

Local Members Interest
N/A

Audit and Standards Committee – 13 June 2018

Proposed Internal Audit Strategy & Plan 2018/19

Recommendations

1. To review the proposed content and coverage of the Internal Audit Strategy & Plan 2018/19.
2. To recommend approval of the Internal Audit Plan for 2018/19 to the Director of Finance and Resources.

Report of the Director of Finance and Resources

3. The proposed Internal Audit Plan is attached at **Appendix 1** and will be supported by a PowerPoint presentation. The plan has been prepared following discussion with members of the Senior Leadership Team (SLT), Wider Leadership Team (WLT) and Operational Management where appropriate during the period February to March 2018 and is presented to Members for final endorsement.
4. The Internal Audit Plan has been prepared in line with the Audit Strategy detailed in the report on page 3. All potential reviews have been allocated a risk score, which has been calculated using the risk model and the specific methodology outlined in the report at Appendix A. In general, only the high-level risk areas have been included in the Internal Audit Plan as per the Strategy. As stated at section 3 above, the agreement process for this year's plan included detailed discussions with members of the Senior Leadership Team and their Lead Commissioners to highlight the proposed Internal Audit work to ensure that it has addressed the significant risks facing the Council and assists in the achievement of the main priority outcomes.
5. Certain elements of the plan must be done regardless of risk score, mainly surrounding the work undertaken to support the requirements of grant allocations. Emphasis will continue to be placed on fraud and corruption work, particularly in relation to developing the proactive elements of the plan and increasing the profile of the Counter Fraud work. Compliance work within Schools will continue to focus on the key risk areas of income, procurement and payroll controls.
6. A general level of contingency time has been included, which is the same as in the previous year. It is recognised that the Internal Audit Plan needs to be reviewed continuously and remain sufficiently flexible to ensure that it is focused fully on the Council's principal risks (both current and emerging); hence it may change throughout the year. Any major revisions will be reported to future meetings of the Audit & Standards Committee.

7. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed as being:
- Medium Term Financial Strategy –Delivery Plan;
 - Digital Development Programme;
 - Strategic Property Asset Management and Governance;
 - Liberata Payroll System;
 - Care Director (Adults & Children’s Modules);
 - Adult & Children’s Financial Services Review Programme;
 - Home & Community Care Contracts;
 - Cyber Assurance –Data Breach Incidents & Response Plans/Patch Management;
 - General Data Protection Regulations (GDPR); and
 - Children & Families System Transformation: Family Support Contracts.
8. CIPFA’s Audit Committees – Practical Guidance for Local Authorities 2018 publication includes the following core functions around Internal Audit relevant to the annual plan approval process:
- to ensure that the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Internal Audit opinion.
 - to confirm that the Internal Audit Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risk and priorities during the year.
 - to ensure that there are sufficient resources within Internal Audit to deliver the plan.

Equalities Implications/ Legal Implications/ Risk Implications

9. There are no direct equalities implications arising from this report.
10. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 specifically require that a relevant body must ‘undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.
11. Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Resource and Value for Money Implications

12. The net budget of the Internal Audit Section is estimated at £619,310 of which £53,400 relates to payments to external providers.

Climate Change Implications

13. There are no direct implications arising from this report.

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