

Local Members Interest
N/A

Audit and Standards Committee – 26th June 2017

Proposed Internal Audit Strategy & Plan 2017/18

Recommendations

1. To review the proposed content and coverage of the Internal Audit Strategy and Plan 2017/18.
2. To recommend approval of the Internal Audit Plan for 2017/18 to the Director of Finance and Resources.

Report of the Director of Finance and Resources

3. The proposed Audit Plan is attached at Appendix 1 and will be supported by a PowerPoint presentation. The plan has been prepared following with members of the Senior Leadership Team (SLT) Wider Leadership Team (WLT) and Operational Management where appropriate during the period March to April and is presented to Members for final endorsement.
4. The 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. Resources have been increased in order to deepen audit coverage of the enhanced risks in the current challenging environment. In general, only the high-level risk areas have been included in the summary plan as per the strategy. Furthermore as part of the agreement process for this year's plan, detailed discussions were held with the Strategic Leadership Team Members and Commissioners to highlight the Internal Audit work proposed to ensure that it addressed the significant risks facing the Council and assisted in the achievement of the main priority outcomes. Consequently, as in previous years it is anticipated that this improves the level of certainty regarding delivery of these audits within 2017/18.
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 lower than in previous years. It is recognised that the Audit Plan needs to be continuously reviewed and remains sufficiently flexible to ensure that it is fully focused on the principal risks and hence 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:

- Staffordshire & Stoke on Trent Partnership – Contract Management
- Brokerage Services
- SAP Replacement Programme – suite of reviews
- Care Director Upgrade
- Core Payroll & Schools Payrolls – retained Client and Control Function
- Liberata Payroll System
- Capital Receipting Transformation
- Cyber Security – Incident Preparedness & Response Effectiveness
- Strategic Property Asset Management and Governance
- Corporate Scheme of Delegations
- Service & Commercial Contract Management Arrangements
- Procurement – Commercial Services

8. CIPFA's Audit Committees – Practical Guidance for Local Authorities 2013 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 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 £49,500 relates to payments to external providers.

Climate Change Implications

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

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