



# **Internal Audit Plan 2024/25**

**Chief Internal Auditor: Rachel Ashley-Caunt CPFA**

# Internal Audit Plan 2024/25

## 1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at Melton Borough Council for 2024/25 for review and approval by the Audit & Standards Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, Melton Borough Council commissions 265 days for delivery of the Internal Audit service on an annual basis.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.5 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit & Standards Committee;
  - The audit plan should be reviewed and approved by an effective and engaged Audit & Standards Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
  - The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

## 2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit & Standards Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
  - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.

2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

### **Value for money**

2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.

2.7 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements.

### **Fraud risks**

2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.

2.9 In addition, the Internal Audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work.

### **Housing revenue account / general fund**

2.10 The audit plan covers activity funded both by the general fund and the Housing Revenue Account. It should be noted that the cross-cutting audit work, such as budgetary control, covers both general fund and Housing Revenue Account activity.

## **3. Planning process**

3.1 In order to ensure that the Audit Plan for 2024/25 addresses the Council's key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Considering the sources of assurance listed against each of the Council's risk entries, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Horizon scanning for changes in legislation / regulation and emerging risk areas for the year ahead;
- Identifying areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Reference to the audit planning process in the paper to Audit & Standards Committee in November 2023 to consult the Committee on any areas where assurance was specifically sought; and

- Meeting with members of Senior Leadership Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

3.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from all councils with whom North Northamptonshire Council's Internal Audit team works.

3.3 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.

3.4 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit & Standards Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit & Standards Committee.

3.5 Also provided is a 'reserve list' showing the other potential areas for coverage which were considered in the drafting of the Plan, but were assessed as lower priority. Should the risk environment change, which impacts on the relevance of the planned audit work, these can be considered as potential areas for alternative audit work – depending on any wider risk implications. The details of those areas are provided in Table 2, which explains the proposed plan for seeking assurances, should the audit coverage not be included in 2024/25.

### **Resources**

3.6 The audit assignments are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of the delegated service.

3.7 Efforts are constantly made to ensure all clients benefit from the delegated arrangement and this work with multiple local authorities. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.

3.8 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence. The delegated service model also enables the Chief Internal Auditor to allocate audits to various officers over time, to avoid risks associated with over familiarity.

3.9 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit & Standards Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

**Table 1: Draft Internal Audit Plan 2024/25**

<b>Assurance Areas</b>	<b>Internal Audit Assignments (including assurances sought and basis for inclusion)</b>	<b>Audit days</b>	<b>Risk entries *1</b>	<b>Corporate objective *2</b>	<b>Initial timing</b>	<b>Client lead</b>
<b>Key corporate controls and policies</b>	<b>Key financial controls</b> To provide assurance over the design and compliance with key controls across the Council's key financial systems – on a cyclical basis. To potentially include review of reconciliations of cash income streams, such as car parking, subject to risk assessment and use of periodic payment registers to monitor regular payments.	15	SRR SG1 CS7 FRR	5	Q4	Director for Corporate Services
	<b>Information governance</b> To provide assurance over compliance with the data protection legislation and pro-active management of the associated risks in handling, storing, processing and sharing of information.	15	SRR SG5	5	Q1	Assistant Director for Governance and Democracy
	<b>Resettlement Scheme</b> To review the governance arrangements in place to ensure that the Council delivers its responsibilities to refugees, and that sufficient financial controls exist for handling cash associated with services to those without recourse to public funds.	10	-	1	Q2	Director for Housing & Communities
<b>Growth and Regeneration – risk based audit coverage</b>	<b>Levelling Up Fund (LUF)</b> To provide assurance over accurate record keeping for spend, compliance with funding terms and conditions, and effective application of monies to realise expected benefits and outcomes. Timing to be determined, based on progress with plans/spend.	15	SRR SG7 CPA16 RGEN07	1 3 6	All year	Director for Growth and Regeneration
	<b>Building control partnership</b> To seek assurances over how well the Building Control partnership is delivering against expected benefits. Area of increasing risk scoring on the register and financial pressures forecast for the Council.	8	SRR SG1	5	Q1	Director for Growth and Regeneration
	<b>Asset development programme</b> To provide embedded assurance support to this high value project – giving timely independent assurance over the project management arrangements. Timing is dependent on project delivery.	15	CPA05	5	Q2	Director for Growth and Regeneration
	<b>Private sector housing</b> To provide assurance over the Council's compliance with regulations and Council policy in working with owners, landlords, letting agents and tenants. To include review of compliance with the latest Housing Health & Safety Rating System (HHSRS) for damp and mould.	15	REG02 REG04	1	Q4	Director for Growth and Regeneration

Assurance Areas	Internal Audit Assignments (including assurances sought and basis for inclusion)	Audit days	Risk entries *1	Corporate objective *2	Initial timing	Client lead
<b>Housing &amp; Communities – risk based audit coverage</b>	<b>Planned maintenance</b> Assurances over contract management processes and links to asset data. To seek assurance that actions implemented are working as intended and demonstrating value for money.	12	SRR SG04 HRA03 HRA04	2	Q1	Director for Housing & Communities
	<b>Housing allocations and homelessness applications</b> To provide assurance over the consistent and fair application of the housing allocation and homelessness policies and procedures so that qualifying applicants are given an appropriate level of priority.	18	-	2	Q1	Director for Housing & Communities
	<b>Social housing regulatory change</b> To provide assurance over the Council's preparedness for the regulatory change and inspection regimes. To include coverage on 'knowing your stock' and 'knowing your tenants' – split across two reviews.	20	HRA11	2	Q1 and Q3	Director for Housing & Communities
	<b>Housing repairs and housing voids – targeted follow up</b> To conduct a follow up review on actions taken in response to the last audits of housing repairs and housing voids. To provide assurance that actions have been implemented effectively and embedded in practice.	8	SRR SG04 HRA03 HRA04 HRA05	2	Q2	Director for Housing & Communities
	<b>Landlord health and safety</b> To conduct some targeted annual testing to provide assurance that compliance regimes remain up to date.	6	HRA6	2	Q3	Director for Housing & Communities
	<b>Rent arrears</b> To provide assurance over the controls in place to ensure the timely and complete recovery of housing rents, including former tenant arrears.	12	SRR SG04 HRA09	5	Q4	Director for Housing & Communities
	<b>Counter fraud support</b> To provide support to the Council on the investigation of any matches arising from the Social Housing NFI pilot exercise in 2024.	6				
	<b>Contingency time</b>	5				
<b>Support to Melton Borough Council</b>	Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors.	35				
<b>Management &amp; development of Internal Audit</b>	Development and management of Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.	20				
<b>Total days</b>		235				

<b>*1 Risk reference key:</b>	<b>*2 Corporate objectives:</b>
SRR – Strategic risk register entry	1. Excellent services positively impacting on our communities
HC – Housing & communities risk register	2. Providing high quality council homes and landlord services
HRA – Housing Revenue Account risk register	3. Delivering sustainable and inclusive growth in Melton
REG – regulatory services risk register	4. Protect our climate and enhance our natural environment
CPA – Corporate assets risk register	5. Ensuring the right conditions to support delivery (inward)
PLAD – Planning risk register	6. Connected and led by our community (outward)
CS – Corporate services risk register	

**Table 2: Reserve list 2024/25**

<b>Risk area</b>	<b>Comments</b>
Procurement compliance	Annual coverage included in 2023/24 but other risk areas rated higher on potential list. To include in audit planning for 2025/26.
Car parks - cash handling / reconciliation	To include in potential areas for key financial controls testing. Recommend assurances sought internally in meantime.
Management of cattle market arrangements and income	To include in audit planning for 2025/26.
Delegations and decision making	To include in audit planning for 2025/26.
Complaints management	To include in audit planning for 2025/26 – giving time for new processes to embed.
Health and safety in environmental maintenance	To include in audit planning for 2025/26.
Corporate health and safety	To include in audit planning for 2025/26.
Asset management - linked to Asset management Plan	To include in audit planning for 2025/26.
Social housing fraud / tenancy management	To include in audit planning for 2025/26.