

INTERNAL AUDIT STRATEGY 2016/17

<u>Report of the:</u>	Director of Finance & Resources
<u>Contact:</u>	Gillian McTaggart or Doug Earle
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	N/A
<u>Annexes/Appendices (attached):</u>	<u>Annexe</u> - Internal Audit Strategy 2016/17
<u>Other available papers (not attached):</u>	Report and Minutes of the meeting of the Audit, Crime & Disorder and Scrutiny Committee, 9 April 2015.

REPORT SUMMARY

This report introduces the updated Strategy for Internal Audit for 2016/2017.

RECOMMENDATIONS

That the Committee endorses the Strategy for Internal Audit for 2016/17 as prepared by RSM.

1 Implications for the Council's Key Priorities, Service Plans and Community Strategy

- 1.1 The internal audit work programme is designed to review and evaluate the risk management, control and governance arrangements that the Council has in place to establish and monitor the achievement of the Council's objectives and to identify, assess and manage the risks to achieving those objectives.
- 1.2 The work undertaken by Internal Audit contributes to the Core Values of performing with openness and honesty and providing value for money.

2 Background

- 2.1 Internal Audit provides the Council through the Audit, Crime & Disorder and Scrutiny Committee with an independent and objective opinion on risk management, control and governance. RSM (under different names) has provided internal audit services to Epsom and Ewell Borough Council, as part of a Consortium since April 2005.
- 2.2 RSM use the Council's objectives as a starting point to develop the internal audit plan, then they evaluate our risk management process and place reliance on the risk registers to inform the audit strategy.
- 2.3 The Statutory Officers Group and the District Auditor (Grant Thornton) are consulted in compiling the Audit Strategy.

AUDIT, CRIME & DISORDER AND SCRUTINY COMMITTEE
14 APRIL 2016

- 2.4 There is scope for modification should the Committee be concerned that a particular risk area has not been properly addressed in the Strategy. There is also scope to amend the Strategy during the year should alternative work be required. A representative from RSM will be available at the meeting to discuss the methodology for the Strategy and answer any questions raised.
- 2.5 The Committee's terms of reference includes the requirement to monitor implementation of recommendations from the external and internal auditors.
- 2.6 The Committee endorsed the previous Strategy for Internal Audit for 2015/16 on 9 April 2015.

3 Proposals

- 3.1 That, the Committee endorses the Strategy subject to any amendments identified as important to cover risks not adequately addressed in the draft Strategy
- 3.2 The specific considerations for the Committee are stated in section 4.0 of the Strategy (Annexe 1).
 - 3.2.1 Is the Committee satisfied that sufficient assurances are being received within our annual plan to monitor the Council's risk profile?
 - 3.2.2 Does the Strategy for internal audit cover the Council's key risks as they are recognised by Committee?
 - 3.2.3 Are the areas selected for coverage this coming year appropriate?
 - 3.2.4 Is the Committee content that the standards within the Charter (attached as Appendix C to Annexe 1) are appropriate to monitor the performance in internal audit.
- 3.3 As in previous years there is a follow up allocation to track the adequacy of the Council's arrangements for implementing previous recommendations and an allocation for audit management including liaising with the District Auditor.

4 Financial and Manpower Implications

- 4.1 The audit days proposed are 220 days which can be funded from the provision for internal audit within the Strategy and Resources Committee budget.
- 4.2 The budget includes a separate provision for investigation work outside of the plan where this cannot be contained within the audit programme. In developing the internal audit plan, Baker Tilly has discussed this with officers
- 4.3 **Chief Officer's comments:** None for the purposes of this report.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 RSM comply with professional responsibilities as set out in the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors.
- 5.2 **Monitoring Officer's comments:** None for the purposes of this report.

6 Sustainability Policy and Community Safety Implications

6.1 None for the purposes of this report.

7 Partnerships

7.1 The Council continues to work in partnership with Mole Valley, Reigate and Banstead, Tandridge, Waverley and Surrey Police.

8 Risk Assessment

8.1 Internal Audit has an independent and objective consultancy role to help line managers improve risk management, governance and control.

9 Conclusion and Recommendations

9.1 The proposed internal audit coverage for 2016/17 is based on the Council's needs as assessed by RSM, in order to provide a cost effective means of delivering internal audit that is compliant with statutory requirements and government and international audit standards.

9.2 The recommendation is that the Committee endorses the Strategy, subject to any modifications agreed with the Audit Director at the meeting.