

INTERNAL AUDIT PLAN 2019/20

Cabinet Member for Finance & Democratic Services

Date: 27 March 2019
Agenda Item: 7
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Key Decision? NO
Local Ward Members

Lichfield
district council
www.lichfielddc.gov.uk

AUDIT & MEMBER STANDARDS COMMITTEE

1. Executive Summary

1.1 To consider the 2019/20 Work Programme of the Internal Audit Section.

2. Recommendations

2.1 To approve the Annual Planned Audit Work Programme as detailed at **Appendix 1**.

3. Background

3.1 As part of its responsibilities the Internal Audit Section is responsible for conducting independent reviews of the Council's internal control systems as a contribution towards the proper, economic, efficient and effective use of the Council's resources and feeds in to the Annual Governance Statement. The diagram below shows how the setting of the plan forms part of this process.

3.2 The Internal Audit Section's duties are laid out in legislation, the Accounts and Audit Regulations 2015 and the Council's Financial Procedure Rules.



- 3.3 This year, as in previous years, we are proposing to take a hybrid approach. A review of the Audit Universe (all possible audits that can be done) has been undertaken, considering the risk rating assigned, the frequency of review and also the previous audit opinion given. Also included in the work programme are new or emerging areas and areas which we feel would benefit from audit attention. The aim is to move away from routine audit and focus on high risk, new and emerging areas in order to provide a responsive service which can inform and guide council and service response to the challenges of Local Government and support continuous improvement.
- 3.3 In order to produce the Annual Planned Audit Work Programme (**Appendix 1**), we need to work out the resources available to undertake planned audit work, taking into account all the other demands on the audit team with a full time equivalent (FTE) of 2.7(including an Apprentice), we have identified that we have 297 days available. This will assist in ensuring an efficient, cost effective service whilst still delivering audit work programme which gives annual assurance on the soundness of the governance, risk management and control arrangements to be given to the Council.
- 3.4 Having calculated that we have 297 days available, we then took the following into account: -
- What we were already committed to do, e.g. Key Financial Systems work, Fraud Awareness/Proactive Fraud work, Pensions Assurance work, National Fraud Initiative, Annual Governance Statement and Follow Up Reviews.
 - Areas identified by Internal Audit, using their understanding of the Council and their own risk assessments.
- 3.5 The Annual Planned Audit Work Programme has been discussed and agreed with the Leadership Team, but separate meetings will be held with Directors & Heads of Service to ensure the right focus for the allocated days is maintained as the year progresses.
- 3.6 By delivering this Planned Audit Work Programme, Internal Audit will either provide senior managers with the necessary assurance that internal controls are in place and are operating effectively, or will be able to point to key areas of weakness for their consideration, in relation to the key risk areas of the Council.
- 3.8 At the conclusion of each audit review, an audit report will be issued to Officers and appropriate Members, as per the Internal Audit Protocol, detailing the findings of the review together with any recommendations required to be implemented in order to achieve the required level of control.
- 3.9 A progress report of the work undertaken by the Internal Audit Section is presented to the Audit & Member Standards Committee on a regular basis

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| Alternative Options | 1. None. |
| Consultation | 1. Leadership Team has been consulted regarding the inclusion of the audit reviews in the Annual Planned Work Programme. |
| Financial Implications | 1. Aspects of the internal audit process are concerned with value for money. |
| Contribution to the Delivery of the Strategic Plan | 1. Internal Audit aims to support the Strategic Plan by providing an adequate and effective system of internal control in accordance with the proper practices in relation to internal control. . |
| Equality, Diversity and Human Rights Implications | 1. None. |
| Crime & Safety Issues | 1. None |

| | Risk Description | How We Manage It | Severity of Risk (RYG) |
|---|---------------------------------|--|------------------------|
| A | Audit Plan becomes unachievable | Continuous review to ensure the plan is achieved | Green (tolerable). |
| B | Audit Plan becomes irrelevant | Continuous review to ensure that any issues that become high risk during the year are included in the Plan | Green (tolerable) |

Background documents

Accounts and Audit Regulations 2015
Financial Procedures Rules

Relevant web links