

Mid Sussex District Council

Internal Audit Strategy and Plan FY 2024/25

Draft for Audit Committee consideration

Prepared by: Mazars LLP

Date: 19 March 2024



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Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of Mid Sussex District Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Section 01
Introduction



Introduction

This report sets out the Internal Audit Strategy (Strategy) and proposed Operational Plan (Plan) for FY 2024/25, and which details how Mid Sussex District Council (Council) will meet its statutory requirements for Internal Audit.

The fundamental role of Internal Audit is to provide Senior Management and Members with independent assurance on the internal control system's adequacy, effectiveness, and efficiency and report major weaknesses together with recommendations for improvement. The role is fulfilled by carrying out appropriate audit work following consideration of the Plan by the Assistant Director Corporate Resources (as the Section 151 Officer) and considered by the Council Audit Committee (Committee). As Internal Audit is a major source of assurance that the Council is effectively managing its risks, a key rationale for developing the Plan was the Council's Risk Register in addition to priorities highlighted by the Leadership team.

The Council's Internal Audit Service is delivered following a regulatory framework comprising:

- The Local Government Finance Act 1972 requires Councils to 'make arrangements for the proper administration of their financial affairs';
- The Accounts and Audit Regulations 2015. These require that all local authorities must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'; and
- The UK Public Sector Internal Auditing Standards (PSIAS). These standards set out what is meant by appropriate internal audit practices. These mandatory standards replaced the former CIPFA Code of Practice for Internal Audit in Local Government 2006.

The Strategy is a high-level statement that outlines how the Internal Audit Service will be delivered to meet the requirements set out above. The PSIAS no longer make specific reference to a strategy document. However, they require that the information be communicated to the Committee (or equivalent) to support audit planning and resources discussion.



Section 02

Strategy and Plan for FY 2024/25





Preparing the Strategy and Plan FY 2024/25

This Strategy recognises that management's responsibility is to establish and maintain a sound internal control system and ensure that risks are appropriately managed. Internal audit work aims to establish areas requiring improvement and recommend solutions to enable the Council to achieve its objectives.

In preparing the Plan FY 2024/25 , we have undertaken the following:

- Liaised with the Director of Resources and Organisational Development and shared our proposed approach to the Leadership team (via Assistant Director Corporate resources);
- Considered the latest assessment of risks facing Mid Sussex District Council, as reported to the Audit Committee in November 2023;
- Review of the issues arising, and status in delivery of the Plan FY 2023/24. We are keen to deliver a balanced number spread over the course of a FY for 2024/25;
- Considered emerging issues and themes across our wider client base;
- Consideration of Mazars Horizon Scanning of issues affecting all Local Authorities.

The draft Plan for FY 2024/25 is included in Section 02. This sets out the areas of focus for the next financial year including a high-level scope for each review which will be revisited as part of the detailed planning for each review.

Preparing the Strategy and Plan FY 2024/25 (Contd.)

Prior to conducting each internal audit, we will undertake a detailed planning meeting in order to discuss and agree the specific focus of each review.

Following the planning meeting, we will produce Terms of Reference, which we will agree with key representatives at Mid Sussex District Council prior to commencement of the fieldwork, including the audit sponsor.

The results of our work will be communicated via an exit meeting.

A draft report will then be issued for review and management comments and in turn a final report issued.

Final reports as well as progress against the plan will be reported to the Audit Committee.

Following completion of the planned assignments and the end of the Financial Year, we will summarise the results of our work within an Annual Report. Our Annual Report each year will provide the Head of Internal Audit's opinion on Mid Sussex District Council's overall governance, risk management and internal control framework. It is intended to support the Leadership team and Committee Members with any statements made in the Annual Report in relation to these three areas. This assessment is based on the Plan of work completed and our interactions with the organisation, such as attendance at Committee.



Section 03

Operational Plan FY 2024/25



Operational Plan FY 2024/25

An overview of the proposed Operational Plan for FY 2024/25 is set out below:

| Internal Audit Plan FY 2024/25 | | | |
|--|-------------|------------------|--|
| Audit Area | Days | Target Timeframe | Indicative Scopes |
| Procurement Cards | 12 | Q1/2 | Assessment of process, security and expenditure against policy. |
| Data Breaches | 12 | Q2 | Review of incident management and response plans. |
| Insurance | 12 | Q2 | Review of Council's insurance arrangements. |
| HR - Sickness Absence and Annual Leave Management | 12 | Q2 | Review of policies and procedures in place and their application. |
| Contract Management | 12 | Q3 | Assessment of the effectiveness of contract management (detail TBA). |
| Community Grants | 12 | Q3 | Review of monitoring of community grants. |
| Environmental Health | 12 | Q4 | Review of policies and procedures (specific area TBC). |
| Cash Receipting/Collections | 12 | Q4 | Assessment of controls in place for receipting and collection of cash. |
| NFI Data Matching | 30 | Q4 | Testing of data produced by the NFI. |
| Data Security (IT Specialist) | 14* | Q2 | Review of arrangements for data security.. |
| IT Applications Control (IT Specialist) | 14* | Q3 | Review of IT controls within a IT application (which is to be confirmed) |
| Management and Reporting Activities | | | |
| Follow up (General) | 10 | Ongoing | |
| Follow-up (IT Specialist) | 6* | | |
| Head of Internal Audit Reviews | 10 | | |
| Management | 20 | | |
| Total audit days (excluding IT specialist work) | 166* | | |

*These IT specialist audits have been proposed based on the IT Audit Need Assessment.

Section 05 - Statement of Responsibility

We take responsibility to Mid Sussex District Council for this report, which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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