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## Indicative Strategic Internal Audit Plan 2018-21 Indicative Annual Internal Audit Plan 2018-19

Hinckley and Bosworth Borough Council

10 July 2018 – DRAFT FOR AUDIT COMMITTEE REVIEW

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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 (2018 to 2021) and annual internal audit plan for the financial year ended 31 March 2019 sets out our planned work which will be undertaken in accordance with Public Sector Internal Audit Standards (PSIAS).

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. The Strategic and Annual Plans set out in this document have been developed through:

- Review of Hinckley and Bosworth Borough Council's Corporate Plan and associated corporate objectives and priorities;
- Review of the Corporate Risk Register;
- Review of the Authority's 2018-19 budget;
- Review of previous years internal audit plans;
- Review of minutes and papers to identify any planned changes to the control environment or emerging risks; and
- Discussions with the Senior Management Team.

We will also consider feedback from the Audit Committee before we finalise the plan.

# Introduction

## A risk based approach to internal audit planning

We used your risk register as a basis for identifying and prioritising internal audit work in this indicative plan. If appointed, we will consider the robustness of your risk management framework and associated culture and use this to update the proposed plan. We will take into account your overall appetite and tolerance for risk when prioritising our planned activity.

You are operating in a constrained financial environment and will have an agreed budget for internal audit and so we have used judgement to prioritise activities. Clearly these will be revisited following discussions with senior management and the audit committee. We have ensured sufficient coverage over risk, governance, and control and therefore can confirm we will be able to produce an annual internal audit report and opinion (limited to the work we have completed).

## 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. Our work as internal audit typically includes:

- Reviewing the risk management and internal control processes developed and maintained by management to ensure the achievement of agreed organisational or departmental goals
- Assessing data quality of management information and key performance indicators
- Assessing compliance with policies and procedures, including where relevant laws and regulations and strategic plans
- Considering the robustness and reasonableness of arrangements to ensure effective and efficient use of resources.
- Sharing good practice in governance, risk management and internal controls.

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. Our plans are flexible and we would anticipate this plan will change year on year to take account of new or changed risks and priorities. Our plans reflect 130 internal audit days input per annum.

Auditable area	Corporate risk(s)	Risk assessment	Proposed internal audit coverage		
			2018/19	2019/20	2020/21
<b>Corporate Services</b>					
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
Legal services	S.14	Once every 3 years	-	-	Yes
HR & transformation	S.19, S.44	Once every 3 years	-	Yes	
ICT	S.12	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 3 years	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, S.40	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,S.34	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, S.14, S.15	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		
Environment and Planning (continued)			2018/19	2019/20	2020/21
Waste management/ recycling	S.01, S.47	Once every 3 years	-	Yes	-
Economic development / regeneration	S.01, S.37, S.11	Once every 3 years	-	Yes	-
Revenues and Benefits Partnership					
Council Tax	S.43, S.45	Once every 2 years		Yes	
Business Rates	S.41, S.45	Once every 2 years	-	Yes	-
Housing Benefit	S.17, S.45	Annual	Yes	Yes	Yes
Fraud prevention and detection	S.45	Once every 3 years		Yes	

# Proposed internal audit plan for 2018/19

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
<b>Corporate Services</b>				
Compliance	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"> <li>Management of the electoral register</li> </ul>	8	Q2	Julie Kenny
Corporate risk	We will review the design and operational effectiveness of the Council's risk management arrangements.	10	Q2	Julie Kenny
ICT	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"> <li>Compliance with General Data Protection Regulations</li> </ul>	12	Q2	Mike Dungey
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"> <li>General ledger &amp; journals</li> <li>Accounts receivable</li> <li>Accounts payable</li> <li>Payroll</li> <li>Cash &amp; banking</li> <li>Capital accounting</li> <li>Budgetary control</li> <li>Treasury management</li> </ul>	20 (to reflect year 1)	Each quarter	Ashley Wilson



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Internal Audit area	Indicative Scope	Planned days	Indicative timing	Project Sponsor
<b>Corporate Services (continued)</b>				
Estates and Assets	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"> <li>▪ Asset management / Capital Investment Opportunities</li> <li>▪ Controls around asset disposals</li> </ul>	10	-Q4	Malcolm Evans
<b>Community Services</b>				
Housing	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"> <li>▪ HRA Business Plan</li> <li>▪ Ambion Court</li> </ul>	11	Q3	Sharon Stacey
Housing repairs	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"> <li>▪ Provision of an appropriate housing repairs &amp; maintenance service in accordance with Council and regulatory standards</li> </ul>	8	Q4	Mark Tuff
Private sector housing	Specific scope to be agreed with the sponsor	8	Q3	Sharon Stacey
<b>Environment and Planning</b>				
Crematorium	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"> <li>▪ Review of business planning arrangements for the crematorium</li> </ul>	8	Q3	Julie Kenny

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Internal Audit area	Indicative Scope	Planned days	Indicative timing	Project Sponsor
<b>Revenues and Benefits Partnership</b>				
Housing Benefit	Potential audit risks to be discussed with the audit sponsor include: <ul style="list-style-type: none"><li>Revenues and benefit partnership</li></ul>	12	Q4	Sally O'Hanlon

# Proposed internal audit plan for 2018/19

Internal Audit area	Indicative Scope	Planned days	Indicative timing
<b>Contract management</b>			
Follow up of outstanding recommendations	Follow up of high & medium risk internal audit recommendations	5	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.	3	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.	10	As required

# 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	30
Auditor	52
Specialists	22
<b>Total</b>	<b>130</b>

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.



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