

**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** Proposed Internal Audit Plan 2019/20

**Report By:** Tom Davies  
Chief Auditor

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### **Purpose of Report**

To consider the proposed internal audit plan for 2019/20.

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### **Recommendation(s)**

**1. That the Audit Committee approves the Internal Audit Plan 2019/20**

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### **Reasons for Recommendations**

To ensure that proper financial management arrangements and controls are in place and operating effectively in the Council.

Audit Committee approval of the Internal Audit plan provides clear authority for Internal Audit to discharge the assignments listed therein and enable monitoring of the efficiency and effectiveness of Internal Audit.

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## Introduction

1. The audit programme for 2019/20 has been produced after communication with Assistant Directors, Senior Managers and reference to the Council's agreed priorities. It includes both traditional areas of work and scope for flexibility in a changing work environment.
2. The approach to the audit of the fundamental financial systems changed thirteen years ago following the introduction of International Auditing Standards (IAS) adopted in Local Government in 2006. It remains a key requirement and the main aspect of this work is the need to identify, document and test fundamental financial systems in a particular way. Financial audit still remains the emphasis in the plan.
3. The Operational Risk Registers have been referred to.
4. The plan is developed in relation to planning assumptions reviewed annually and made in accordance with available days.
5. The plan is spread across, financial, operational, value for money and computer auditing. Information Communications Technology also receives a Public Service Network (PSN) audit by the Cabinet Office every 2 years.
6. The specific terms of reference for each audit will be agreed with the relevant Directors and Assistant Directors before commencement of each assignment.
7. As in previous years, audit carries out some ad-hoc work, some of which has and will continue to be significant. In 2019/2020, Internal Audit , will for example:
  - Be involved in the implementation of "Income Manager" - a system element of the new Unit4BW system, specifically for all the activities involved in the receipting of payments from a wide range of sources.
  - The Document Imaging Project
  - Contract Audit of final accounts
  - Progress Controls Assurance Mapping

	Fundamental and Financial Audits	Risk Reviews, Follow-up and Other
April	Completion of Treasury Management	Pro-active fraud related work (including whistle blowing refresh and awareness)
May	National Fraud Initiative matches	
June		Review of Rent-Pro
July	Council Tax Reduction	Document Imaging Project
August	Main Accounting	
September		Housing Deposits, Loans and Social Lettings
October	Payroll	Information Governance (document handling)
November		
December	Post Implementation Review of ERP phase I (focused on system functionality)	Value for Money work (to be advised)
January		Emerging Risks (to be advised)
February	International Auditing Standards Compliance work covering all Fundamental financial controls	ERP Segregation of Duties
March		Annual Reporting – Annual Governance Statement, Audit Committee Report to Council and Annual Audit Plan

<b>Assignment</b>	<b>Reason</b>	<b>Outline Scope</b>
Completion of Treasury Management	Core audit 2018/19	To complete the Treasury Management audit that was in progress over year end.
Pro-active fraud related work (including whistle blowing refresh and awareness)	Audit request	To complete review associated documents and deliver whistle blowing awareness.
National Fraud Initiative matches	Regulatory work	To investigate the matches from the 2018/2019 National Fraud Initiative matching exercise.
Review of Rent-Pro	Management request	Review the Rent-Pro processes.
Council Tax Reduction	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.
Document Imaging Project	Audit request	Post Implementation Review of the DIP project. .
Main Accounting	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.
Housing Deposits, Loans and Social Lettings	Audit request	To ensure that the Contract Register is complete, up to date and fit for purpose.
Payroll	Cyclical regulatory - Expected by External Audit.	Comprehensive programme as per programme carried out in previous years.

Information Governance (document handling)	Management request	Review of controls over all sensitive document handling.
Post Implementation Review of ERP phase I (focused on functionality)	Audit request	To assess whether the council is achieving full functionality from the ERP system phase I.
ERP Segregation of Duties	Audit request	To examine password profiles on the integrated ERP system for potential conflict of interest or data protection reasons.
IAS Compliance work covering all fundamental financial controls	Cyclical regulatory: External Audit requirement.	Carried out in accordance with the timescales set and with the audit programmes provided by External Audit.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

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**Additional Information**

The following internal documents were used:

Operational Risk Register  
Planning assumptions  
Cyclical audit frequency document  
Resource planning paper

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**Officer to Contact**

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