

<b>Local Members Interest</b>
N/A

## **Audit and Standards Committee – 12 June 2019**

### **Proposed Internal Audit Strategy & Plan 2019/20**

#### **Recommendations**

- a. To review the proposed content and coverage of the Internal Audit Strategy & Plan 2019/20.
- b. To recommend approval of the Internal Audit Plan for 2019/20 to the County Treasurer.

#### **Report of the County Treasurer**

1. The Accounts and Audit (England) Regulations 2015 require specifically that relevant authorities 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'. An effective internal audit is demonstrated through the establishment of a risk- based Internal Audit Plan to determine the priorities of the internal audit activity which are consistent with the Council's main priority outcomes. In developing the risk-based Internal Audit Plan, the Internal Audit Service consults with members of the senior leadership team, wider leadership team and operational managers (as appropriate) during the period January to March 2019 and is being presented to Members for final endorsement. The proposed Internal Audit Plan is attached at **Appendix 1** and will be supported by a PowerPoint presentation.
2. 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 for the year ahead to ensure that it has addressed the significant risks facing the Council and assists in the achievement of the main priority outcomes.
3. 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 our continuous controls monitoring (CCM) programme of work. Compliance work within Schools will continue to focus on the key risk areas of income, procurement and payroll controls.

4. 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.
5. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed as being:
  - a. SEND Transformation: Governance; Joint Inspection; and High Needs Block;
  - b. Adult Social Care Pathway;
  - c. Digital Development Programme including Office 365 Project & Care Director Software (Adults & Children's Modules);
  - d. Strategic Property Asset Management & Governance;
  - e. Children's Commissioning;
  - f. Cyber Security;
  - g. Adults & Children's Financial Services – Financial Assessments;
  - h. Children & Families System Transformation: Place Based Approach;
  - i. Ofsted Improvement Plan (Children's Social Care Services);
  - j. Sales 2 Cash including Debt Recovery Function & Debt Management;
  - k. People Strategy; and
  - l. Care Commissioning Programme.
6. 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:
  - a. 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.
  - b. 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.
  - c. to ensure that there are sufficient resources within Internal Audit to deliver the plan.

### **Equalities Implications**

7. There are no direct equalities implications arising from this report.

### **Legal Implications**

8. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically 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'.

### **Resource and Value for Money Implications**

9. The net budget of the Internal Audit Section for 2019/20 is £758,430 of which £65,900 relates to payments to external providers.

### **Risk Implications**

10. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

### **Climate Change Implications**

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

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### **List of Appendices:**

**Appendix A** – Internal Audit Strategy & Plan 2019/20

### **List of Reference Material:**

1. CIPFA Audit Committee - Practical Guidance for Local Authorities and Police 2018 Edition.
2. Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
3. Local Government Application Note – with effect from 1st March 2019
4. Accounts and Audit (England) Regulations 2015.
5. CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).