

COMMITTEE: AUDIT & GOVERNANCE REF NO: AG/17/31
DATE: 27 FEBRUARY 2018
SUBJECT: INTERNAL AUDIT – ANNUAL PLAN 2018-19
PORTFOLIO HOLDER: COUNCILLOR MARTIN COOK
CHIEF EXECUTIVE: RUSSELL WILLIAMS

This report presents the proposed Internal Audit Plan for 2018-9 as agreed with the Corporate Management Team. The construction of the Plan involves many factors and drivers and a diagram is incorporated within the Plan which illustrates the overall methodology.

This report is being presented to the Audit and Governance Committee in accordance with the Committee's terms of reference which stipulates that it has responsibility for '*agreeing the strategic and annual audit plans*', and '*To commission work from internal....audit*'.

Internal Audit Services acts in accordance with the Accounts and Audit Regulations (2015) and aims to follow the Public Sector Internal Audit Standards (2016) and Local Government Application Note (2013). This report has been prepared in accordance with our Audit Charter.

*This report has been prepared by Siobhan Martin, Tel: 01473 433900
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This report was prepared after consultation with:

Internal consultees

- Audit staff
- Corporate Management Team and Portfolio Holder.

External consultees

External Audit – Ernst & Young LLP in accordance with normal practice.

The following policies form a context to this report:

(all relevant policies must also be referred to in the body of the report)

Finance Strategy, Building a Better Ipswich 2017

LIST OF BACKGROUND PAPER REQUIRED BY LAW

(papers relied on to write the report but which are not published and do not contain exempt information)

1. Internal Audit – Risk Based Mapping Assurances for each Service
 2. Corporate Risk Register
 3. Corporate Projects
 4. CIPFA – Public Sector Internal Audit Standards (2013 & 2016)
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1. Introduction

- 1.1 The Council is required under the Accounts and Audit Regulations to maintain an adequate and effective Internal Audit Service. This is achieved through the delivery of the Annual Internal Audit Plan and, an appraisal of the Internal Audit function by the Audit and Governance Committee.
- 1.2 This report is being presented to the Audit and Governance Committee in accordance with the Committee's terms of reference which stipulates that it has responsibility for '.....agreeing the strategic and annual audit plans', and 'To commission work from internal....audit.'

2. Internal Audit Plan 2018-19

- 2.1 The Annual Internal Audit Plan 2018-19 is attached at **Appendix 1**.
- 2.2 Internal Audit reviews are designed to give management assurance that the control and governance environment is working effectively and efficiently.
- 2.3 The Internal Audit Service continues to evolve with the Council supporting the priorities of good governance and value for money.
- 2.4 The Internal Audit team consists of 8 posts, equating to 5.8 full time equivalents (fte). The Head of Internal Audit (Audit Partnership Manager) and the Audit Manager included within the 5.8 fte, are contracted from Suffolk Coastal District Council. Excluding strategic management there are 580 audit days available to cover this year's work plan.

3. Relevant Policies

- 3.1 In accordance with the Council's Finance Strategy and Corporate Plan 'Building A Better Ipswich 2017', the legislative framework within which Internal Audit operates (including the Accounts and Audit Regulations 2015) there is a requirement for the Council to provide an adequate and effective Internal Audit Service. Internal Audit Services aims to follow the Public Sector Internal Audit Standards (2016) and Local Government Application Note (2013). This report has been prepared in accordance with our Audit Charter.

4. Options Considered / Under Consideration

- 4.1 Internal audit services within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1 April 2013 and were revised on 1 April 2016. The standards require periodic self-assessments and an assessment by an external person every five years. Ipswich Borough Council in partnership with Suffolk Coastal and Waveney District Council's audit service received an independent review in November

2016 by the Chartered Institute of Public Finance and Accountancy (the main PSIAS assessor in the UK).

- 4.2 The review identified no areas of non-compliance within the standards that would affect the overall scope or operation of the internal audit activity.
- 4.3 A self-assessment has been undertaken in 2018 with no items to update from current practices.

5. Consultations

- 5.1 Consultation has taken place with the Corporate Management Team, the S151 Officer and the Council's External Auditors, EY.

6. Risk Management

- 6.1 The Internal Audit reports presented to this Committee set out the main risks associated with the scope and objectives of that individual audit. A mechanism exists including meetings between the Head of Internal Audit and the Corporate Management Team, to ensure that any remaining uncovered risks are fed back into the Audit risk model to ensure these are covered within the Audit Strategy.
- 6.2 The importance of these risks is detailed within full reports (and associated working papers). Any significant findings within individual reports will clearly state the associated risk that the Council is then exposing itself to.
- 6.3 A crucial element within the Council's risk environment is the implementation of the recommendations put forward by the Internal Audit Service and agreed by Management.

7. Environmental Impact Assessment

- 7.1 There are no direct or indirect environmental impacts arising from this report.

8. Equalities and Diversity Implications

- 8.1 There are no Equality and Diversity implications arising from this report.

9. Financial Considerations

- 9.1 Financial considerations are always considered within the Internal Audit Plan and form one of the many drivers, which help prioritise Internal Audit work throughout the year.

10. Legal Considerations

10.1 There are no legal considerations arising from this report.

11. Performance Monitoring

11.1 The Head of Internal Audit monitors progress against the Annual Audit Plan on a continuous basis. Formal progress reports are frequently presented to the Audit and Governance Committee.

12. Conclusions

12.1 The Internal Audit Plan for 2018-19 has been designed to be fully compliant with the Professional Standards relating to Internal Audit in the Public Sector and should be viewed as the Audit Strategy. The Plan is a working document, subject to amendment as necessary to reflect changing corporate conditions or demands as well as reflecting any changes or refinement in the Council's Corporate Risk Register.

13. Recommendations

13.1 That the Audit and Governance Committee approves the Internal Audit Plan for 2018-19 attached at Appendix 1.