



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 11 April 2017

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT Audit & Assurance Plan 2017/18

1. PURPOSE

To inform Members of the planned Audit & Assurance work for the forthcoming year.

2. RECOMMENDATIONS

The Committee is asked to:

- approve the 2017/18 Plan (as set out in Appendices A and B);
- approve the revisions to the Internal Audit Charter (as set out in Appendix C);
- note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting; and
- note that Plan changes will be reported during the year.

3. BACKGROUND

Under the Accounts and Audit Regulations 2015 the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards (PSIAs)”. The PSIAs require the Head of Audit & Assurance to develop a risk based audit plan taking into account the requirement to produce an annual internal audit opinion. The plan must explain how internal audit’s resource requirements have been assessed.

4. RATIONALE

The Plan and Charter define the scope and the rationale of the approach being followed. They allow Audit & Assurance, independently, to provide assurance to managers, the Chief Executive, the Section 151 Officer and other stakeholders about the effectiveness of controls and the management of risk. To this Committee, with its responsibility to oversee the effectiveness of governance arrangements in the Council and in its partnerships, they allow Audit and Assurance to assist it in this process.

5. KEY ISSUES

The Plan:

The Plan defines the scope and reasoning behind the approach being adopted. Overall, the objectives are:

- to fulfil Audit & Assurance's own statutory obligations;
- to provide assurance, support and advice to Directors on matters under their control;
- to support the Section 151 Officer's statutory obligations to maintain an adequate and effective audit of the Council's accounting records and its systems of internal control;
- to assist the Audit & Governance Committee in gaining independent assurance on the Council's risk management, governance and control arrangements;
- to report compliance with the PSIAS; and
- to contribute, as part of the Resources Directorate, to the development of corporate standards.

The Plan itself, as in previous years, is risk-based and the audit methodology is essentially risk-based auditing.

Consultations:

The Plan, as a whole, is also a product of consultations with Directors and their Departmental Management Teams (DMTs), which were undertaken in February/March. Later in 2017/18 further consultations will be held to ensure that the Plan continues to meet the stated objectives. Any significant changes to reflect new developments and/or resources will be reported to this Committee.

Ongoing consultations will take place with Directors and Heads of Service to ensure that specific Terms of Reference are prepared for each planned audit to reflect the detailed key risks within each area.

Resources:

Audit & Assurance has had to make adjustments to its staffing establishment to meet the demands currently placed upon the Council. The audit resources currently available are considered sufficient to deliver an effective Audit Plan.

The planned resources for the audit function for this year are 676 work-days. In addition, there are 714 work-days for Risk Management (70), Counter Fraud (85), Insurance (462) and Financial Support/Other (93).

Internal Audit Charter:

The Internal Audit Charter is requirement of the PSIAS, which became mandatory from 1 April 2013. The Charter was last re-approved at the Audit Committee meeting on 15 April 2014. The Charter has been revised and updated following publication of updated PSIAS in March 2016. The revised Charter includes extra detail in line with the PSIAS as follows:

- Defining the Internal Audit Mission; and
- Adoption of Core Principles for the Professional Practice of Internal Auditing.

In addition, the Standards section has been expanded to include the context of internal audit and definitions of independence and objectivity for internal auditors. The section dealing with Internal Access Rights has been updated to

account for any arrangements where the Council works in partnership with other organisations and there is a role for internal audit.

6. POLICY IMPLICATIONS

This report begins the process that leads to the Annual Governance Statement for the new financial year. This process assesses the effectiveness of the Council's own management of its policy objectives.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report.

9. RESOURCE IMPLICATIONS

There are no resource implications arising as a result of this report.

10. EQUALITY IMPLICATIONS & HEALTH IMPLICATIONS

There are no equality or health implications arising as a result of this report.

11. CONSULTATIONS

Directors, Deputy Chief Executive, External Audit

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| Contact Officer: | Colin Ferguson, Head of Audit & Assurance - Ext: 5326 |
| Date: | 31 March 2017 |
| Background Papers: | Audit & Assurance Planning papers; Risk Registers; 2016/17 Audit & Assurance Plan, Strategic Statement and Internal Audit Charter. |