

7 March 2019

Report of	Assistant Director of Policy & Corporate	Author	Hayley McGrath
Title	Internal Audit Plan 2019/20		☎ 508902
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Accounts and Audit Regulations 2015 require that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'
- 1.2 To ensure that the Council complies with these requirements it maintains a five year program of the key areas to be audited, then annually a plan is agreed with management about the specific areas to be covered during the next financial year. The annual plan is then submitted for committee approval.

2. Recommended Decision

- 2.1 The committee are asked to consider and agree the suggested Internal Audit plan for 2019/20, shown in appendix A.

3. Reason for Recommended Decision

- 3.1 Internal Audit is a key element of the Council's Corporate Governance framework. A relevant and comprehensive audit programme, and implementation of audit recommendations, gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

4. Alternative Options

- 4.1 The alternative is to not agree a plan for 2019/20 and to decide on an ad-hoc basis which areas are to be audited during the year. However this option will not ensure that all key areas are audited and will reduce the effectiveness of the internal audit service.

5. Background Information

- 5.1 The Council operates a five-year program that covers all the functions that it is anticipated will be reviewed in those years. This is an overview of the areas that require assurance, and annually the specific audits, taking into account changes in service delivery, are agreed with senior management and members. Fundamental systems, such as the General Ledger, need to be reviewed every year to provide assurance for the final accounts process, and these are known as 'managed audits'.
- 5.2 The Internal Audit contract provides for 325 auditing days a year. For 2019/20 a total of fifty days are allocated to follow-ups and management, leaving 275 days to be allocated to other areas. Currently there are no audits to be carried forward from 2018/19.
- 5.3 The Corporate Governance Manager has discussed the plan and timings with senior managers to ensure that there is commitment in supporting the auditors whilst carrying out the reviews. It has also been agreed with the Council's external auditors.
- 5.4 A total of fifteen days have been included in the plan to review significant contracts and twenty five to review IT systems and processes. These items will be identified during the year as required.

6. Colchester Borough Homes & Colchester Commercial Holdings Ltd

- 6.1 Colchester Borough Homes (CBH) have their own agreed audit plan which is administered by the Council's auditors. The coverage of the plan is decided by CBH and is not reported to this committee.
- 6.2 However there are a few CBH systems that involve input from the Council and it is appropriate that in these circumstances the audit resource required to provide assurance is shared by, and reported to, both organisations. In 2019/20 there is one 'shared' audit – Housing Rents (ten days) – which has been included on the attached audit plan.
- 6.3 The audit plan has been rearranged to reflect the Council's new operational structure and several audits have been identified as now coming under Colchester Commercial Holdings Ltd (CCHL). Whilst previously the Council has identified all of the audits required for CCHL, it is now more appropriate for a number of days to be allocated to the company, to decide how they are used.
- 6.4 However, the Council will require assurance over specific areas, especially in the first few years of operation, therefore a few key areas for review (joint audits) have been identified on the plan along with a general allowance for CCHL to decide how to use, which has been set at fifteen days.

7. Equality, Diversity and Human Rights implications

- 7.1 There are no equality, diversity or Human Rights implications as a result of this report.

8. Strategic Plan References

- 8.1 The audit plan has been set with due regard to the identified key strategic risks to the Council, therefore ensuring the effectiveness of the processes required to achieve the strategic objectives.

9. Risk Management Implications

- 9.1 Agreeing an audit plan enhances the ability of the Council to control its risks and therefore will support the internal control process.

10. Other Standard References

- 10.1 There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

Appendices

Appendix A – Draft Internal Audit plan for 2019/20.