

22 November 2016

Report of

Assistant Chief Executive

Author

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Title

Internal Audit Plan 2017/18

Wards
affected

Not applicable

**This report concerns the Internal Audit plan of work for
2017/18**

1. Decision Required

- 1.1 To comment upon and agree the suggested Internal Audit plan for 2017/18 shown in appendix 1.

2. Reason for Decision

- 2.1 The Accounts and Audit Regulations 2006 require that 'a relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'.
- 2.2 Internal audit is a key element of the Council's corporate governance framework. Robust 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.

3. Key Messages

- The plan has been drawn up in consultation with senior management over coverage and timings.
- The plan has been drawn up with due regard to the key risks to the Council.
- There has been a fundamental review of the plan to ensure that maximum value is added by the audit process and it supports the internal control process, including the Annual Governance Statement.

4. Supporting Information

- 4.1 The Council operates a five year plan showing coverage of the key audits. This is an overview of the areas that require assurance, and annually it is agreed with management the specific areas to be covered during the coming year. 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.
- 4.2 The Internal Audit contract provides for 325 auditing days a year. For 2017/18 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 2016/17.
- 4.3 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.

- 4.4 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.
- 4.5 The proposed plan has been discussed with the Council's external auditors to ensure that it complements their objectives over the coming year.

5. Colchester Borough Homes

- 5.1 Colchester Borough Homes have their own agreed audit plan which is administered by the Council's auditors. The coverage of the plan is decided by Colchester Borough Homes and is not reported to this committee.
- 5.2 However there are a few systems that also involve input from the Council and it is appropriate that in these circumstances that the audit resource required to provide assurance is shared by, and reported to, both organisations. In 2017/18 there are two 'shared' audits – Management of Expenditure (8 days) and Housing Rents (5 days) – which have been included on the attached audit plan

6. Proposals

- 6.1 The suggested Internal Audit plan for 2017/18 provides a comprehensive assessment of the internal controls across the Council, with due regard to the key risks, and it is recommended that it is approved.

7. Strategic Plan Implications

- 7.1 The audit plan has been set with due regard to the identified key strategic risks to the Council and the objectives of the strategic plan to be vibrant, prosperous, thriving and welcoming. Therefore, the audit plan ensures the effectiveness of the processes required to achieve the strategic objectives.

8. Risk Management Implications

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

9. Other Standard References

- 9.1 Having considered consultation, equality, diversity and human rights, health and safety and community safety implications there are none that are significant to the matters in this report.