

Report to	-	Audit and Standards Committee
Date	-	26 March 2018
Report of the	-	Executive Director of Resources
Subject	-	Internal Audit Plan 2018/19

Recommendation: It be **RESOLVED:** That the Internal Audit Plan 2018/19 be approved.

Audit Manager: Gary Angell

Introduction

1. The Accounts and Audit Regulations 2015 require the Council to “undertake an effective Internal Audit to evaluate the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The proper practice for the Internal Audit Service is laid down in the Public Sector Internal Audit Standards (hereafter referred to as “the Standards”).
2. These standards are met by establishing a risk-based plan to determine the priorities of the Internal Audit Service, consistent with the Council’s goals. This plan must take into account the requirement to produce an annual Internal Audit opinion and the assurance framework. It must also incorporate or be linked to a strategic or high-level statement of how the Internal Audit Service will be delivered and developed in accordance with the Internal Audit Charter.
3. The Audit Manager is required to communicate the plan and resource requirements, including significant interim changes, to senior management and the Audit and Standards Committee for review and approval. In order to approve the Internal Audit Plan for 2018/19, Members must first be satisfied that it meets the above requirements.

Audit Plan 2018/19

4. The Audit Plan sets out Internal Audit’s work programme to obtain assurance on the Council’s control environment. The Audit Plan for 2018/19 is attached in Appendix A.
5. The Plan represents the third year of operation of a three-year Strategic Audit Plan which was approved by Members in March 2016. However, as is normal practice for a rolling plan, the original Year 3 (2018/19) plan has been updated to reflect the results of a recent risk assessment exercise carried out by the Audit Manager, which includes new and emerging risks identified through discussions with the Service Managers.
6. The Plan has been compiled by the Audit Manager in accordance with the Internal Audit Charter which was last revised and approved by Members in

June 2017. The Executive Directors, Service Managers and External Audit have all been consulted about the contents of the Plan and the final version detailed in this report was reviewed by the Strategic Management Team in February 2018 and is supported by them.

7. The Plan allows for 564 days of audit work on 27 separate audit reviews/ consultancy activities, plus provisions for counter fraud work. It is important that the Plan includes a broad range of activities as this enables the Audit Manager to obtain sufficient assurance from the audit work to enable him to present an annual Internal Audit opinion on the adequacy of the control environment.
8. As in previous years, a significant portion of the Plan will be spent on the annual Governance Audits. These audits incorporate the key areas where External Audit place reliance on the work of Internal Audit when expressing their own opinion on the Council's accounts.
9. The remainder of the Plan has been updated as necessary based on the risk assessment exercise mentioned above. All systems/activities rated as high risk have been included in the Plan, except where they have recently been reviewed. All other audits in the Plan are medium risk items and these are usually only reviewed once in the three-year cycle.

Resources

10. Best practice dictates that the Plan should meet the audit needs of the organisation, regardless of the level of resources available to deliver it. If the days required exceed the days available, then it is for senior management to decide whether additional resources should be made available or whether they are content to accept the risks involved of not carrying out some of the reviews, and state which reviews should be omitted.
11. The resources for the Audit Plan 2018/19 are shown in Appendix B. From this it can be seen that it will once again be possible to meet the total resource requirement using existing resources as predicted in the Strategic Audit Plan.

Reporting Arrangements

12. Progress against the Plan will be monitored by the Audit Manager and reported to the Audit and Standards Committee once a quarter. The content of the Plan will also be kept under review by the Audit Manager in liaison with the Strategic Management Team and Service Managers, and adjusted if required, to ensure that it continues to reflect the Council's needs and priorities.

Conclusion

13. The Audit Plan needs to provide sufficient coverage to meet the Council's statutory duty. The three-year Strategic Audit Plan and the annual Audit Plan aim to meet this requirement by optimising the effectiveness of Internal Audit so as to contribute to the achievement of sound governance.

14. The Audit and Standards Committee should note the report, approve the Audit Plan for 2018/19 and make any comments considered appropriate to their governance role.

Malcolm Johnston
Executive Director of Resources

Risk Assessment Statement

A strong, independent and well supported Internal Audit function ensures that the Council does not suffer from poor internal control systems.

AUDIT PLAN 2018/19

GOVERNANCE AUDITS	DAYS
Benefits	25
Business Rates	20
Cash and Banking	15
Council Tax	25
Creditors	25
Debtors	15
ICT Governance	15
Payroll	25
Treasury Management	20
TOTAL	185
OTHER GOVERNANCE WORK	DAYS
Joint Waste Contract - Central Admin	20
TOTAL	20
HIGH & MEDIUM RISK AUDITS	DAYS
Acquisition & Financial Management of ICT Facilities	15
Asset Management	15
Building Maintenance	12
Catering - Colonnade Café/Restaurant	20
Food Safety	15
Homelessness Prevention Grants & Loans - Follow Up Review	5
Housing Temporary Accommodation	10
Pollution Control	8
Procurement	10
Public Conveniences Cleaning Contract	10
Section 106 Agreements - Follow Up Review	5
Software Licensing	10
TOTAL	135
CONSULTANCY WORK	DAYS
Colonnade Catering Set-up	5
ERP System - Implementation	20
ERP System - Preliminary Review of Controls	30
GDPR Compliance	5
Waste Contract	5
TOTAL	65

AUDIT PLAN 2018/19 (Continued)

COUNTER FRAUD WORK	DAYS
Fraud Analysis & Referrals	50
NFI Coordination & Review	25
TOTAL	75
OTHER WORK	DAYS
Audit Advice/Special Investigations	54
Committee Representation and Training	15
Liaison with External Audit	5
Recommendation Follow Up	10
TOTAL	84
TOTAL CHARGEABLE DAYS	564
TOTAL AUDITS AND CONSULTANCY WORK	27

RESOURCES FOR THE AUDIT PLAN 2018/19

	TOTALS	Audit Manager	Senior Auditor	Internal Auditor
AUDIT TEAM		G. Angell	S. Akehurst	S. Thomas
FTE POSTS	3.0	1.0	1.0	1.0
DAYS AVAILABLE	780	260	260	260
PLANNED AUDIT WORK	Days			
Governance Audits	185			
Other Governance Work	20			
High & Medium Risk Audits	135			
Consultancy Work	65			
Counter Fraud Work	75			
Other Work	84			
TOTAL CHARGEABLE DAYS	564			
NON-CHARGEABLE TIME	Days			
Supervision & Management	50	40	10	
Team Meetings	18	6	6	6
Seminars & Training	12	3	3	6
Planning & Business Development	10	10		
Performance Appraisals	4	2	1	1
Annual Leave (Inc. Days Carried Over)	86	31	32	23
Public Holidays	21	7	7	7
Sickness	15	5	5	5
Maternity/Paternity Leave	0			
Vacancies/Recruitment	0			
TOTAL NON-CHARGEABLE DAYS	216	104	64	48
TOTAL RESOURCE REQUIREMENT	780			
TOTAL AVAILABLE DAYS	780			