

GOVERNANCE COMMITTEE

21st NOVEMBER 2017

REPORT OF HEAD OF INTERNAL AUDIT

INTERNAL AUDIT PLANNING 2018/19

1.0 PURPOSE OF REPORT

1.1 To provide Members with an overview of the proposed Audit Planning process for 2018/19 and consult Members on risk areas for consideration in the development of the Audit Plan.

2.0 RECOMMENDATIONS

2.1 **That Members agree the proposed approach to developing the Audit Plan for 2018/19.**

2.2 **That Members highlight any risk areas where the Committee requires assurance during the year ahead.**

3.0 BACKGROUND

3.1 LGSS provides the Internal Audit service for Melton Borough Council and is commissioned to provide 235 audit days to deliver the annual Audit Plan.

3.2 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; 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.

4.0 AUDIT PLANNING

4.1 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;

- Consultation with the Governance Committee to discuss the planning process and areas where Members require assurances from Internal Audit during 2018/19; and
- Meetings with each member of 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.

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

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

5.0 **POLICY AND CORPORATE IMPLICATIONS**

5.1 The delivery of the Audit Plan allows the Committee to develop independent assurance about the quality of the Council's internal control framework.

6.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

6.1 There are no financial or other resource implications arising directly from this report. The Audit Plan will be based upon 235 days, consistent with previous years.

7.0 **LEGAL IMPLICATIONS/POWERS**

7.1 There are no legal implications arising directly from this report

8.0 **COMMUNITY SAFETY**

8.1 There are no community safety implications arising directly from this report.

9.0 **EQUALITIES**

9.1 There are no equalities implications arising directly from this report.

10.0 **RISKS**

10.1 The Internal Audit Plan should provide the Committee and Senior Management Team with assurances over the Council's management of key risks. As such, coverage must be planned based upon a risk assessment and with input from the Committee and management.

11.0 **CLIMATE CHANGE**

11.1 There are no climate change implications arising directly from this report.

12.0 **CONSULTATION**

12.1 N/A

13.0 **WARDS AFFECTED**

13.1 All wards are indirectly affected by the report.

Contact Officer Rachel Ashley-Caunt
Date: 01/11/2017
Appendices : N/A
Background Papers: N/A
Reference : N/A