

# Audit & Governance Committee

2 April 2019

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

Yes

## Internal Audit & Assurance Plan 2019/20

|                             |                                                               |
|-----------------------------|---------------------------------------------------------------|
| <b>Final Decision-Maker</b> | Audit & Governance Committee                                  |
| <b>Portfolio Holder</b>     | Cllr David Reilly – Portfolio Holder for Finance & Governance |
| <b>Lead Director</b>        | Lee Colyer – Director of Finance, Policy & Development        |
| <b>Head of Service</b>      | Rich Clarke – Head of Audit Partnership                       |
| <b>Lead Officer/Author</b>  | Rich Clarke – Head of Audit Partnership                       |
| <b>Classification</b>       | Non-exempt                                                    |
| <b>Wards affected</b>       | All                                                           |

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

1. **Approve** the Internal Audit & Assurance Plan for 2019/20
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.
4. **Note** the proposed criteria for commissioning an External Quality Assessment of the audit service later in 2019/20.

### Explain how this report relates to the Corporate Priorities in the Five Year Plan:

- The Internal Audit & Assurance Plan supports good governance which underpins achievement of all the Council's priorities.

### Timetable

| <b>Meeting</b>               | <b>Date</b>   |
|------------------------------|---------------|
| Management Board             | 13 March 2019 |
| Audit & Governance Committee | 2 April 2019  |

# Internal Audit & Assurance Plan 2019/20

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Public Sector Internal Audit Standards (the “Standards”) require an audit service to produce and publish a risk based plan, at least annually, for approval by Members. The plan must consider input from senior management and Members.
  - 1.2 In Mid Kent Audit, planning is a continuous activity but we began the programme working towards the 2019/20 plan document in late 2018. The paper here sets out the plan and project list intended for 2019/20 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. We refer to relevant sections from the Standards 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 Head of Audit must keep the plan flexible and responsive to emerging and changing risks across the year.
  - 2.3 2019/20 also marks five years since our last External Quality Assessment. This means we must commission a new assessment during this year. The plan document sets out a proposed approach for commissioning the assessment. Noting this Committee as a key client for the assessment, we also seek the Committee’s view on how we should undertake that commission.
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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 have 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.

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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The appendix sets out the proposed plan for 2019/20, including background details on how we compiled the plan and how we propose to manage its delivery.
- 4.2 We confirm to 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 We circulated an earlier, longer, draft to Heads of Service and Directors and held 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 On approval, we will begin work to deliver the plan. We will report results back to Members in Mid-Year and our Annual Opinion, consistent with the approach of previous years.
- 6.2 Having consulted Members across all four authorities in the partnership on the External Quality Assessment, we will take comments into account and draw up a detailed proposal to take forward to procurement. We will put that proposal before Members for comment in our Annual Opinion report due in July 2019.

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#### **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

| <b>Issue</b>                            | <b>Implications</b>                                                                                                                                                                                    | <b>Sign-off</b>                                           |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Legal</b> including Human Rights Act | The Council is required by Regulation to operate an internal audit service, including agreeing a plan at least annually. Therefore the Council must approve a plan to maintain regulatory conformance. | Rich Clarke<br>Head of Audit Partnership<br>20 March 2019 |
| <b>Finance</b> and                      | The work programme set out in the plan is                                                                                                                                                              |                                                           |

| <b>Issue</b>                          | <b>Implications</b>                                                                                                                                                                                                                              | <b>Sign-off</b> |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| other resources                       | produced to be fulfilled within agreed resources for 2019/20.                                                                                                                                                                                    |                 |
| <b>Staffing establishment</b>         | The work programme set out in the plan is produced to be fulfilled within agreed resources for 2019/20.                                                                                                                                          |                 |
| <b>Risk Management</b>                | The audit plan draws on the Council's risk management in considering the areas for audit examination. In turn, audit findings will provide feedback on the identification, management and controls operating within the risk management process. |                 |
| <b>Data Protection</b>                | 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.   |                 |
| <b>Environment and Sustainability</b> | No direct implications.                                                                                                                                                                                                                          |                 |
| <b>Community Safety</b>               | No direct implications.                                                                                                                                                                                                                          |                 |
| <b>Health and Safety</b>              | No direct implications.                                                                                                                                                                                                                          |                 |
| <b>Health and Wellbeing</b>           | No direct implications.                                                                                                                                                                                                                          |                 |
| <b>Equalities</b>                     | No direct implications.                                                                                                                                                                                                                          |                 |

## 8. REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix A: Internal Audit & Assurance Plan 2019/20 (note that the plan itself includes appendices numbered I – IV).]

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## 9. BACKGROUND PAPERS

The appendix includes reference to the Public Sector Internal Audit Standards (full document [at this link](#)). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings can be made available on request.