

TEWKESBURY BOROUGH COUNCIL

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| Report to: | Audit Committee |
| Date of Meeting: | 22 March 2017 |
| Subject: | Internal Audit Annual Plan 2017/18 |
| Report of: | Graeme Simpson, Head of Corporate Services |
| Corporate Lead: | Mike Dawson, Chief Executive |
| Lead Member: | Councillor R J E Vines, Leader of the Council |
| Number of Appendices: | 1 |

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) Ref 2010 (Planning) requires that the Chief Audit Executive (CAE) is responsible for developing a risk based plan. Ref 2030 (Resource Management) requires that the CAE must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the plan.

Recommendation:

To APPROVE the Internal Audit Plan 2017/18, as detailed in Appendix 1.

Reasons for Recommendation:

The Terms of Reference of the Audit Committee require Members to consider a summary of proposed internal audit activity.

The PSIAS requires that the CAE reports functionally to the Board, an example of functional reporting is approving the risk based Internal Audit plan.

Resource Implications:

None.

Legal Implications:

None.

Risk Management Implications:

If an annual Internal Audit Plan is not developed and approved then there will be no steer as to where audit resources should be deployed.

If the plan does not give adequate coverage of the internal control environment then resources will not be deployed effectively to the higher risk areas.

Performance Management Follow-up:

The Audit Committee will receive on a quarterly basis, a monitoring report on achievement

against the plan, and an audit opinion for each individual audit. Any audit within the plan where recommendations have been made to improve control are subject to a follow up audit. All recommendations are reported to and implementation monitored by the Audit Committee.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 Internal Audit sits within Corporate Services and has direct reporting to the Chief Executive. This arrangement demonstrates compliance with PSIAS ref 1110 – organisational independence, as it allows the Head of Corporate Services (delegated as CAE within the Audit Charter) to report to a level within the organisation that allows the Internal Audit activity to fulfil its responsibilities.

1.2 PSIAS ref 2010 – planning, requires that the CAE is responsible for developing a risk based plan to take into account the requirement to produce an annual Internal Audit opinion. The input of senior management and the Board (Audit Committee) must be considered in the process. The plan has been endorsed by the Corporate Management Team.

2.0 PUTTING TOGETHER THE PLAN

2.1 The plan provides a total of 400 productive days and is delivered by two full-time equivalents. This resource is appropriate, sufficient and will be effectively deployed to achieve the plan. Appropriate refers to the mix of knowledge, skills and other competencies need to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

2.2 The number of days is the net total following allowance for non-working days such as weekends and bank holidays, annual leave, sickness, training etc. This number of days is deemed adequate to ensure there is adequate coverage of the Council's control environment. The plan is divided into key areas as follows: -

2.2.1 Governance Related Activity

The Council has an assurance framework that helps contributes towards the effectiveness of its overall governance arrangements. On an annual basis and in compliance the Council must produce an Annual Governance Statement (AGS). The purpose of the statement is to demonstrate the effectiveness of the governance arrangements and, if necessary, identify and take action on any significant governance issues that arise. Internal Audit work therefore supports the completion and integrity of the AGS.

2.2.2 Corporate Improvement

This work supports the traditional assurance work undertaken and aids corporate improvement by identifying key activities that need to be progressed. The Corporate Management Team is aware of this pot of days and is encouraged to put forward suggestions where the team may help. Good examples of where the team has helped previously; procurement including 'Selling to the Council guide', planning performance statistical information, revenues and benefits improvement programme, tree inspections and playground inspections.

2.2.3 Fundamental Financial Systems

This is the audit review of the key financial systems which inform the year end Statement of Accounts. Although Internal Audit sits within the Chief Executive Unit, it still recognises its responsibility to support the Head of Finance and Asset Management to discharge his duties as the Council's Section 151 Officer, one of which is to maintain sound financial control. As has been reported previously to Audit Committee, both by Internal Audit and External Audit, the Council has good financial control. On this basis, the financial systems are not always audited on an annual basis but will be reviewed at least every two years.

2.2.4 Service Areas

These are service-related activities that have been risk assessed based upon factors such as size of budget, inherent risk, previous audit history and the period since last audit.

2.2.5 Other Areas

2.2.5.1 There is an allocation of days under 'consultancy and advice'. This covers representation on corporate groups such as the Procurement Group, 'Keep Safe, Stay Healthy' Group and project groups as individual projects arise. The days also cover general advice given on an ad hoc basis.

2.2.5.2 An estimated number of days are allocated for follow-up reviews. This is an important element of audit work to provide assurance as to whether audit recommendations have been successfully implemented.

2.2.5.3 There is an allocation of days to cover 2016/17 work which is ongoing at 31 March 2016.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Consultation has taken place with the Corporate Management Team.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Internal Audit Charter.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

- 7.1 None.
- 8.0 **SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1 None.
- 9.0 **IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1 Internal Audit contributes to value for money through its routine audit work and corporate improvement work.
- 10.0 **RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1 None.

Background Papers: None

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Appendices: Appendix 1 – 2017/18 Internal Audit Plan