

Eastern Internal Audit Services



SOUTH HOLLAND DISTRICT COUNCIL

Annual Internal Audit Plan 2022/23

Responsible Officer: Head of Internal Audit for South Holland District Council

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority 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”.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities.
- 1.3 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.4 The following factors are taken into account when developing the internal audit plan:
 - The Annual Delivery Plan South and East Lincolnshire Partnership
 - Annual audit plans for Boston Borough Council and East Lindsey District Council
 - The risk profile and maturity of the Council;
 - The SHDC Strategic risk register;
 - Previous assurance gradings given in each area;
 - Available resource and suitability of both Internal Audit Providers for each audit review
 - The requirements of the use of specialists e.g. IT auditors;
 - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk-based reviews, specific key controls testing, value for money and added value reviews;
 - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Governance and Audit Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.5 The 2022/23 plan provides details of the audit work that will be undertaken by both TIAA and Assurance Lincolnshire from quarter three onwards as South Holland and Eastern Internal Audit Services exit their agreed arrangement. The plan has been drafted by considering the audits that could be delivered at the best time by each provider, aligning the East Lindsey and Boston reviews where possible.
- 1.6 In accordance with best practice the Governance and Audit Committee will ‘*review and assess the annual internal audit work plan*’.

2. ANNUAL INTERNAL AUDIT PLAN

- 2.2 The plan at **Appendix 1** provides details about the areas suggested for review by each Internal Audit provider, the number of days for each review, the quarter during which the audit will take place and a summary and purpose of the review.
- 2.2 The Annual Internal Audit Plan for 2022/23 totals 170 days, 79 of which are provided by TIAA at Eastern Internal Audit Services in quarter one and quarter two. A total of 91 days are due to be provided by Audit Lincolnshire in quarter three and quarter four.

- 2.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 2.4 Depending on any changes to the control environment over the year, the annual internal audit plan may need to be revised to respond to emerging risks. Internal Audit will regularly review the Strategic Risk Register and suggest any necessary changes to the plan of work.

APPENDIX 1 – ANNUAL AUDIT PLAN 2022/23

Audit Area	No of days	TIAA/AL	Q1	Q2	Q3	Q4	Risk and Rationale	Coverage notes
Annual Opinion / Governance audits								
Corporate Governance	8	AL			8		Integral to all critical activities. Strategic Risk Reference: Risk 6 Decision Making - Medium Risk 18 External Reputation - Medium	To continue with our corporate governance work by providing assurance and support through benchmarking and testing the Council against CIPFA Good Governance standards and Framework.
Risk Management	8	AL			8		Integral to all critical activities. Strategic Risk Reference: Risk 2 Changes to the Council's strategic partnership arrangements - High Risk 15 Reductions in Council performance - Medium	To provide assurance that there are effective arrangements in place to manage strategic, project, partnership and operational risks for the Council.
Procurement and Contract Management	12	TIAA	12				Critical assurance carried out periodically to inform the Internal Audit Opinion.	A position statement was carried out in 2020/21 which requires follow up. A review of compliance with the Councils Contract Procedure Rules will be undertaken to provide assurance to demonstrate value for money risks are being well managed by demonstrating that procurements are being carried out in conformance with the Public Contract Regulations. In addition, a sample of contracts will be taken to provide assurance across a range of Council contracts to confirm contract terms are being well monitored and managed.

Audit Area	No of days	TIAA/AL	Q1	Q2	Q3	Q4	Risk and Rationale	Coverage notes
Directorate audits								
Economic Development	10	TIAA	10				Strategic Risk Reference; Risk 5 Local Economy - Medium	An audit of this area has not been undertaken at the Council recently. A medium rated risk has been raised in the strategic register relating to the resilience of the local economy. Audit Lincolnshire will be providing assurance in this years plan at ELDC and BBC over Towns Fund projects. The TIAA review of Economic Growth will compliment this work by providing assurance on South Holland's approach to supporting local business and place specific projects such as the Towns Centre Improvement Plans, Holbeach Food Enterprise Zone and the Grants for Growth programme.
Housing Compliance	15	TIAA	15				Strategic Risk Reference: Risk 16 Regulatory Compliance - Medium	A medium rated risk has been raised in the strategic risk register relating to regulatory compliance. A review of Housing Compliance checks has not been undertaken recently. This audit will provide assurance that performance data relating to gas and fire safety can be relied upon and demonstrated.
Leisure	12	TIAA	12				Strategic Risk Reference: Risk 4 Parkwood Leisure Provision - Medium Impact of Pandemic on Leisure provision.	A medium rated risk has been raised in the strategic risk register relating to the financial risk exposure and service delivery issues for the Parkwood Leisure Provision for which the Audit will evaluate the Council's approach to mitigating these risks.
Car Parks and Markets	10	TIAA		10			Significant risks raised during the last audit of this area.	A limited assurance opinion was given on Car Parks and Markets in 2020/21. Our review will provide a follow up review in this area to provide assurance that the initial risks identified have now been mitigated.
Key Controls and Assurance	40	AL			20	20	Integral to all critical activities.	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment. New financial system controls to be tested as part of providing assurance.
HB Subsidy Testing	25	AL			25		Annual coverage required	Approach as agreed with External Audit.

Audit Area	No of days	TIAA/AL	Q1	Q2	Q3	Q4	Risk and Rationale	Coverage notes
ICT Audits								
Disaster Recover	10	TIAA		10			Strategic risk reference: Risk 10 Technology infrastructure failure - Medium	A risk has been raised in the Corporate Risk Register relating to Technology Infrastructure Failure. An audit of Disaster Recovery will provide assurance that in the event of an incident the Council is able to respond quickly in line with expectations.
Follow Up of audit recommendations								
All previous audits	20	Both providers	5	5	5	5		Follow up of recommendations. Evidence will be obtained from management to support completion of recommendations using updates provided on Pentana.
Total Internal Audit provision	170		54	25	66	25		