

Audit & Governance Committee

3 April 2018

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Internal Audit & Assurance Plan 2018/19

Final Decision-Maker	Audit & Governance Committee
Portfolio Holder(s)	Cllr David Reilly, Portfolio Holder for Finance & Governance
Lead Directors	Lee Colyer, Director of Finance, Policy & Development (s151 Officer) Steve McGinnes, Director of Mid Kent Services
Head of Service	Rich Clarke, Head of Audit Partnership
Lead Officer/Author	Rich Clarke, Head of Audit Partnership
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. **Approve** the Internal Audit & Assurance Plan for 2018/19.
2. **Note** the Head of Audit Partnership's view that the Partnership currently has sufficient resources to deliver the Plan and a robust Head of Audit Opinion.
3. **Note** the Head of Audit Partnership's assurance that the Plan is compiled independently and without inappropriate influence from management.

This report relates to the following Five Year Plan Key Objectives:

- A Prosperous Borough
- A Green Borough
- A Confident Borough

Internal Audit supports the Council's governance and therefore assists towards success of all the Five Year Plan key objectives.

Timetable

Meeting	Date
Audit & Governance Committee	4 April 2018

Internal Audit & Assurance Plan 2018/19

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Public Sector Internal Audit Standards (the “Standards”) require the authority to produce and publish a risk-based plan for approval at least annually. The plan must consider input from senior management and members.
 - 1.2 In Mid Kent Audit, planning is a continuous activity but the programme working towards the 2018/19 Plan began in late 2017. The paper here sets out the Plan and project list intended for 2018/19 for member approval.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The Standards set out the requirements that a Head of Audit must meet in setting out the Plan. Relevant sections from the Standards are referred to in the Appendix to this report.
 - 2.2 To note, audit plans must be at least annual but can have shorter timescales if needed. Also, the Standards explicitly direct that the Head of Audit must keep the Plan flexible and responsive to emerging and changing risks across the year.
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3. AVAILABLE OPTIONS

- 3.1 The Standards mandate compiling a risk-based Plan for management comments and member approval. Although by convention that Plan is presented annually around the start of the financial year, the Standards do not specifically require that action. The Council could, potentially, move to a shorter planning cycle which would allow more flexibility for responding to risk. There are other authorities that take a similar approach (Suffolk CC, to name one example).
 - 3.2 However, that move would strike against a practice considered to work well, and one which allows a degree of certainty to resource requirements that helps ensure stability in a service spread across four authorities.
 - 3.3 The Standards do not mandate any specific work for the Plan, so its content is entirely at the discretion of the internal audit provider (subject to the comments of management and approval of members) and has an enormous range of possibilities with respect to the areas that could be examined. The attached document represents the currently proposed responses to the risks assessed at the Council.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Appendix sets out the proposed Plan for 2018/19, including background details on how it was compiled and how it is proposed to manage its delivery.
- 4.2 It is confirmed for members that, although the Plan has undergone broad consultation with management, it is compiled independently and without being subject to inappropriate influence.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 An earlier, longer, draft was circulated to Heads of Service and Directors across the four authorities (and including Heads of Shared Services) in January ahead of individual meetings to discuss proposed projects in their areas. Those meetings have now taken place and the attached represents an adaptation of the original draft reflecting comments received.
- 5.2 The overall resource allocation between the partners is consistent with the collaboration agreement and discussed with the Shared Service Board.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Once an agreed audit plan is in place, Mid Kent Audit will communicate in detail to Heads of Service on its execution. Interim findings will be reported to members part-way through the year and a final Head of Audit Opinion will be delivered in June or July 2019 (pending confirmation of Committee dates).
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	The Council is required by Accounts & Audit Regulations to operate an internal audit service, including agreeing a plan at least annually. Therefore the Council must approve an internal audit plan to maintain regulatory conformance.	Rich Clarke Head of Audit Partnership 21 March 2018
Finance and other resources	The work programme set out in the Plan is produced to be fulfilled within agreed resources for 2018/19.	
Staffing establishment	The work programme set out in the Plan is produced to be fulfilled within agreed resources for 2018/19.	
Risk management	The audit plan draws on the Council's risk management in considering the areas for	Rich Clarke Head of Audit

Issue	Implications	Sign-off
	audit examination. In turn, audit findings will provide feedback on the identification, management and controls operating within the risk management process.	Partnership 21 March 2018
Data Protection	We collect and store information in the course of our audit work examining areas of the Council. We use that information in accordance with our collaboration agreement which, in turn, is in accordance with applicable laws and regulations.	
Environment and sustainability	No direct implications.	
Community safety	No direct implications.	
Health and Safety	No direct implications.	
Health and wellbeing	No direct implications.	
Equalities	No direct implications.	

8. REPORT APPENDICES

The following document is to be published with and forms part of the report:

- Appendix A: Internal Audit & Assurance Plan 2018/19 (Note that the Plan itself includes appendices numbered I – IV).

9. BACKGROUND PAPERS

The Appendix includes reference to the Public Sector Internal Audit Standards (full document [at this link](#)). It also draws on information from 2017/18 Audit Plans published across the local government sector, each available through the committee papers pages of individual authorities. Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings with officers and members, can be made available on request.