

Tonbridge & Malling Borough Council Internal Audit and Fraud Plan 2019-20

1. Introduction

- 1.1 Section 151 of the Local Government Act 1972 and Regulation Six of the Accounts and Audit Regulations (England) set out the requirement for Local Authorities to have an Internal Audit function. The [Public Sector Internal Audit Standards](#) (PSIAS) define Internal Audit as ‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’ It states Internal Audit’s mission as being ‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 1.2 Tonbridge & Malling Borough Council’s Internal Audit and Fraud function contribute to the effective and efficient delivery of the Council’s objectives and is delivered and developed in accordance with the PSIAS and the Council’s Internal Audit Charter.
- 1.3 This Internal Audit and Fraud Plan (the Plan) is prepared in accordance with the Public Sector Internal Audit Standards (PSIAS), the Local Government Application Note and the CIPFA Code of Practice for Anti-Fraud and Corruption. The Plan aims to ensure that sufficient audit and fraud assurance work is carried out to enable the Chief Audit Executive to deliver an opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

2. Audit and Fraud Risk Assessment

- 2.1 The PSIAS require that the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals. The 2019-20 Internal Audit and Fraud Plan has been based on review of the Council’s Strategic Risk Register and available Directorate/Service risk registers together with an assessment of the Council’s Audit and Fraud assurance needs.
- 2.2 The results of this process are used in conjunction with input from Senior Management on key service and strategic risks and knowledge of the wider risk environment including emerging risks. The aim is to help ensure that Internal Audit and Fraud resources are directed effectively to the key risk areas where they can add the most value in helping to ensure the achievement of objectives, the improvement of internal control and the efficiency of service delivery.

3. Resourcing

- 3.1 The PSIAS require that the Chief Audit Executive must ensure that resources are appropriate, sufficient and effectively deployed to achieve the approved Plan. Appropriate refers to the mix of knowledge, skills and other competencies needed

to deliver the planned work. The Internal Audit and Fraud functions of Tonbridge & Malling Borough Council and Kent County Council have operated a shared management arrangement since May 2015. The 2019-20 Internal Audit and Fraud Plan will be delivered using the resource based at Tonbridge & Malling Borough Council which consists of the Audit & Assurance Manager (0.5fte), one part-time Senior Internal Auditor (0.6fte) and one Fraud Officer and one Fraud and Audit Assistant. Subject to any requirements for specialist skills (see 3.3 below). Additional days for 2019-20 are being sourced through use of contractors.

- 3.2 The total audit and fraud resource available in 2019-20 is approximately 650 days, which is considered sufficient to provide assurance over all high risk areas identified by the Audit and Fraud Risk Assessments and to deliver the annual audit opinion. The audit planning process considers the skills and experience of the team when programming audits, and all work planned is considered to be within the capability of the team.
- 3.3 The Internal Auditor or Fraud Officer assigned to each audit/fraud review is selected by the Audit & Assurance Manager based on their knowledge, skills, experience and any declared conflicts of interest to ensure that the review is conducted effectively. If a review calls for specialist skills/experience beyond that within the team, arrangements would be put in place to secure specialist skills from KCC as part of the partnership arrangement or from an external contractor if that is not possible. The level and skills of audit resources available will remain under review throughout the year to ensure that they continue to be sufficient.
- 3.4 The Internal Audit and Fraud Plan contributes to the Council's overall assurance framework and as such, where possible, information will be shared and activities coordinated with other internal and external providers of assurance to the Council.

4. 2019-20 Internal Audit and Fraud Plan

- 4.1 The Plan is intended to provide a clear picture of how the Council will make use of its Audit and Fraud function, reflecting all work to be undertaken by the team during the financial year. The Plan includes assurance and consultancy work, proactive fraud work and time for investigations. For each area of planned work the Plan records the proposed high-level scope, the indicative timing and number of days allocated and, where relevant, is cross referenced to the Strategic Risk Register.
- 4.2 The Internal Audit and Fraud Plan reflects the Council's focus on identifying financial savings and opportunities for generating efficiencies in services. The Plan also incorporates targeted proactive anti-fraud work intended to assist in ensuring that the Council has appropriate arrangements in place to prevent and detect fraud, and reduce its financial impact as far as possible.
- 4.3 As in previous years it is intended that the Internal Audit and Fraud team will remain responsive to the needs of the Council, its Members and Senior Managers; this is reflected in the provision of contingencies within the Plan for responsive work, investigations and advice and information unknown at the time of planning. It should be recognised, however, that any requests for additional work which are not covered by these allowances may impact on the team's ability

to achieve work specified in the Plan and will therefore be considered on a risk basis.

5. Monitoring & Reporting

- 5.1 The Internal Audit and Fraud Plan will remain under review throughout the year and be adjusted as necessary, in response to changes in the Council's business, risks, operations, programs, systems and controls. Any such changes will be reported to and agreed with Management Team and the Audit Committee.
- 5.2 The performance of the Internal Audit and Fraud function is monitored and reported to the Audit Committee through regular reports including the overall opinion on the Council's governance, risk and control environment in the Annual Internal Audit Report.

Audit Title	Indicative Planned Days	Indicative Quarter	Assurance/ Consultancy	Directorate	Cross ref to Strategic Risk Register	Rationale for inclusion/High-level Scope
Risk Management	10	4	A	All	N/a - assurance on RM Process	Annual review of risk management process to provide assurance on compliance with process and effectiveness in identifying and mitigating key risks
Corporate Governance	12	4	A	CS	N/a - Core Assurance	Scope to be confirmed but an element of governance is audited cyclically to inform the annual opinion on governance, risk and internal control
Delivery of Corporate Strategy	12	4	A	All	Risk 4	The Corporate Strategy set Strategy Measures as indicators of success, this review would give assurance that progress is in line with expectations and outcomes are being achieved. The timing and scope of the audit will be informed by the organisation's mid-year review of progress that is currently planned
Enforcement	12	4	A	All	Risk 2	Themed review across enforcement functions in line with corporate policy to provide assurance on consistency, use of sanctions, etc.
GDPR	8	4	A/C	All	Risk 8	Rather than undertake a separate audit GDPR implications will be considered as part of all audits undertaken with a themed report produced at year-end, in addition attendance at the IGOSG will continue in an advisory capacity
Business Continuity Plan inc Emergency Planning resilience	12	3	A	All/SSLT	Risk 3, 12 & 14	B/f from 2018/19 - A re-audit following revision and updating of the Council's Business Continuity Plan to provide assurance that the new Plan is fit for purpose and appropriately risk based. The review will also focus on actions taken to address emergency planning resilience
Land charges	10	2	A	CS	Risk 2	A review to provide assurance on mitigation of organisational impact, including financial impact, pre-transfer of responsibility for elements of the process to the Land Registry
Facilities Management	15	2	A/C	CS	Risk 7	Scope to be confirmed but likely to include building maintenance, reactive work and support services such as security (inc CCTV and panic alarms), etc. We understand some elements may be subject to a service review and the potential for audit to assist will be considered
Property - Asset utilisation inc disposals	12	1	A	CS	Risks 2& 7	Assurance that asset utilisation is effective and disposals undertaken timely to achieve best value for money
Property - Capital Projects	18	2	A	CS/All	Risk 2	A review to provide assurance that key capital projects are effectively managed to mitigate risks in relation to timely completion, costs and quality of works
Debtors - debt recovery focussing on NNDR and HB	12	1	A	F&T	Core Financial System	Core financial audit to provide assurance on debt collection in key risk areas
Budget Setting and Monitoring	12	2	A	F&T	Core Financial System	Following potential issues identified with budget monitoring in particular areas in 2018/19 this audit will give assurance as to whether budget setting and monitoring is adequate and effective to minimise the risk of overspends
IT Security - network and access	12	3	A	F&T	Risk 9 & 10	A review to provide assurance on this key risk area as the gateway to IT systems, the scope will include access for new starters and processes for leavers
IT - New Strategy and Infrastructure	12	2	A	F&T	Risk 9	Assurance on implementation of new IT strategy and benefits realisation in relation to IT infrastructure. Scope will be clarified with the new Head of IT once in post
IT Disaster Recovery Plan	12	3	A	F&T	Risk 12	B/f from 2018/19 - A re-audit following revision and updating of the IT Disaster Recovery Plan to provide assurance that the new Plan is fit for purpose based on business criticality
Food Safety	10	1	A	PHEH	N/a - cyclical	A review to provide assurance that processes are adequate to minimise the risk of fraud and error
Public Health	12	1	A	PHEH	Risk 2	A review to provide assurance on resilience against reductions in funding and on achievement of outcomes
Housing - reduction of Homelessness	15	3	A	PHEH	Risk 15	A review to provide assurance on use of temporary accommodation including use of 47 High Street to inform future decisions on approach
Empty properties	12	4	A	PHEH	Risk 15	Re-audit to provide assurance on return of properties to use, timing will be dependent on the expected update on the New Homes Bonus
Waste Contract Tender and roll out of new service	15	Ongoing	C	SSLT	Risk 19	Ongoing consultancy through attendance at working groups, assurance work will be undertaken early in 2020/21
Follow-up - Discretionary Disabled Facilities Grant	4		A	F&T		Follow-up of the 2018/19 audit to provide assurance that recommendations have been addressed, this work may be merged with the Budget Setting and Monitoring Audit at 12 above
Follow-up of specific audits	4		A	All		Requirement for any additional follow-ups will be confirmed once 2018/19 work is complete and assurance levels known
Follow up of all recommendations agreed by management	8	Ongoing	A	All		Time to follow-up on implementation of agreed actions
	261					
Proactive fraud activity						
National Fraud Initiative	100	Ongoing		F&T/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 2018 and results of the biennial exercise were received in January 2018/19 - work is ongoing
KIN and other data matching/analysis to reduce fraud	20	Ongoing		F&T/All		Time for attendance at and chairing the 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
Proactive - other	20	Ongoing		All		TBC - a separate report to MT is being produced and will be brought to the Audit Committee's July meeting
Provision of training, advice and increasing fraud awareness	10	Ongoing		All		Rolling programme of fraud awareness training and ongoing provision of advice as required
Single Point of Contact for DWP investigations	40	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
	190					
Allowances for work unknown at the time of planning						
Responsive work	12	As required		All		Allowance for the provision of advisory or consultancy work during the year, for example in relation to system changes, key projects, partnership development or significant new contracts
Advice and information	12	As required		All		Allowance for the provision of advice in relation to governance, risk or controls during the year
Investigations	175	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
	199					
	650					