



Governance & Audit Committee – 29 November 2017

Internal Audit Planning 2018/19

Purpose of report

To provide Members with an overview of the proposed approach to development of the Internal Audit Plan for 2018/19 and to consult the Committee on risk areas where assurance is required.

Attachment: N/A

1.0 Background

1.1 LGSS provides the Internal Audit service for East Northamptonshire Council and is commissioned to provide 230 days to deliver the Annual Audit Plan and Internal Audit service.

1.2 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:

- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
- The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead;
- The coverage within the audit plan should be sufficient to inform the annual Head of Internal Audit opinion on the Council's governance, risk and control framework; and
- The Head of Internal Audit should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

2.0 Audit Planning

2.1 In order to ensure that the Audit Plan for 2018/19 address the Council's key risks and adds value to the organisation, it is proposed that the Head of Internal Audit will identify and prioritise the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
- Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years and pose a risk;
- Consultation with the Governance and Audit Committee to discuss the planning

process and areas where Members require assurances from Internal Audit during 2018/19; and

- Meeting with members of Corporate Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

2.2 All potential audit coverage identified will be risk assessed and prioritised for inclusion in the Audit Plan, in consultation with Corporate Management Team, based on risk, other sources of assurance available and potential value added from a review.

2.3 The resulting draft Internal Audit Plan will then be presented to the Governance and Audit Committee in March 2018 for review and formal approval.

3.0 Equality and Diversity Implications

3.1 There are no equality and diversity implications arising from the report.

4.0 Legal Implications

4.1 There are no legal implications arising from the report.

5.0 Risk Management

5.1 There are no significant risks arising from the proposed recommendations in this report. The role of Internal Audit is to provide assurance over the Council's governance, risk and control environment.

6.0 Resource and Financial Implications

6.1 There are no resource or financial implications arising from the report. The Audit Plan will be based upon the 230 days commissioned on an annual basis.

7.0 Constitutional Implications

7.1 The report does not require any amendment to the Council's Constitution.

8.0 Customer Service Implications

8.1 There are no customer service implications arising from the report.

9.0 Corporate Outcomes

9.1 Effective Management - The Annual Audit Plan is designed to provide Members with assurance as to the effective management of the council's most significant risks.

10.0 Recommendations

10.1 The Committee is recommended to

- i) agree the proposed approach to developing the Audit Plan for 2018/19.
- ii) highlight any risk areas where the Committee requires assurance during 2018/19.

Legal	Power: It is a statutory requirement for Councils to have an Internal Audit function in accordance with the Local Government Act 1972.				
	Other considerations: Internal audit and the "Audit Committee" should also conform to the relevant professional guidance – the Public Sector Internal Audit Standards.				
Background Papers: None					
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Date: 7 th November 2017					
CFO		MO		CX	