

INTERNAL AUDIT PLAN 2017-18

REPORT OF HEAD OF FINANCE

AGENDA ITEM: 9.2

Reason

1. The revised Audit Committee's Terms of Reference requires members to approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
2. This report has been prepared to provide Audit Committee Members with the details of the Internal Audit Plan for 2017-18.

Background

3. At its meeting on 24th January 2017, members were presented with the Draft Internal Audit Charter 2017-18 and, contained within this, and the Terms of Reference, were sections outlining the submission of a draft risk based Audit plan. The Audit Committee was asked to consider and provide comments in respect of the draft 2017/18 Internal Audit Plan.
4. The Plan has been further developed in detail, for approval by Audit Committee at this meeting. In discussions with senior management in directorates, a risk based methodology was used to shape the audit plan which clearly sets out the activities of internal audit for 2017/18.

Issues

5. The Audit delivery plan has a wide coverage and the resources are broadly covered in the following groupings of work:
 - a) Fundamental Audits
 - b) Corporate Governance
 - c) Other Assurance
 - d) Service Specific.
6. Fundamental audits cover the key areas of finance in order to provide the S151 Officer with assurance. The areas covered are set out in the Fundamental Audit section of Appendix A. The areas which come under the remit of the Head of Finance will be audited and reported to the Group Auditor who will provide the level of independent assurance to the S151 Officer (Corporate Director Resources). This separation will apply against any audits where the Head of Finance has a direct responsibility for the function being reviewed.
7. The Corporate Governance section looks to provide assurance on the arrangements for risk management, governance, ethics & values, performance management, information governance, and programme & projects.

8. Other assurance covers areas such as contract, computer and system development assurance work. Contained within this group is also value for money studies.
9. As in previous years, a large portion of audit days has been allocated to service specific audits. However, having considered the results of assurance mapping and the key risks to the Council, the plan proposes to allocate a significant number of days in the directorates to look at key themes across each directorate. This approach has been discussed with directors and has had their support. It should be noted that this will not exclude discreet service specific audits, such as Supporting People and Leasehold properties from being reviewed. Appendix A provides members of the Committee with details of the Audit Plan and, within service specific audits, the following five themes have been developed to be considered across all services:
 - (a) Commissioning and Procurement;
 - (b) Effective Decision Making;
 - (c) Governance;
 - (d) Payroll; and
 - (e) Income (Education and Lifelong Learning only).
10. The above themes reflect the areas that the risk assurance planning has identified as areas of attention due to the level of risk. By proposing the thematic approach, this will allow a greater focus on these areas resulting in increased sampling, thus providing a level of assurance across the Council. The proposal is that each directorate will be subject to an audit against each theme and a report will be completed with recommendations. As each Directorate is completed against a theme, a composite report on each of the above themes will be developed and a report submitted in order to provide a level of assurance at both directorate and council level.
11. Appendix B sets out in a little more detail the scope of the themed areas set out in the audit plan.
12. The plan does allow a small element of flexibility for unplanned work, and any such assignments will be reported to Audit Committee as part of the regular progress updates.
13. It can be seen from Appendix A that there is a reduction in the number of audit days between 2016/17 and 2017/18. However, it should be noted that this does not reflect a reduction in resources allocated to the internal audit function. As reported previously, the resource allocated to provide support and promotion of risk and governance assurance across the Council was previously included within the number of days for the audit section, but is now included within that of another section of the Council. Therefore, the reduction of chargeable days simply reflects this transfer of responsibilities.

Legal Implications

14. There are no legal implications arising from this proposal.

Financial Implications

15. There are no financial implications arising from this proposal.

Recommendations

16. To approve the Internal Audit Plan 2017-18.

**IAN ALLWOOD
HEAD OF FINANCE**

Appendix A: Draft Internal Audit Plan 2017-18

Appendix B: Detail on areas within the Plan