

Tonbridge & Malling Borough Council Internal Audit Plan 2015-16

1. Introduction

- 1.1 Section 151 of the Local Government Act 1972 and Regulation Six of the Accounts and Audit Regulations (England) 2011 set out the requirement for Local Authorities to have an Internal Audit function. The [Public Sector Internal Audit Standards](#) define Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.
- 1.2 Tonbridge & Malling Borough Council's Internal Audit function contributes to the effective and efficient delivery of the Council's Corporate Performance Plan and is delivered and developed in accordance with the Council's Internal Audit Charter.
- 1.3 This Internal Audit plan is prepared in accordance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note and aims to ensure that sufficient audit assurance work is carried out to enable the Chief Internal Auditor (in his capacity as Chief Audit Executive) to deliver an opinion regarding the adequacy and effectiveness of the internal control arrangements within the Council.

2. Audit Needs Assessment

- 2.1 The 2015-16 Internal Audit plan has been based upon an annual risk assessment of the Council's Internal Audit needs. The Audit Needs Assessment is undertaken to:
 - 2.1.1 Identify the Council's business objectives (as set out in the current Corporate Performance Plan and service specific plans).
 - 2.1.2 Identify the authority's business activities to meet those objectives.
 - 2.1.3 Rank these systems in terms of inherent and control risk, taking into account the sensitivity of the system and any revised management arrangements, to enable prioritisation of areas for Internal Audit review.
- 2.2 The Audit Needs Assessment is used, in conjunction with input from Senior Management and knowledge of the wider control environment, to help ensure that Internal Audit resources are directed to the areas where they are considered to be of most effective use to the Council in helping to ensure the achievement of its objectives, the improvement of internal control and the efficiency of service delivery.

3. Resourcing

- 3.1 The Internal Audit functions of Tonbridge & Malling Borough Council and Gravesham Borough Council have operated in a shared management arrangement since 1 December 2010. The 2015-16 Internal Audit plan will be delivered using the in-house Internal Audit resource based at Tonbridge & Malling Borough Council which consists of the Chief Internal Auditor, the shared Audit & Assurance Manager and two full-time Trainee Internal Auditors.
- 3.2 The total audit resource available in 2015-16 is 402 days which is considered sufficient to provide assurance over all high risk areas identified by the Audit Needs Assessment and to deliver the annual audit opinion. The Audit & Assurance Manager and Chief Internal Auditor will continue to provide induction training and development support to the two Trainee Internal Auditors during the year. The audit planning process considers the skills

and experience of the in-house team when programming audits, and all work planned is considered to be within the capability of the in-house team.

- 3.3 The Internal Auditor assigned to each audit review is selected by the Audit & Assurance Manager, in liaison with the Chief Internal Auditor, based on their knowledge, skills, experience, discipline and any declared conflicts of interest to ensure that the audit is conducted effectively. If an audit called for specialist skills/experience beyond that within the team, arrangements would be put in place to secure specialist skills from an external contractor. It is not anticipated that any specialist audit resources will be required to deliver the 2015-16 Internal Audit Plan. 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 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. 2015-16 Internal Audit Plan

- 4.1 The plan is intended to provide a clear picture of how the Council will make use of its Internal Audit function, reflecting all work to be undertaken by the team during the financial year. The plan is split by assurance and consultancy work and records, for each area of focus, the proposed scope and the number of audit days that have been allocated.
- 4.2 The assurance work included on the plan has been listed in priority order based on the results of the Audit Needs Assessment and in conjunction with Senior Management to maximise productive time. The consultancy work included on the plan at the request of Senior Management has been selected based on its potential to improve management of risks, add value and improve the organisation's operations.
- 4.3 The Internal Audit plan this year reflects the Council's focus on identifying financial savings and opportunities for generating income and efficiencies in services and includes a number of days allocated to reviews with emphasis on these areas. The plan also incorporates targeted proactive anti-fraud work intended to assist in ensuring that the Council has appropriate arrangements in place to prevent, as far as possible, fraud from entering our system gateways.
- 4.4 As in previous years it is intended that the Internal Audit team will remain responsive to the needs of the Council, the Directors and Senior Management during 2015-16; this is reflected in the provision of contingencies within the plan for consultancy services, responsive work 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 the allowances within the annual audit plan will impact on the team's ability to achieve work specified on the plan.

5. Monitoring & Reporting

- 5.1 The Internal Audit 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 control. All such changes will be reported to and agreed with Management Team and Audit Committee.
- 5.2 The performance of the Internal Audit function is monitored and reported to the Audit Committee through regular reports including the overall opinion on the Council's control environment in the Annual Internal Audit Report.

| No | Area of Audit Focus (In priority order) | Allocation of Audit Days | Proposed Scope |
|--|--|--------------------------------|--|
| ASSURANCE WORK | | | |
| <u>Control assurance reviews</u> | | | |
| 1 | Data Protection | 10 | Review of the Council's arrangements to ensure compliance with the Data Protection Act. |
| 2 | IT software & network storage user access review | 15 | Review of arrangements to ensure access to Council IT systems is appropriately controlled in line with the Data Protection Act. |
| 3 | Housing benefit assessments | 12 | Review of arrangements to process claims for benefits. |
| 4 | Homelessness | 12 | Review of arrangements to discharge the Council's Homelessness duties with a specific focus on the use of temporary accommodation. |
| 5 | Corporate credit cards | 10 | Review of the Council's use of corporate credit cards. |
| 6 | Section 106 agreements | 12 | Review of the Council's arrangements to enter and monitor Section 106 Agreements to mitigate the impact of development on the borough. |
| 7 | Housing register & allocations | 15 | Review of arrangements to process applications for the common housing register. |
| 8 | Payroll | 12 | Review of arrangements to pay staff salaries. |
| 9 | Creditors (purchase ledger) | 10 | Review of arrangements to pay the Council's creditors. |
| 10 | Car park income | 12 | Review of arrangements to collect and bank income in respect of the Council's car parks. |
| 11 | Parking Enforcement & Penalty Charge Notice (PCN) recovery | 15 | Review of arrangements to manage and monitor the Council's Traffic Regulation Orders, enforce parking restrictions and recover PCN income. |
| 12 | Insurances | 12 | Review of the Council's insurance arrangements. |
| 13 | Refuse & recycling contract monitoring | 10 | Review of the Council's arrangements to monitor the contract in respect of refuse collection and recycling. |
| 14 | Youth & play development | 12 | Review of the operation of the Council's youth and play schemes. |
| 15 | Cemetery memorials | 10 | Review of arrangements to ensure the maintenance and safety of memorials in graveyards maintained by the Council. |
| 16 | Complaints handling | 10 | Review of arrangements to record and respond to customer complaints. |
| 17 | Sickness absence monitoring | 10 | Review of arrangements to monitor and manage staff sickness. |
| 18 | Property management (including asset review process) | 15 | Review of arrangements to manage the Council's property assets including ensuring best value is achieved. |
| 19 | Food safety inspections | 12 | Review of arrangements to plan, conduct and report on food safety inspections in the borough. |
| 20 | Tonbridge castle facilities hire | 10 | Review of arrangements to hire out facilities at Tonbridge Castle ensuring best value; including income collection arrangements. |
| 21 | Community safety partnership | 10 | Review of arrangements to deliver the Council's community safety objectives. |
| 22 | Licensing functions (excluding Alcohol & Taxi Licensing) | 12 | Review of arrangements to manage the licensing process. |
| 23 | Contingency Planning & Disaster Recovery | 10 | Review of the Council's arrangements to ensure business continuity should a major event/disaster occur |
| 24 | Building Control | 10 | Review of arrangements to monitor the contract to provide the borough's Building Control service. |
| 25 | Members allowances | 12 | Review of arrangements to calculate and pay Members Allowances. |
| 26 | Corporate policy maintenance | 10 | Review of arrangements to manage the Council's corporate policies. |
| 27 | IT helpdesk | 10 | Review of the operation of the Council's IT Helpdesk service. |
| 28 | Empty properties | 10 | Review of progress against recommendations made by the Council's Scrutiny Review. |
| | | 320 | |
| <u>Counter-fraud activity</u> | | | |
| 29 | Expenses claims (including travel & subsistence) | 12 | Review of arrangements to prevent and/or identify fraudulent or erroneous expenses claims. |
| <u>Audit follow up work</u> | | | |
| 30 | Follow up of all recommendations agreed by management | 10 | Allowance for the routine follow up and reporting to the Council's Management Team of agreed recommendations. |
| | | 342 | Assurance work |
| CONSULTANCY WORK | | | |
| <u>Known project work</u> | | | |
| | Benchmarking | 10 | Allowance to provide benchmarking services as directed by the Council's Management Team. |
| | Project management | 5 | Review of the Council's arrangements to manage projects. |
| | Leisure trust contract monitoring | 5 | Allowance to provide support to deliver enhancements to existing monitoring arrangements. |
| | Document imaging | 5 | Allowance to provide support to the Council's implementation of document imaging. |
| | E-billing | 5 | Allowance to support the Council's project to introduce e-billing facilities. |
| | Development control | 5 | Allowance to support the Development Management Team in revising business processes. |
| | | 35 | |
| <u>Allowances for work unknown at the time of planning</u> | | | |
| | Consultancy services | 10 | Allowance for the provision of consultancy services unknown at the time of planning. |
| | Responsive work | 10 | Allowance for the provision of responsive support to the Council during the financial year. |
| | Advice and information | 5 | Allowance for the provision of control advice and information to the Council during the year. |
| | | 402 | |