

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

06 April 2021

Report of the Chief Audit Executive

Part 1- Public

Delegated

1 INTERNAL AUDIT AND FRAUD PLAN 2021/22

This report seeks Members approval of the Internal Audit and Fraud Plan for the year 2021/22.

1.1 Introduction

1.1.1 The professional standards for Internal Audit require the Chief Audit Executive to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. A risk-based Internal Audit Plan has been prepared for the 2021/22 financial year to fulfil this requirement. The Plan as a whole must enable the Chief Audit Executive to provide an overall opinion on risk management, governance and control at the end of the financial year.

1.1.2 The Internal Audit Plan includes the work plan of the Fraud Team. As a result the Plan is a combined Internal Audit and Fraud Plan.

1.2 Internal Audit and Fraud Plan 2021/22

1.2.1 A copy of the proposed Internal Audit and Fraud Plan for 2021/22 is attached at **[Annex 1]** of this report. This is intended to provide Members with a clear picture of how the Council will make use of its Internal Audit and Fraud Team, reflecting on all work to be undertaken by the Team during the financial year.

1.2.2 The Plan has been developed using a risk-based approach. Significant risk areas and priorities have been identified through a risk assessment which included review of the Strategic and Service risk registers, analysis of the wider environment, use of our own organisational knowledge and discussions with Service Heads and Directors both individually and collectively as part of Service Management Teams.

1.2.3 Relevant links to the Strategic Risk Register are shown within the Plan itself. Members will note that not all audits are linked to a specific risk; some are intended to provide assurance over core areas (for example financial audits) and some are included as the Council is undertaking change programmes. In line with the nature and scope of Internal Audit as set out in the Internal Audit Charter, it is

important that overall, the Plan balances all of these assurance and consultancy needs.

- 1.2.4 Whilst the Plan is drawn up annually, it is important that the Plan is dynamic and able to respond to key risks. Therefore, it will be kept under review to ensure continued relevance and alignment to organisation risks and priorities. Any proposed changes will be discussed with Management Team and brought back to a future meeting for Audit Committee to approve.
- 1.2.5 The Plan shows the number of days that have been estimated for each audit. The Internal Audit function is currently resourced through a mixture of in-house, seconded and contract staff and it is proposed to retain this arrangement pending the outcome of the service review. Whilst contracted days are yet to be finalised, there are currently sufficient resources available (with the skills required) to deliver the Plan as it stands. However, there is no built-in contingency time and therefore, should organisational needs change, it will be necessary to buy in additional resource or to re-prioritise existing resource.
- 1.2.6 The proposed Plan has been reviewed and endorsed by Management Team.

1.3 Legal Implications

- 1.3.1 The Accounts and Audit Regulations place a statutory requirement on authorities to undertake effective internal audit of the effectiveness of risk management, governance and control processes.
- 1.3.2 The Council also has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.
- 1.3.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

1.4 Financial and Value for Money Considerations

- 1.4.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.
- 1.4.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

1.5 Risk Assessment

- 1.5.1 The Internal Audit and Fraud Plan is intended to ensure that the work of the Internal Audit and Fraud Team is effectively directed. For this very reason, the process for preparing the Plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit and Fraud Plan for the year 2021/22 ensures that the status of the Plan is maintained.

1.6 Equality Impact Assessment

- 1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Recommendations

- 1.7.1 Members are asked to **consider** and subject to any amendments required to **approve** the Internal Audit and Fraud Plan for the year 2021/22.

Background papers:

Contact: Richard Benjamin

Nil

Jonathan Idle
Chief Audit Executive

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Audit Title	Indicative Planned Days	Indicative Quarter	Assurance/ Consultancy	Directorate	Cross ref to Strategic Risk Register	Rationale for inclusion/High-level Scope
1 Ethical Culture	15	1	A	All	Core Assurance	A holistic assessment of the ethical culture across TMBC, drawing information from a number of areas such as decision making, declarations of interest, codes of conduct, equalities and staff well being etc.
2 BCP	5	1	C	SSLT / All	SRR12	An embedded assurance review of the draft Business Continuity Plan including the associated service plans and alignment with the disaster recovery plan. To provide assurance before the issue of the final plan.
3 Corporate Governance	10	4	A	CS	SRR16	Review of the Local Code of Corporate Governance against the latest Delivering Good Governance in Local Government framework.
4 Waste Contract	15	2	A	SSLT	SRR19	Post implementation review of the waste contract, to include adequacy and effectiveness of contract management procedures. Internal Audit was due to undertake an assurance review in 2020/21 but in discussions with the Director this was deferred to 2021/22. The contract is a major contract within TMBC and hold significant risks.
5 Local Plan	12	Ongoing/Q1	A/C	PHEH	SRR5	An embedded assurance review of the development of the Local Plan, due to the possibility of TMBC having to withdraw the Local Plan following the rejection of the current submitted plan, and the outcome of any subsequent appeals by the council.
6 Cyber Security	10	3	A	F&T	SRR9	A review of cyber security controls within the council. This is to including a review of the annual external IT health check that is under taken and the result of the Cyber Threat assessment that has been commissioned.
7 Prevention of Homelessness	15	2	A	PHEH	SRR15	A Review of Homelessness prevention. The review will consider the new temporary accommodation policy, private landlord initiative and the sourcing sufficient and appropriate accommodation. In addition it will consider the impact of welfare reform and implementation of policy changes.
8 Achievement of identified Savings	12	2	A	F&T	SRR2, SRR3, SRR4	Following the review of Budget Monitoring and Savings plans review in 2020/21 the review will focus on the delivery, monitoring and achievement of the savings targets.
9 GDPR/Record Retention	10	2	A	CS / All	SRR8	A review on compliance with the General Data Protection Regulations, with specific focus on Principle 5 and the embedding of the new Data Retention Policy and associated schedules.
10 Building Control	10	3	A	PHEH	Core Assurance	Following Sevenoaks withdrawal from the partnership a new structure will be implemented. The review will consider the new structure and the achievement of operational and statutory requirements.
11 Customer Services Review	8	Ongoing/Q1	A/C	CS	Change Programme	Embedded Assurance review of the development and continued transition to a TMBC wide call centre.
12 Council Tax Administration	12	3	A	F&T	Core Assurance	3 years since last reviewed by Internal Audit. At the time there were a large number of recommendations raised.
13 Breathing space	10	2	A	F&T	New Process	Post implementation of arrangements to meet the new Breathing Space regulations due to be rolled out from May 2021
14 Safeguarding	10	3	A	All	SRR1	Review of the Safeguarding Strategy and the processes that allow the discharging of TMBC roles and responsibilities with regards to Safeguarding legislation.
15 Public Open Spaces Inspection regime	10	1	A	SSLT	Core Assurance	To provide assurance that the approach taken to inspect public open spaces is reasonable. In terms of what they include and exclude, the frequency and whether proportionate. To include grounds, bridges, car parks, life buoys and playgrounds. Fulfilling duty of care and managing liabilities.
16 Payroll	15	3	A	F&T	Core Assurance	Last audited in 2019/18. This review will focus on the Payment Run and the adequacy of controls in the update or replacement of the current payroll system (HR21).
17 Home Working / Office Accommodation & New Ways of Working	6	Ongoing/Q1	C	CS/All	Change Programme	Consultancy work providing guidance and challenge on the review of working arrangements and office accommodation.
18 Animal Licensing	8	4	A	CS		Provide assurance that the service is able to fulfil statutory requirements.
19 Recruitment & Retention Strategy	10	4	A	CS	SRR6	Postponed from 2020/21. A review of the Council's ability to recruit, develop and retain key staff.
20 Delivery Against corporate plan	8	4	A	EXEC	SRR4	Review of evidence to support achievement of plan including evidence obtained from relevant audits on the 2021/22 plan and progress on the priorities listed in the addendum.
21 Climate Strategy	10	3	A	CS		Review of the Climate Strategy and the adequacy and governance of the associated plan for the achievement of the approved Climate Strategy.
22 Housing Allocation Scheme	6	Ongoing/Q1	C	PHEH	Change Programme	Postponed from 2020/21. Advisory work proposed in the lead up to implementation (process design) of the Housing Allocation Scheme.
Assurance Mapping	3	Ongoing	C			
Follow Ups	10	Ongoing				Follow up of recommendations raised.
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Proactive fraud activity						
National Fraud Initiative	80	Ongoing		All		Time for sifting results to inform whether referral to DWP and/or investigation by TMBC is required - results of the annual SPD to electoral roll match were received in December 2020 and results of the biennial exercise were received in January - work is ongoing.
KIN and other data matching/analysis to reduce fraud	10	Ongoing		All		Time for attendance at KIN Board as well as sifting results of data matches to inform whether investigation or other action is required and document outcomes, including savings. Will also include review of potential internal matches to detect and prevent fraud and any related data quality issues.
Covid-19 Business Grants	10	Ongoing		All		
Proactive - other	10	Ongoing		All		TBC but will include counter fraud awareness week and follow up of the counter fraud risk assessments.
Provision of training, advice and increasing fraud awareness	6	Ongoing		All		Rolling programme of fraud awareness training and ongoing provision of advice as required.
Single Point of Contact for DWP investigations	30	Ongoing		F&T		To fulfil the role required by DWP - dealing with requests from the DWP for information held by TMBC to support DWP investigations of potential benefit fraud.
	146					
Allowances for work unknown at the time of planning						
Advice and information	10	As required		All		Allowance for the provision of advice in relation to governance, risk or controls during the year.
Investigations	170	Ongoing		All		Includes investigation of potential fraud in relation to NNDR and Council Tax discounts and exemptions, Council Tax Reduction Scheme, joint working with DWP and investigating potential fraud in relation to other Council services as well as any investigations arising from data matches from NFI and KIN outputs.
	180					
Internal Audit and Counter Fraud Management	130					
	696					

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