

Meeting:	Audit and Governance Committee	Date:	12th March 2018
Subject:	Internal Audit Plan 2018/2019		
Report Of:	Theresa Mortimer – Head of Audit Risk Assurance		
Wards Affected:	N/A		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Theresa Mortimer, Head of Audit Risk Assurance (Chief Internal Auditor)		
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Appendices:	1. Proposed Internal Audit Plan 2018/19		

1.0 Purpose of Report

- 1.1 To provide the Committee with a summary of the proposed Risk Based Internal Audit Plan 2018/2019 as required by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) 2017.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that Members:
- Agree that the Internal Audit Plan for 2018/2019 reflects the risk profile of the Council; and
 - Approve the Internal Audit Plan 2018/2019 as detailed in Appendix 1.

3.0 Background and Key Issues

- 3.1 All local authorities must make proper provision for internal audit in line with the Accounts and Audit Regulations 2015. The Regulations provide that a relevant authority “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”. By undertaking annual internal audits based on the risk profile of the Council also supports the s151 Officer’s duty to ensure the proper administration of the Council’s financial affairs.
- 3.2 The guidance accompanying the Regulations recognises the PSIAS 2017 as representing “proper internal audit practices”. The Standards define the way in which the Internal Audit Service should be established and undertake its functions. These Standards require the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives, taking into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks.

- 3.3 To ensure our internal audit resources continue to be focussed accordingly, particularly during periods of organisational change, it is essential that we understand our clients' needs, which means building relationships with our key stakeholders, including other assurance/challenge providers, in order to gain crucial insight and ongoing 'intelligence' into the strategic and operational change agendas within our organisation.
- 3.4 This insight is not only identified at the initial development stages of the plan but dialogue continues throughout the financial year(s) which increases the ability for the Internal Audit Service to adapt more closely to meet the assurance needs of the Council, particularly during periods of significant change. Our plan therefore needs to be dynamic and should be flexible to meet these needs.
- 3.5 To ensure that an effective plan is developed, in addition to including activity requested by the Audit and Governance Committee, and alongside internal audit's own assessment of risk, a consultation process took place with Corporate Directors, Heads of Service and Service Managers to establish priorities and assurance requirements. The proposed activity from all sources was collated and matched against the internal audit resources available and prioritised accordingly.
- 3.6 The audit plan is stated in terms of estimated days input to the Council of **550** audit days, which is comparable to last year. By continuing to apply risk based internal audit planning principles; this level of input, with the ability to commission internal audit resources from current audit framework agreements as required, is considered acceptable to provide the assurance the Council needs. The Head of Audit Risk Assurance will however, continue to reassess internal audit resources required against the Council's priorities and risks and will amend the plan throughout the year as required, reporting any key changes to the Audit and Governance Committee.
- 3.7 The PSIAS also require the Annual Risk Based Internal Audit Plan to be reviewed and approved by the appropriate body, which in respect of the City Council, is the Audit and Governance Committee.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

5.0 Alternative Options Considered

- 5.1 None

6.0 Reasons for Recommendations

- 6.1 A requirement of the PSIAS is for the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan and for this Plan to be approved by the appropriate body. In the case of the City Council, this is the Audit and Governance Committee.

7.0 Future Work and Conclusions

- 7.1 Regular reports on progress against the Plan and any significant control issues identified will be presented to the Audit and Governance Committee.

8.0 Financial Implications

- 8.1 There are no direct financial implications as a result of this report.
(Financial Services have been consulted in the preparation this report).

9.0 Legal Implications

- 9.1 None specific arising from the report recommendations.
(One Legal have been consulted in the preparation this report).

10.0 Risk and Opportunity Management Implications

- 10.1 Failure to deliver an effective Risk Based Internal Audit Plan will impact on the statutory requirement to provide the Council with an annual independent audit opinion on the effectiveness of the Council's control environment comprising risk management, control and governance.

11.0 People Impact Assessment (PIA):

- 11.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

12.0 Other Corporate Implications

Community Safety

- 12.1 There are no specific Community Safety implications identified.

Sustainability

- 12.2 There are no specific Sustainability implications identified.

Staffing & Trade Union

- 12.3 There are no specific Staffing and Trade Union implications identified.

Background Documents: Accounts and Audit Regulations 2015
Public Sector Internal Audit Standards 2017