

**INTERNAL AUDIT PLAN 2017/18**

<u>Report of the:</u>	Head of Corporate Governance
<u>Contact:</u>	Gillian McTaggart
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	
<u>Annexes/Appendices (attached):</u>	<u>Annexe 1</u> – Internal Audit Plan 2017/18
<u>Other available papers (not attached):</u>	Report and minutes of the meeting of the Audit, Crime & Disorder and Scrutiny, 14 April 2016

**REPORT SUMMARY**

**This report introduces the updated plan for Internal Audit for 2017/18.**

**RECOMMENDATION (S)**

**That the Committee endorses the audit plan for Internal Audit for 2017/18 as prepared by RSM.**

*Notes*

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

- 1.1 The internal audit work programme is designed to review and evaluate the risk management, internal 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 integrity.

**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 has provided internal audit services to the Council, as part of the audit consortium, under different names, 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 plan.
- 2.3 Our Statutory Officers Group was consulted in compiling the audit plan.
- 2.4 There is scope for the plan to be modified should the Committee be concerned that a particular area of risk has not been properly addressed. There is also scope throughout the year for the plan to be amended particularly as different risks emerge.
- 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 plan for Internal Audit on 14 April 2016.

### **3 Proposals**

- 3.1 That the Committee endorses the audit plan (Annexe 1) subject to any amendments identified as important to cover risks not adequately addressed in the draft audit plan. (Please note the attached version is currently being updated by RSM which will be available for final papers)
- 3.2 The specific considerations for the Committee as stated in section 4 of the audit plan are;
  - 3.2.1 Is the Committee satisfied that sufficient assurances are being received within our annual plan to monitor the Council's risk profile effectively?
  - 3.2.2 Does the plan, cover the Council's key risks as they are recognised by the Committee (as shown in Appendix B of Annexe 1)?
  - 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 Internal Audit Charter (as stated in Appendix D of Annexe 1) are appropriate to monitor the performance of internal audit?

### **4 Financial and Manpower Implications**

- 4.1 The original contract with RSM was for 5 years with the facility to extend for a further two years. The Consortium gave six months' notice of its intention to extend in October 2016. As part of extending the contract RSM indicated there would be a fee increase however to mitigate the additional costs, RSM proposed a revised schedule of audit days to keep within existing budgets but provide adequate assurance levels.
- 4.2 The audit days proposed for 2017/18 has been reduced from 222 days to 199 audit days and are within the current budget.

4.3 **Chief Finance 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 to the Internal Standards for the Professional Practice of Internal Auditing and the Internal Professional Practices Framework (PPF) as published by the Global Institute of Internal Auditors (IIA)

5.2 Under the standards, internal audit services are required to have an external quality assessment every 5 years. RSM's review was commissioned in 2016 and concluded that RSM was found to have an excellent level of conformance with the IIA's professional standards

5.3 **Monitoring Officer's comments:** *There are no legal implications arising directly from this report. Internal Audit reports form a key part of the Council's governance arrangements.*

## 6 Sustainability Policy and Community Safety Implications

6.1 None for the purposes of this report.

## 7 Partnerships

7.1 The Council continue to work in partnership as part of an internal audit consortium. The contract has been extended for a further 2 years and will expire in March 2019.

## 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 2017/18 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 internal audit standards.

9.2 The recommendation is that the Committee endorses the audit plan, subject to any modifications agreed with the Audit Partner from RSM at the meeting.

**WARD(S) AFFECTED: (All Wards);**