Audit and Governance Committee　　　　7 February 2018

Report of the Head of Internal Audit

Internal Audit Plan Consultation

Summary

1　The purpose of the report is to seek members' views on the priorities for internal audit for 2018/19, to inform the preparation of the annual audit plan.

Background

2　Internal audit standards and the council's audit charter require internal audit to draw up an indicative audit plan at the start of each financial year. The plan must be based on an assessment of risk. In coming to a view on the risks facing the council, the opinions of the Audit and Governance Committee and senior council officers are taken into account. The plan is also informed by the council's risk registers and the results of recent audit work. The council's external auditors are also consulted to avoid possible duplication of work programmes and to maximise the overall benefit of audit activity.

2018/19 Audit Plan

3　The council continues to face budgetary pressures and the continued impact of austerity while trying to maintain the delivery of high quality services for the public. This inevitably means that procedures must be streamlined and this can effect the operation of controls. To reflect this, the 2018/19 planning process continues the approach adopted over the last few years, by targeting higher risk systems in areas including those:

- where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential

- areas of known concern, where a review of risks and controls will add value to operations

- areas of significant change. This may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.

4   Internal Audit resources are limited and the audit plan is intended to ensure those resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the council's priorities and objectives.

5   Figure 1 below sets out a number of areas considered to be a priority for internal audit for 2018/19 as a result of our initial analysis and horizon scanning. Consultation meetings with senior officers are ongoing; therefore this should not be regarded as the complete list of audits. The draft plan will be presented to the next meeting of this committee for approval.

6   Members views are sought about whether:

- the approach to determining priorities for the 2018/19 audit plan, as set out above, continues to be reasonable

- there are areas in addition to those listed in figure 1 which should be considered as a priority for review.

Figure 1 – Priorities for Audit 2018/19

Area	Possible Work
Corporate & cross-cutting	- Overtime - Members' Allowances - Health and Safety - Ethics - Procurement (including Supplier Resilience) - Risk Management, Disaster Response Plans, Health and Safety and Insurance arrangements post the Grenfell disaster - Workforce Planning

Information Governance	• Information security checks • Data Quality • GDPR readiness
Main financial systems	• Main Accounting System, Creditors, Debtors • Payroll • Council Tax / NNDR • Council Tax Support and Housing Benefits • VAT Accounting • Budgetary Control
Project Management	• Project Management framework
Health, Housing and Adult Social Care	• Better Care Fund • Public Health • Continuing Healthcare (including s117 of the Mental Health Act) • Right to Buy • Housing Rents • Housing Development / Planning • Housing Fraud • Adult Social Care Funding and Budget Management (including, for example delayed discharges, winter funding pressures, care management processes) • Care Quality (including Safeguarding)
Economy and Place	• Waste Services • Capital Projects • Contract Management • Clean Air Data

Children, Education and Communities	• Schools audits including themed audits • Free Early Education funding • Schools Funding • Children's Social Care Funding and Budget Management
ICT	• ICT Asset Management • ICT Governance • Cyber Security

Consultation

7   This report is part of the ongoing consultation with stakeholders on priorities for internal audit work.

Options

8   Not relevant for the purpose of the report.

Analysis

9   Not relevant for the purpose of the report.

Council Plan

10   The work of internal audit supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

11   There are no implications to this report in relation to:

- **Finance**

- **Human Resources (HR)**

- **Equalities**

- **Legal**

- **Crime and Disorder**

- **Information Technology (IT)**

- **Property**

Risk Management Assessment

12 The council will fail to comply with proper practice if appropriate officers and members are not consulted on the content of audit plans.

Recommendations

13 Members are asked to;

- Comment on the proposed approach to internal audit planning for 2018/19 and identify any specific areas which should be considered a priority for audit.

   Reason
   To ensure that scarce audit resources are used effectively.

Contact Details

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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable   **All** ✓

For further information please contact the author of the report

Background Papers
None

Annexes
None