



Tendring District Council

Internal Audit Strategy and Operational Plan 2025/26

Audit Committee

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Scope and Purpose of Internal Audit

This report establishes the Internal Audit Strategy (Strategy) and proposed Operational Plan (Plan) for 2024/25, which details how the Council will meet its statutory requirements for Internal Audit.



The mission of the Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The purpose of the Internal Audit function is to: -

- provide independent, objective assurance to the Council on its operations and control environment
- deliver an effective, cost effective, proactive and innovative function that meets the needs of the Council, and is aligned with its strategies, objectives and risks.
- add value by assisting management to improve the delivery of Council objectives and operations through the evaluating and challenging the effectiveness of risk management, control and governance processes
- add value by assisting management to improve the delivery of Council objectives and operations by the provision of consultancy and best practice advice.



Completion of the audits within the Internal Audit Plan 2025/26 should be used to help inform the Council's Annual Governance Statement within its audited financial statements.



Senior Management has responsibility for maintaining a sound system of internal control. Internal auditing is 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. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

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

- The Local Government Finance Act 1972,
- The Accounts and Audit Regulations 2015; and
- The Global Internal Audit Standards (GIAS).





Internal Audit Strategy

This Strategy recognises that it is management's responsibility 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 Councils to achieve its objectives.

The Strategy and planning process reflects that the control environment is constantly changing, requiring continuous review and re-evaluation to ensure that emerging risks are identified, assessed, and included as appropriate in the audit plan. Specifically, recognising the unprecedented challenges facing Public Sector finances, the strategy must have in built flexibility to consider:

- The most significant risks to the achievement of the Council's objectives;
- New areas of activity;
- Issues of local significance and importance;
- Changing issues and priorities;
- Changes to models for service delivery and partnership working; and
- The impact of changes on existing control structures.

The purpose of the Strategy is to establish an approach that will enable internal audit to be responsive to change and managed in a way that will facilitate:

- An understanding of assurance needs to enable the provision to Members and management of an overall opinion each year on the Council's risk management, control and governance framework, to support the Annual Governance Statement within the audited financial statements;
- Internal Audit of the Council's risk management, control and governance systems through an approach which assesses risks to Council objectives and prioritises internal audits accordingly;

Internal Audit Strategy (continued)

- The identification of internal audit resources required to deliver a service which meets the GIAS requirements and achieves the necessary level of audit coverage to enable an opinion to be given on the Council's control environment;
- The identification of other sources of assurance from other assurance providers which can be relied upon to inform the focus of internal audit activity;
- Identification of responsibilities for providing assurance where services are delivered in partnership.

The Strategy and internal audit work programme make provision for:

- Sufficient coverage of all significant financial systems to provide the necessary audit assurance;
- New systems and emerging high-risk areas;
- Cross-cutting reviews for a selection of corporate themes which link to the Corporate Plan and Corporate Risk Register;
- Support for corporate governance, with particular focus on governance issues identified in the Council's annual governance statement, ensuring that proposed actions are taken;
- Monitoring the implementation of internal audit agreed actions; and
- An element for a contingency to enable the audit service to provide ad hoc advice and to respond to management requests for support.





Development of the Operational Plan for 2025/26

The 2025/26 Audit Plan has been developed using a risk-based approach, taking account of the Councils Corporate Objectives, Corporate Risks, horizon scanning from other government agencies and best value standards from the Department of Levelling Up, Housing and Communities (DLUHC). A key requirement of Internal Audit is to support the organisation in achieving its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Part of this process is to translate the Councils key themes within its Corporate Plan into key operational activities that can be audited and measured to be able to challenge and test processes and controls and provide a satisfactory level of assurance over a diverse service area.

The Internal Audit Plan is produced taking into account the requirements as set out in the Public Sector Internal Audit Standards and the current Internal Audit Charter. The Internal Audit Team continue to aspire to add value by targeting particular areas of the Council that may benefit from an independent review of processes and procedures to determine potential efficiency gains, improved technology / software requirements or change through new innovative ways of working.

Risk Management is also an aspect that requires consideration when developing an audit plan. Although risk registers are considered as part of this process, leadership, managers and officers consider risk every day in the work they do, therefore interviews with Officers at all levels are key when reviewing whether risks are considered in decision making.



Development of the Operational Plan for 2024/25 (Continued)

Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Therefore, risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk). All audits will look at adverse impact and potential opportunities and all significant areas are reported to the Audit Committee periodically.

Discussions have been held with Management Team members individually and collectively. The feedback from Management Team has been taken into account and incorporated within the plan presented to the Committee. The Committee now has the opportunity to input into the draft plan provided.

Other factors also considered when developing the plan are;

- The risk maturity of the organisation;
- The need to use specialists e.g. IT Auditors
- Contingency time to undertake ad-hoc reviews and fraud investigations
- Having the right balance of different reviews e.g. Systems and risk-based vs added value and consultative assessments

The internal audits to inform the proposed 2025/26 Operational Plan are presented on the next page.

Operational Plan 2025/26

An overview of the Operational Plan 2025/26 is set out below:

Auditable area (Key Systems)	Department and Link to the Corporate Plan	Notes	Audit Sponsor	Indicative Days	Associated Inherent Risk Categories
Procurement	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	To review the Councils compliance with procurement rules specifically relating to the ordering process.	Director of Law and Governance	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Housing Benefits	Corporate Services Financial Sustainability and Openness	Different Techniques involved. Likely to include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	Director of Finance and IT	15	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
National Non Domestic Rates	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises. Analysis of Legislation changes and pooling arrangements may also be required	Director of Finance and IT	15	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Main Accounting System Budgetary Control	Corporate Services Financial Sustainability and Openness	To review the Councils Main Accounting System which includes management accounting processes and budget monitoring and reporting	Director of Finance and IT	10	<ul style="list-style-type: none"> Financial
Corporate Governance	Corporate Services Pride in our area and services to residents	Given the recent changes introduced from Government - how the Councils adapted to these. Roles and responsibilities re-defined, customer feedback/surveys satisfaction measures.	Director of Law and Governance	10	<ul style="list-style-type: none"> Reputation General Governance

Operational Plan 2025/26 (continued)

An overview of the Operational Plan 2025/26 is set out below:

Auditable area (Key Systems)	Department and Link to the Corporate Plan	Notes	Audit Sponsor	Indicative Days	Associated Inherent Risk Categories
Council Tax	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	Director of Finance and IT	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Payroll	Corporate Services Financial Sustainability and Openness	To undertake a full review of the Councils new HR / Payroll system and ensure that all expected processes and controls have been fully implemented.	Director of Finance and IT	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Treasury Management	Corporate Services Financial Sustainability and Openness	To review how the Council strategies for the best use of funds through maintaining debt and optimising investment returns while taking on an acceptable level of risk.	Director of Finance and IT	5	<ul style="list-style-type: none"> Financial General Governance and Fraud
Accounts Receivable	Corporate Services Financial Sustainability and Openness	To review the processes and controls in place for raising invoices relating to monies owed to the Council and collecting the money owed in an expected timeframe.	Director of Finance and IT	10	<ul style="list-style-type: none"> Financial
Accounts Payable	Corporate Services Pride in our area and services to residents	To review the processes and controls in place for paying suppliers for goods and services in a timely manner. This will be undertaken in line with relevant ordering processes.	Director of Finance and IT	10	<ul style="list-style-type: none"> Financial
Health and Safety	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	Spot checks on service areas to ascertain compliance with H & S recommendations	Director of Finance and IT	5	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud

Operational Plan 2025/26 (continued)

An overview of the Operational Plan 2025/26 is set out below:

Auditable area (Other Systems)	Department and Link to the Corporate Plan	Notes	Audit Sponsor	Indicative Days	Associated Inherent Risk Categories
Housing Strategy and Homelessness	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	To review the Councils approved Housing Strategy and assess compliance with related legislation and regulations and test the effectiveness of the strategy. The audit will also include coverage of homelessness processes and procedures and assess the increasing costs to the Council.	Director of Operations and Delivery	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Housing Repairs and Maintenance	Corporate Services Financial Sustainability and Openness	To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works.	Director of Operations and Delivery	15	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Planning Policy & Local Plan	Corporate Services Championing our local environment	To review and understand the Councils Planning Policy arrangements and provide assurance over the processes and procedures in place for delivering the plan in a systematic way.	Director of Planning	10	<ul style="list-style-type: none"> Financial General Governance and Fraud
Electoral Services	Corporate Services Financial Sustainability and Openness	To review processes and procedures in place regarding the electoral process. The scope will particularly review the processes proposed for the upcoming Mayoral Elections.	Director of Law and Governance	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Princes Theatre	Corporate Services Pride in our area and services to residents	To assess all operating activities relating to the Princes Theatre, including the management of the bar and stock control arrangements.	Director of Operations and Delivery	10	<ul style="list-style-type: none"> Financial
Environmental Services	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	To review processes and controls within specific areas of Environmental Health. This is a diverse area of expertise and therefore the scope will cover elements of environmental health within the time available.	Director of Operations and Delivery	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud

Operational Plan 2025/26 (continued)

An overview of the Operational Plan 2025/26 is set out below:

Auditable area (Other Systems)	Department and Link to the Corporate Plan	Notes	Audit Sponsor	Indicative Days	Associated Inherent Risk Categories
Emergency Planning	Corporate Services Working with partners to improve quality of life	Legislative, Organisational and Management Requirements; Training & Awareness; Liaison With External Bodies; Communication; Testing, Exercising and Review of Plans; and Monitoring and Reporting.	Head of Health and Community	15	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Facilities Management	Corporate Services Pride in our area and services to residents	To review the Council's processes to facilities management. The scope will include maintenance programmes and management reporting.	Director of Operations and Delivery	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Housing Regulations Implementation Plan – Follow Up	Corporate Services Pride in our area and services to residents	To support the service in implementing any new requirements from the bill and to help reinforce any processes that should already be in place	Director of Operations and Delivery	5	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud
Corporate Complaints	Corporate Services Pride in our area and services to residents	Receipt, Recording and Allocation of Enquiries; Investigation; Review and Issue of Responses; Performance Management and Reporting.	Director of Law and Governance	5	<ul style="list-style-type: none"> Reputation Governance
Members Conduct and Expenses	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	To review the processes and procedures in place relating to policy, conduct investigations, controls relating to expenses and declarations of interest, gifts and hospitality.	Director of Law and Governance	10	<ul style="list-style-type: none"> Financial Reputation General Governance and Fraud

Operational Plan 2025/26 (continued)

An overview of the Operational Plan 2025/26 is set out below:

Auditable area (IT Systems)	Department and Link to the Corporate Plan	Notes	Audit Sponsor	Indicative Days	Associated Inherent Risk Categories
IT Governance	Corporate Services Financial Sustainability and Openness Pride in our area and services to residents	Global Internal Audit Standards requirement to complete annually.	Director of Finance and IT	10	<ul style="list-style-type: none"> • Financial • Reputation • General Governance and Fraud
IT Helpdesk Review	Corporate Services Pride in our area and services to residents	To review the processes and procedures in place and assess the effectiveness of the management activity in place.	Director of Finance and IT	10	<ul style="list-style-type: none"> • Financial • Reputation • General Governance and Fraud
Cyber Security	Corporate Services Pride in our area and services to residents	IT continues to be one of the biggest risk areas to all organisations. Governance arrangements and project delivery to be within scope	Director of Finance and IT	10	<ul style="list-style-type: none"> • Financial • General Governance and Fraud

Operational Plan 2025/26 (continued)

An overview of the Operational Plan 2025/26 is set out below:

Auditable area (Consultative Audits)	Department and Link to the Corporate Plan	Notes	Audit Sponsor	Indicative Days
Levelling up / CRP 2	Raising aspirations and creating opportunities Working with partners to improve quality of life	To provide support and advice during all projects / initiatives related to the Levelling Up Fund.	Deputy Chief Executive	10
Financial Resilience and Sustainability	Financial Sustainability and openness	To assess the resilience of the Councils agreed budget and ensure resources are being used as efficiently as possible in order to mitigate and plan for the agreed budget pressures	Director of Finance and IT	10
Use of Artificial Intelligence	Pride in our area and services to residents	To review corporate policies on the use of AI in the workplace and assess the risks the Council may face as the technology improves.	Director of Finance and IT	10
Action Tracking / Follow Up Process	N/A	Time allocated to chase, monitor and review the implementation of outstanding audit actions	N/A	30
Carry Forward / Rolling Program Days	N/A	Audits in progress at 31st March 2025. May be necessary to revise figure at late stage in plan process	N/A	40
Advisory and Support (Reactive Days)	N/A	Days allocated to support departments day to day for support and advice.	N/A	50
Totals				400

Audit Universe and Three-Year Plan

Audit	Previous Opinion	2025/26	2026/27	2027/28
Procurement	Adequate Assurance	✓	✓	✓
Housing Benefits	Substantial Assurance	✓	✓	✓
National Non Domestic Rates	Substantial Assurance	✓	✓	✓
Main Accounting System / Budgetary Control	Adequate Assurance	✓	✓	✓
Corporate Governance	Substantial Assurance	✓	✓	✓
Council Tax	Adequate Assurance	✓	✓	✓
Payroll	Adequate Assurance	✓	✓	✓
Treasury Management	Substantial Assurance	✓	✓	✓
Accounts Receivable	Substantial Assurance	✓	✓	✓
Accounts Payable	Adequate Assurance	✓	✓	✓
Health and Safety	Adequate Assurance	✓	✓	✓
Housing Strategy and Homelessness	N/A	✓		
Housing Repairs and Maintenance	Adequate Assurance	✓	✓	✓
Planning Policy & Local Plan	Adequate Assurance	✓		

Electoral Services	Adequate Assurance	✓		
Princes Theatre	Adequate Assurance	✓		
Environmental Services	Adequate Assurance	✓	✓	✓
Emergency Planning	Adequate Assurance	✓		
Facilities Management	Adequate Assurance	✓		
Housing Regulations Implementation Plan – Follow Up	Adequate Assurance	✓		
Corporate Complaints	N/A	✓		
Members Conduct and Expenses	Adequate Assurance	✓		
IT Governance	Adequate Assurance	✓		
IT Helpdesk Review	N/A	✓		
Cyber Security	Adequate Assurance	✓		
IT Infrastructure Review	Adequate Assurance		✓	
Land Charges	Substantial Assurance		✓	
Bank and Cash Handling	Adequate Assurance			
Identity and Access Management	Adequate Assurance			✓
Building Control	Adequate Assurance			✓
Capital Programme	Adequate Assurance		✓	
Cloud Management	N/A		✓	

External Funding	Adequate Assurance		✓	
IT Disaster Recovery	Adequate Assurance		✓	
Project Management	Improvement Required		✓	
Contract Management	Adequate Assurance		✓	
Housing Allocations	Adequate Assurance		✓	
Housing Rents	Adequate Assurance		✓	
Depot Operations	Improvement Required		✓	
Information Governance	Adequate Assurance		✓	
Asset Management	Adequate Assurance			✓
Planning Development	Adequate Assurance			
Resource Management	N/A			
Insurance	N/A			
Business Continuity	Adequate Assurance		✓	
Recycling and Waste	Adequate Assurance		✓	✓
CCTV and Control Centre	N/A			
Leisure Services	N/A			✓
Beach Huts	Adequate Assurance			✓
Seafront Management	Adequate Assurance			
Parking Services	Adequate Assurance			

Bereavement Services	Adequate Assurance			
Open Spaces	Adequate Assurance			✓
Public Conveniences	Adequate Assurance			
Grants	N/A			
Private Sector Housing	Adequate Assurance			
Planning Development	Adequate Assurance			✓
Planning Enforcement	Adequate Assurance			✓
Fleet Management	Adequate Assurance			
Disabled Facilities Grants	Improvement Required			
Coastal Protection	Adequate Assurance			✓
Social Media	Adequate Assurance			
IT Change Management	Adequate Assurance			✓
Licensing	Adequate Assurance			
Section 106 Agreements	Adequate Assurance			
Regeneration and Growth	Adequate Assurance			

While the Internal Audit function works to provide assurance on the above auditable activities of the

organisation, there is a strong ethos within the team and organisation to provide consultative and advisory reviews on the Councils activities which are not included in the audit universe above. This area is where the Internal Audit function is able to provide added value to Tendring District Council as we are able to assess emerging risks and support the Council in achieving its vision and objectives with new and transformational projects as they happen rather than once the project, system or activity is complete.

Devolution and Local Government Reorganisation is going to have a huge impact on Essex as a whole and Tendring District Council. Internal Audit will need to adapt during this period to support the organisation transform once a decision has been made on how Council structures will look across Essex. The Internal Audit Plan will need to adapt during this period as information is communicated and resource potentially reallocated based on the organisations need.

The Internal Audit Manager also has responsibility for Fraud, Compliance and Information Governance. All areas where assurance will be provided to the Audit Committee via periodic update reports and through the Head of Internal Audit Annual Opinion Report. This information is then used to update the Annual Governance Statement (AGS), the AGS is then used as a source of information when developing future Internal Audit Operational Plans.

The Internal Audit Strategy and Operational Plan 2025/26 for Tendring District Council is prepared based on 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 ma