	-	Yes	-
Economic development / regeneration	S.01, S37, S11	Once every 3 years	-	Yes	-
Revenues and Benefits Partnership					
Council Tax	S.43, S.45	Once every 3 years		-	Yes
Business Rates	S41, S45	Once every 3 years	Yes	-	-
Housing Benefit	S17, S45	Once every 2 years	-	Yes	-
Fraud prevention and detection	S.45	Once every 3 years			Yes

Proposed internal audit plan for 2019/20

The proposed 2018/19 internal audit plan is summarised below. The specific objectives; associated risks; our scope and approach to each review; and timing will be agreed with the relevant audit sponsor.

Internal Audit area	Indicative Scope	Planned days	Indicative timing	Project Sponsor
Corporate Services				
Corporate risk & governance	We will review the design and operational effectiveness of the Council's risk management arrangements.	7	Q2	Julie Kenny
Finance	We will review the design and operational effectiveness of the Council's key financial controls in the following areas: <ul style="list-style-type: none"> • General ledger & journals • Accounts receivable • Accounts payable • Payroll • Cash & banking • Capital accounting • Budgetary control • Treasury management 	14	Each quarter	Ashley Wilson
Capital projects delivery	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> • Commercialisation strategy • Asset management plan 	11	Q2	Ashley Wilson Malcolm Evans
Commercial property management	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> • Collection and recovery of commercial rents 	12	Q2	Malcolm Evans

Proposed internal audit plan for 2019/20

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Internal Audit area	Indicative Scope	Planned days	Indicative timing	Project Sponsor
Community Services				
Homelessness	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> Compliance with the Homelessness Act 	10	Q3	Sharon Stacey
Housing repairs	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> Provision of an appropriate housing repairs & maintenance service in accordance with Council and regulatory standards 	9	Q3	Mark Tuff
Environment and Planning				
Planning	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> Review of planning enforcement arrangements 	12	Q3	Matthew Bowers
Waste management	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> Trade waste Green waste 	12	Q3	Matthew Bowers
Building control	Scope to be confirmed with project sponsor, possible areas include: <ul style="list-style-type: none"> Compliance with the building control policy and procedures 	11	Q4	Matthew Bowers



Proposed internal audit plan for 2019/20

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Internal Audit area	Indicative Scope	Planned days	Indicative timing	Project Sponsor
Revenues and Benefits Partnership				
Housing Benefit	<ul style="list-style-type: none">Compliance of with the Department of Work and Pensions' Memorandum of Understanding	12	Q2	Sally O'Hanlon

Proposed internal audit plan for 2019/20

Internal Audit area	Indicative Scope	Planned days	Indicative timing
Contract management			
Follow up of outstanding recommendations	Follow up of high & medium risk internal audit recommendations	3	Throughout the year
Contract management and administration	Attendance at regular meetings with senior management to discuss progress against the plan, audit findings and to share knowledge and insight of good practice.	4	Throughout the year
Attendance at Audit Committee meetings	Attendance at all Audit Committee meetings to present Internal Audit papers and share knowledge and insight of good practice from our wider client base.	2	Throughout the year
Annual risk assessment & planning	Annual risk assessment process, which culminates in the production of the annual audit plan. This process includes updating our knowledge of the Council and meeting with the Senior Management Team.	3	Q4 for year ahead
Contingency	We have included a provision for additional reviews to provide in-year flexibility to provide assurance over any urgent risks/requests arising during the year.	8	As required
Brought forward	Finalising our work on: <ul style="list-style-type: none"> • Health and safety • HRA business plan 	2	August 2019

Audit resources

Staff grade mix

We have selected the following grade mix to deliver your 2018/19 annual internal audit plan.

Grade	No. of days
Head of Internal Audit	8
Manager	18
Executive	47
Auditor	47
Specialists	10
Total	130

Our core audit team and our subject matter experts bring:

- Experience in internal auditing in the public sector;
- Knowledge of the local government sector and good practice from your peers who are tackling similar challenges to you;
- Data analytics capabilities to provide greater insights into your internal controls;
- Ability to provide objective and independent advice across a wide range of specialist areas including IT;

All of the staff used to deliver the annual plan will be fully or part-qualified professionals in their respective areas. This means that you can be confident that our staff have the requisite skills and the experience to deliver high quality audits.

Appendix A: Our proposed Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Hinckley and Bosworth Borough Council (“the Authority”). It supports the Authority to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit Committee, the key personnel, timescales and processes to be followed for each internal audit review.

Role

The internal audit activity is established by the Audit Committee on behalf of the Authority. Internal audit’s responsibilities are defined by the Audit Committee as part of its oversight role.

Professionalism

The internal audit activity will adhere to Public Sector Internal Audit Standards (PSIAS), which are based on mandatory guidance of The Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The CIIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the Authority's relevant policies and our Grant Thornton Internal Audit manual and internal audit practices. Internal audit activity will also reflect relevant LG directions, as appropriate.

Appendix A: Our proposed Internal Audit Charter

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the 's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee.

Accountability

The Chief Internal Auditor will be accountable to the Audit Committee and will report administratively to the Director (Corporate Services). The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Internal Auditor.

The Chief Internal Auditor will communicate and interact directly with the Audit Committee, including between committee meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from interference by any element in the , including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining our independence and objectivity. Internal auditors will have no direct operational responsibility or over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Chief Internal Auditor will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

Appendix A: Our proposed Internal Audit Charter

Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives.

Internal control objectives considered by internal audit include:

- Consistency of operations or programmes with established objectives and goals,
- Effectiveness and efficiency of operations and use of resources,
- Compliance with significant policies, plans, procedures, laws, and regulations,
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information,
- Safeguarding of assets.
- Internal Audit is responsible for determining a risk based internal audit plan. In doing so, internal audit maintains a proper degree of coordination with external audit. Internal audit may perform consulting and advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the Audit Committee or management, as appropriate.
- Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by the .

Engagement with management

Internal audit aims to work closely with senior and operational managers to develop and deliver a programme of internal audit work that adds value to the and encourages continuous process improvement. To achieve this, internal audit will work closely with management during the audit planning and reporting stages, as described below.

Appendix A: Our proposed Internal Audit Charter

Annual internal audit plan

The audit year runs from 1 April to 31 March. At least annually, the Chief Internal Auditor will submit to the Audit Committee an internal audit plan for review and approval. The Internal Audit Plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days allocated;
- The timing, including the Audit Committee to which the final will report will be presented; and
- The review sponsor.
- The Internal Audit Plan will be developed using a risk-based methodology, including input of senior management. Prior to submission to the Audit Committee for approval, the plan will be discussed with senior management. Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process.

Assignment planning and conduct

Terms of reference (audit planning brief) will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment. Specifically, the terms of reference will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The terms of reference will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contacts). The terms of reference will be agreed with the review sponsor and the key audit contacts (for timings) before the review starts.

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate. For each review, a close-out meeting will be held to discuss the initial audit findings within five days of completion of the audit fieldwork.

Appendix A: Our proposed Internal Audit Charter

Reporting and monitoring

A written report will be prepared and issued by the Chief Internal Auditor or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the terms of reference for management responses and comments.

Draft reports will be issued by email within fifteen working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further fifteen working days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and, if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor. The final report will be issued within five working days of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee. The working days set out above are maximum timescales and tighter timescales may be set out in the terms of reference, as required.

Follow up of management actions

The internal audit team will follow-up on engagement findings and recommendations. Internal audit will work with directors or their nominated leads to follow up on completion of agreed management actions. Internal Audit will report progress in implementing recommendations quarterly to the Audit Committee. Internal Audit will confirm for implementation of all significant findings to supporting evidence to confirm implementation.

Audit Committee

The Audit Committee meets five times a year typically. Dates for Audit Committee meetings will be provided to internal audit as soon as they are agreed. The Chief Internal Auditor and/or Internal Audit Manager will attend all meetings of the Audit Committee. Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over the Audit Committee meetings. The annual Internal Audit Plan will detail the internal audit reports to be presented to each Audit Committee meeting.

Appendix A: Our proposed Internal Audit Charter

Reporting and monitoring

The Chief Internal Auditor will generally present specific reports to the committee as follows:

Output	Meeting
Audit needs assessment	December/February
Annual internal Audit Plan	July
Annual report	July
Progress report, including follow-up of recommendations	Each meeting

The Audit Committee will meet privately with the internal auditors at least once a year.

Periodic assessment

The Chief Internal Auditor is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, responsibility) and performance relative to its Plan. In addition, the Chief Internal Auditor will communicate to senior management and the Audit Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.

