



# SOUTH KESTEVEN DISTRICT COUNCIL

**Internal Audit Indicative Plan 2021/22**

**4 February 2021**



**RSM**

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# 1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting South Kesteven District Council in the year ahead, including changes within the wider public sector.

## 1.1 Background

At the request of the Interim Director of Finance, we were asked to provide details of what we are seeing in the local government sector and the key issues that have arisen from the audit reviews completed in 2020/21. These were presented to the Statutory Officers Group meeting on 19 January 2021 for comment and a number of audit areas were agreed which are detailed in section 2 of this report; these include those areas where 'partial' or 'no' assurance was provided in 2020/21.

## 1.2 Governance and Audit Committee Input

We would welcome input from the Governance and Audit Committee which will be incorporated into the development of the 2021/22 internal audit plan.

Section 2 of this report sets out the individual internal audit areas for inclusion in 2021/22 and will be supplemented by the follow up of previously agreed management actions, continuous assurance reviews and RSM management time.

Once the auditable areas have been agreed, we will issue an internal audit plan to be discussed and agreed at the Governance and Audit Committee meeting in March 2021.

## 2 INTERNAL AUDIT INDICATIVE PLAN 2021/22

Audit	High Level Scope for 2021/22
<b>Core Assurance</b>	
Housing Compliance - Gas, Electrical, Legionella, Asbestos and Fire *	<p>The Council has a duty to ensure that all properties, including communal areas within properties, under its control meet the relevant health and safety regulations in respect to each of the following key areas:</p> <ul style="list-style-type: none"><li>▪ Gas Safety checks (including solid fuel and oil-fired installations);</li><li>▪ Electrical Testing;</li><li>▪ Legionella;</li><li>▪ Asbestos; and</li><li>▪ Fire Risk Assessments.</li></ul> <p>A compliance audit to provide assurance that policies and procedures are being consistently, effectively and efficiently applied, ensuring that all statutory responsibilities are met.</p> <p>We will look to use data interrogation software to supplement our testing, which will enable enables us to provide greater insight, as it allows for wider coverage of the areas under review and to check 100% records relating to the key areas identified above.</p> <p>Management have requested a review in 2021/22 to ensure compliance with key areas and to provide assurance that remedial action has been taken following the internal audit findings in 2020/21.</p>
Streetscene – Stock *	<p>To ensure that Streetscene stock is managed and monitored effectively and make sure there is a readily supply of stock items available to assist in the efficient operations of the Council. An internal audit review has been completed in 2020/21 and a draft report is with management.</p> <p>Management have confirmed that in October 2020 the Streetscene department contracted a company to provide a 'project lead' to setup systems, implement an agreed plan, improve stores/stock and provide training and guidance.</p> <p>We will look to use data interrogation software to supplement our testing, which will enable enables us to provide greater insight, as it allows for wider coverage of the areas under review.</p> <p>Management have requested a review in 2021/22 of the new system and processes being put in place and to ensure these are embedded.</p>
Repairs – Stock *	<p>To ensure that Repairs stock is managed and monitored effectively and make sure there is a readily supply of stock items available to assist in the efficient operations of the Council</p> <p>We will look to use data interrogation software to supplement our testing, which will enable enables us to provide greater insight, as it allows for wider coverage of the areas under review.</p> <p>This area resulted in 'no' assurance in 2020/21 and management have requested a full audit in 2021/22.</p>

Audit	High Level Scope for 2021/22
Medium Term Financial Planning	<p>Following the impact of Covid-19 on Council finances and the recent issue of a S114 notice by Croydon Council (unable to balance their budget), there is increased pressure on Councils to find savings to deliver a balanced budget, and this feeds through to their longer term financial planning, usually documented within the Medium Term Financial Strategy. The review will include the following areas:</p> <ul style="list-style-type: none"> <li>▪ Review of the process to compile the Medium Term Financial Plan;</li> <li>▪ An assessment of estimates and assumptions;</li> <li>▪ Monitoring expenditure against the Medium Term Financial Plan;</li> <li>▪ Plans in place to address any areas of overspend; and</li> <li>▪ Linkage to the Council's savings plan.</li> </ul>
Council Subsidiary Companies	<p>To maintain adequate financial and governance arrangements for subsidiary companies operating on behalf of the Council.</p> <p>The exact scope will be agreed with management and our coverage will include:</p> <ul style="list-style-type: none"> <li>▪ A review of the key financial risks the Companies have identified and proposals to mitigate these risks;</li> <li>▪ Review the corporate governance and reporting arrangements of the subsidiaries of the council within a parent-subsidiary environment and identify areas where these could be improved; and</li> <li>▪ A review of the business plans for the companies, including plans for future trading activities and potential impact for the Council's Medium Term Financial Strategy.</li> </ul>
Disabled Facilities Grant	<p>We will review applications for grants to ensure that they are processed in line with statutory responsibilities and internal policies and procedures. We will also review the use of, and payments to, contractors, and tenant / applicant contributions made to the total cost following the eligibility assessment. Finally, we will review the budget monitoring process in place, and the level of management information reported.</p> <p>This audit was deferred in 2020/21 and management have requested a review in 2021/22 to review end to end processes from applications for grant to works being completed.</p>
<b>Other internal audit activity</b>	
Continuous Assurance	<p>As part of the internal audit plan we will work with management to identify 10 fundamental key controls covering both financial and operational areas and undertake quarterly reviews. This would provide assurance to management and the Governance and Audit Committee that these fundamental key controls are operating effectively. These controls can include areas where there is no other assurance being received by management and the Governance and Audit Committee.</p>
Follow up	<p>To meet internal auditing standards and to provide assurance on action taken to address previously agreed management actions. We will undertake four follow up reviews in the year and report progress at each Governance and Audit Committee meeting.</p>

Audit	High Level Scope for 2021/22
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning;</li> <li>• Preparation for, and attendance at, Governance and Audit Committee;</li> <li>• Regular liaison and progress updates;</li> <li>• Liaison with external audit and other assurance providers; and</li> <li>• Preparation of the annual opinion.</li> </ul>

\* these areas resulted in either 'partial' or 'no' assurance in 2020/21 and have been requested by management to be included in the internal audit plan for 2021/22.