



devon **audit** partnership

Internal Audit

Internal Audit Plan 2017-18

Plymouth City Council Audit Committee

March 2017

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

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<p>Devon Audit Partnership</p> <p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk .</p>	<p>Confidentiality and Disclosure Clause</p> <p>This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation’s disclosure policies.</p> <p>This report is prepared for the organisation’s use. We can take no responsibility to any third party for any reliance they might place upon it.</p>
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Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within The Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Corporate Management Team. The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review and approve the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS make reference to the role of "Chief Audit Executive". For The Council this role is fulfilled by the Head of Devon Audit Partnership.

The chief audit executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Chief Finance Officer (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

Expectations of the Audit Committee for this annual plan

Audit to Committee members are requested to consider:

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage for 2017/18.

In review of the above the Audit Committee are required to approve the proposed audit plan.

Robert Hutchins
Head of Audit Partnership

Annual Service Level Plans – Transformation & Change, Place, People and Public Health

Transformation & Change

Assurance work will be undertaken on the key financial systems that process the majority of income and expenditure of the Authority, and which have a significant impact on the reliability and accuracy of the annual accounts.

The Plymouth and West Devon Coroners service has merged jurisdictions with the Torbay and South Devon service to form a greater Plymouth, Torbay and South Devon Coroners area. Plymouth City Council is the lead authority and the administrative systems for the recharging and payment of accounts will be reviewed to ensure that they are adequately controlled and effective.

In addition, Internal Audit liaise with the Authority's ILOG and will work with the Information Management Project regarding the activities needed to ensure compliance with the EU General Data Protection Regulations which come into force in May 2018. An example of change is the new "Right to be Forgotten".

Place

To enable the Council to deliver a sustainable financial plan over the next three years, transformational savings and income targets have been identified to bridge the budget gap. The Council's commercial property portfolio has been valued at £88m which generates over £6.7m in rental income annually. Internal Audit will act as "trusted advisor" to work alongside the service as they review and streamline systems and processes to drive efficiency.

Following the award of the new highways contract, Audit will provide support and challenge to officers in the early management of the contract. Personnel from the current provider will be "in-sourced" to the Council and a new highways management system implemented. A period of time will be allowed for the new arrangements to "bed in" before we carry out an audit review of the systems and works ordering processes in place.

As "trusted advisor and audit partner" we will work with Street Services as they develop a suite of meaningful key performance indicators to provide robust management information and support growth.

People

The People Directorate is under considerable pressure due to demand arising from demographic changes and ever increasing costs due to more complex needs. Work in this area will include core assurance such as:

- Carefirst – Care Leavers Payments; and
- Direct Payments (Pre-Paid Cards).

The Early Years Gateway and the Multi Agency Hub went live in December 2015 and June 2016 respectively. Our work will provide assurance around the effectiveness of the systems in place and if they are helping to achieve the long term aims of early intervention and a more informed and joined up approach to service delivery for children and young people.

An audit review of Legal Care Proceedings has also been requested by both Devon County Council and Torbay Council and it is hoped a joint piece of work can be undertaken allowing best practice between authorities to be shared.

Audit will continue to work collaboratively with Audit South West, the CCG internal auditors, through joint working arrangements covering audit planning, delivery and reporting.

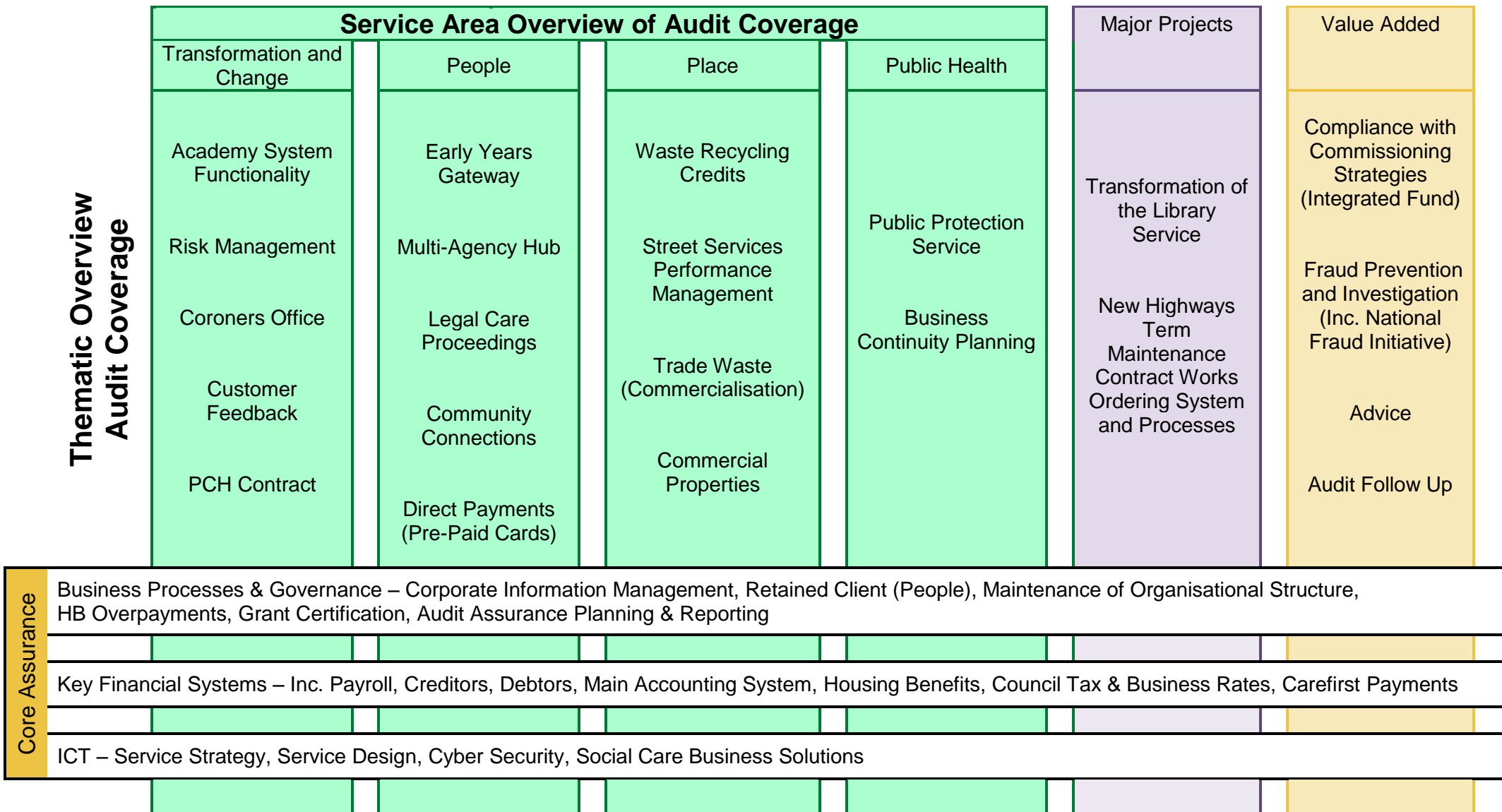
Public Health

As the Council continues to transform its customer services, Internal Audit will consider the impact on the Public Protection Service in relation to calls and other interventions to test whether the planned business model of an 'intervention triangle' is likely to work for the service.

Our work on Business Continuity will focus on the arrangements to ensure the resilience of council partners and contractors in the supply chain for critical services.

Value Added

Follow-up reviews on all audit areas identified as 'Improvements Required' or 'Fundamental Weaknesses' in 2016/17 will be undertaken. We will also work with Council departments to ensure that the data matches received at the end of January 2017 from the Authority's participation in the National Fraud Initiative are reviewed and action taken where necessary.



The diagram shows the thematic approach to the elements proposed for audit coverage in the coming year as identified through risk assessment and discussion with Senior Management. This overview is supported by the proposed audit reviews and associated risks.

High Level Audit Plan

This table shows a summary of planned audit coverage for the year totalling 1,139 direct days. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector. In order to allow greater flexibility, the Internal Audit Plan includes a contingency to allow for unplanned work.

We have set out our plan based on the current organisational structure for the Authority. Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage for the year.

A detailed analysis of proposed audit reviews is provided in the following schedule.

Core Activity for Internal Audit Review	Coverage in Days
Transformation and Change - Includes core assurance Key Financial Systems 126 days -	369
People - Includes core assurance Key Financial Systems 45 days	291
Place	126
Public Health	45
Anti-Fraud and Corruption	150
Grant Certification	43
Other Chargeable Activities	115
Total internal audit plan for Plymouth City Council	1139
Schools (estimated)	110

Proposed audit reviews and associated risks

Risk Assessment Key

SRR / ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Transformation and Change				
Core Assurance – Key Financial System				
I.T. Systems	ANA - High	Delt are in the process of reviewing and revising certain core processes that are common to all the Council's Key Financial Systems. The review will include a walk through of key controls with risk based testing being undertaken as appropriate where changes have been implemented. Relevant findings from the 16/17 review will be follow-up.	Q3 – Q4	10
Civica Financials: <ul style="list-style-type: none"> • Creditors • Main Accounting • Debtors 	ANA <ul style="list-style-type: none"> - High - High - Medium 	System walkthrough, focused risk based sample testing and follow-up of 16/17 reviews for each service area.	Q3 – Q4	45
Academy Revs & Bens: <ul style="list-style-type: none"> • Housing Benefits • Council Tax • Business Rates NNDR 	ANA <ul style="list-style-type: none"> - High - Medium - Medium 	System walkthrough, focused risk based sample testing and follow-up of 16/17 reviews for each service area. The 2017 business rate revaluation and the application of transitional relief will be included in the review of business rates.	Q3 – Q4	46
Treasury Management	ANA - Medium	System walkthrough, focused risk based sample testing and follow-up of 16/17 review.	Q3	10
iTrent - Payroll	ANA - Medium	System walkthrough, focused risk based sample testing and follow-up of 16/17 review.	Q3	15
Core Assurance - Other				
Corp Information Management <ul style="list-style-type: none"> • ILOG, FoI, DPA, Policies & P's, EDRMS, End User Computing 	SRR - Amber ANA – High	Audit support the Authority's ILOG and examine policies and processes relating to the management of information held throughout the organisation. Work will support the Information Management Project and any activities to educate and inform regarding the EU GDPR revisions. DAP will continue to be a Trusted Advisor within the Authority's MISF, ensuring that information	Q1 – Q4	20

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		security activities and functions are effective.		
ICT – Cyber Security	SRR – Amber ANA - High	Follow-up of 2016/17 review & consideration of changes made by Delt in respect of ongoing service improvements. To be conducted alongside ICT Material System review.	Q3 – Q4	10
HR/Payroll (iTrent)	ANA – High	Time has been allocated to support a number of work streams that have been set up to improve system functionality and enable new ways of working.	Q1 – Q4	5
Retained Functions - IT Service Strategy & Design	ANA - Medium	Trusted advisor role with Authority’s Strategy Group and ensuring that continuity plans are maintained and tested. 27001, PSN, PCI, Policies, Education	Q1 – Q4	8
Transformation & Change – Strategic and Operational				
Contract Management	ORR – Amber ANA - High	Consideration of the effectiveness of contract management arrangements to ensure good service delivery and VFM.	Q2 – Q3	15
Housing Benefits Overpayments	ORR – Amber ANA – High Client Request	Review of the effectiveness of the pilot scheme set up by the Transaction Centre to recover overpaid housing benefit payment.	Q1	10
Organisational Structure	ORR – Amber ANA – High Client Request	Review of controls and processes relating to the maintenance of the organisational structure on the HR now that Firmstep has been rolled out.	Q1	15
Libraries Transformation	ANA – High Client Request	The public consultation on the future of the libraries service opened on 25 January and closes on 19 April. Independent review of the consultation process has been requested to check that it is being run done correctly, with risks and resources identified and all delivery models explored.	Q1	15
Risk Management	ANA - High	Follow-up of the 2016/17 risk management review.	Q3 – Q4	10
Academy System (Revenues & Benefits)	ANA – Medium Client Request	Trusted advisor support will be provided as the service looks to deploy more automated functionality in delivery of the services within Revenues and Benefits.	Q1 – Q2	10
Purchasing Cards	ANA – Medium Client Request	Spot checks to ensure compliance with the Council’s requirements on the use of corporate purchasing cards.	Q2	5

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Customer Feedback	ANA – Medium Client Request	Review of the systems in place for responding to and learning lessons from customer feedback and complaints.	Q2 – Q3	20
Plymouth Community Homes Contract	ANA – Medium	Clauses in the PCH contract place certain financial responsibilities on the Council in the event of asbestos liability. The audit will seek to establish the risk and likelihood of the potential liability actually occurring.	Q2 – Q3	15
Coroners Office	ANA – Low Client Request	The Plymouth and West Devon Coroners service has merged jurisdictions with the Torbay and South Devon service. A review will be undertaken to ensure that the systems in place for the recharging and payment of accounts are working effectively.	Q2 – Q3	10
Finance Fit	ORR – Amber ANA – Medium Client Request	To work co-operatively with officers involved in the Finance Fit work stream as they continue to develop finance and procurement systems to streamline processes and deliver efficiencies.	Q2 – Q4	20
Schools Financial Value Standards (SFVS)	Statutory ANA - Low	Collection of SFVS self assessments completed by schools. Preparation of the Direct Schools Grant (DSG) Chief Financial Officer (CFO) Assurance Statement for 16/17, to be returned to DfE by 31 st May 2017	Q1 & Q4	5
Audit Advice to Transformation & Change	n/a		n/a	20
Transformation & Change – Audit planning, monitoring and performance reporting	n/a		n/a	30
People				
Core Assurance – Key Financial System				
CareFirst <ul style="list-style-type: none"> • Care Leavers (Payments) • Fostering (Payments) • Follow-Up of 2016/17 Children Independent Placements (Payments) 	ANA – Medium ANA – Medium ANA – Medium	Identify and review the systems in operation and undertake a programme of testing designed to measure compliance and to evaluate the effectiveness of system controls. Following an opinion of “improvements required”, work will be undertaken to determine progress in implementing the action plan agreed in response to the 2016/17 report.	Q2 - Q3	40 5

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Core Assurance - Other				
Social Care Business Solutions	ANA – High Client Request	OLM (CareFirst) contract coming up for renewal and there is a need to rationalise a number of other systems currently in use. Work to include a "sense check" across People systems, considering broader ICT links across the Council.	Q1 – Q4	30
Community Connections	ORR – Amber ANA - High	The service has recently been reorganised and a risk workshop will be held with senior management, mid year once the new ways of working have been rolled out. This will determine where audit resource can add most value.	Q3 – Q4	20
Legal Care Proceedings (Children's)	SRR – Amber ANA – High Client Request	Ensure threshold for proceedings are met, with adherence to 10 day timescale & interface with Legal Process. Corresponding reviews have been requested by Devon County Council & Torbay Council.	Q3	15
Pre-Paid Cards - Direct Payments Delivery Method	SRR – Amber ANA – High Client Request	Review of the effectiveness of controls, processes and procedures, including written guidance for Social Workers and Business Support and the documents sent to clients or 3rd party representatives once the contract for payment cards has been retendered. In the interim, we will continue to provide support and challenge to the Direct Payments Project Group.	Q3	15
Lessons Learned From Schools in Deficit	ANA – Medium Client Request	A look at the history linked to the deficit budget to identify "lessons learned".	Q1 – Q2	8
Deprivation of Liberty Safeguards (DOLS)	ANA - Medium	Following an opinion of "improvements required", work will be undertaken to determine progress in implementing the action plan agreed in response to the 2016/17 report.	Q2	5
Integrated Fund				
Finance & Assurance Review Group (FARG)	SRR - Red ANA – High Client Request	The purpose of FARG is to provide oversight, scrutiny and assurance of the integrated fund and under the membership requirements laid down in the terms of reference, internal audit will continue to have a seat on FARG to providing real time support and challenge through their attendance.	Q1 – Q4	10
One System One Aim				
Plymouth & Western System Development Board	SRR - Red ANA - High	The Council and New Devon CCG have pooled and aligned budgets for health integration of circa £460m. A small allocation of days have been identified to attend the board with the knowledge gained, used to inform	Q1 – Q4	5

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
		strategic audit work within People.		
One System One Aim, The Seven Priorities		Review of the terms of reference and action plans for the seven priorities within OSOA to inform the focus of audit work.	Q1 – Q4	20
Multi-Agency Hub	SRR - Amber ANA – High Client Request	A review of the multi-agency hub which went ‘live’ in June 2016 and determines if there is a need to carry out a child in need assessment or child protection enquiry where it is believed that a child or young person is at risk of, or is being hurt, abused or suffering neglect.	Q2 – Q3	15
Early Help Gateway (CSC)	SRR - Amber ANA – High Client Request	This initiative went “live” in Dec 2015, and we will review the processes in place and feedback on how these are helping to fulfil the goals set.	Q2 – Q3	15
Livewell South West	ANA – High Client Request	Review of systems, controls and processes relating to the services commissioned through the Integrated Fund from Livewell South West.	Q3 – Q4	18
Audit Advice to People	n/a		n/a	20
People – Audit planning, monitoring and performance reporting	n/a		n/a	30
Public Health				
Business Continuity Planning	SRR - Amber ANA – High Client Request	Resilience of Council Partners / Contractors in the supply chain for critical services e.g. ICT delivery, social care	Q2	15
Public Protection Service	SRR - Amber ANA – Medium Client Request	Review impact of customer services transformation on PPS in relation to calls & other interventions to test whether the current business model of an 'intervention triangle' is likely to work for the service.	Q3 - 4	15
Audit Advice to Public Health	n/a		n/a	5
Public Health – Audit planning, monitoring and performance reporting	n/a		n/a	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Place				
Review of Major Contracts	SRR - Amber ANA - High	Supporting officers in the early management of new Highways Term Maintenance contract and a mid-year review of the works ordering processes around the new highways management system.	Q1 – Q4	20
Commercial Properties	SRR95 - Red ANA - High	The commercial portfolio is worth £88m and generates more than £6m of rental income. Internal Audit will act as “trusted advisor” to work alongside the service as they review and streamline systems and processes, including the development of revised proformas.	Q1 – Q4	20
Street Services	ANA – High Client Request	Support the service in developing robust and meaningful key performance indicators to manage systems and drive growth.	Q1 – Q4	15
Trade Waste	ANA – Medium Client Request	Follow-up of 15/16 review and due diligence work around the business model and finances.	Q1 – Q4	15
Waste PFI	ORR - Amber ANA – Medium Client Request	Processes around contract management including recycling credits and Internal Audit presence on Project Executive.	Q1 – Q4	5
Modernisation of Garage	ANA – Medium Client Request	Internal Audit will act as “trusted advisor” to work alongside officers as the Council explores additional commercial opportunities in this area.	Q1 – Q4	16
Audit Advice to Place	n/a		n/a	15
Place – Audit planning, monitoring and performance reporting	n/a		n/a	20
Grants				
Early intervention – Families with a Future	Regulatory Requirement ORR - Amber	Audit review and certification for each monthly claim. Support for the service as they develop new system.	Q1 – Q4	25
Local Transport Capital Block Funding (Integrated Transport & Highways Maintenance)	Regulatory Requirement	Grant determination requires independent certification of expenditure by		3

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA)	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Pothole Action Fund	Regulatory Requirement	Grant determination requires independent certification of expenditure by Internal Audit.		3
Highways Maintenance Challenge Fund	Regulatory Requirement	Grant determination requires independent certification of expenditure by Internal Audit.		3
GD18 Norther Corridor Junction Improvements	Regulatory Requirement	Grant determination requires independent certification of expenditure by Internal Audit.		3
GD19 Plymouth Eastern Corridor Cycle Route	Regulatory Requirement	Grant determination requires independent certification of expenditure by Internal Audit.		3
DCLG Plymouth City Deal (South Yard)	Regulatory Requirement	Grant determination requires independent certification of expenditure by Internal Audit.		3
Other Chargeable Activities (not incorporated above)				
Corporate Governance	n/a	Support for Audit Committee, annual follow up for Audit Committee, corporate governance, internal audit standards, customer service excellence, audit development, liaison with external audit etc.	Q1 – Q4	85
Completion of 2016/17 Audit Plan	n/a		Q1	20
Contingency	n/a		n/a	10

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally” and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit will liaise with the Council’s Corporate Fraud Team to enable resource to be focussed on identifying and preventing fraud before it happens. Nationally these areas include Procurement, Payroll, Blue Badges and Direct Payments.

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. Work on the 2016/17 exercise commenced last October with various datasets uploaded to the NFI website and resulting data matches received at the end of January 2017. We will work with Council departments to ensure that the matches are reviewed and action taken as may be necessary.

Internal Audit Governance

An element of our work is classified as “other chargeable activities” – this is work that ensures effective and efficient audit services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. External Audit, Audit South West);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during the year;
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

We have developed sound working arrangements with BDO, the authority’s external auditors and have liaison meetings to understanding their requirements and to provide the information they require, maximising the benefits of close working. We will continue to work closely with colleagues from Audit South West, the internal auditors for Health, as the Council’s integration with Health continues to develop. Joint working arrangements have been agreed through both PCC and CCG Audit Committees supported by detailed arrangements around audit planning, delivery and reporting in a shared arrangement.

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “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 (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit has taken account of the Authority’s risk management framework. The plan has been adjusted and reviewed, as necessary, in response to changes in the Authority’s business, risk, operations, programs, systems and controls. The plan takes account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

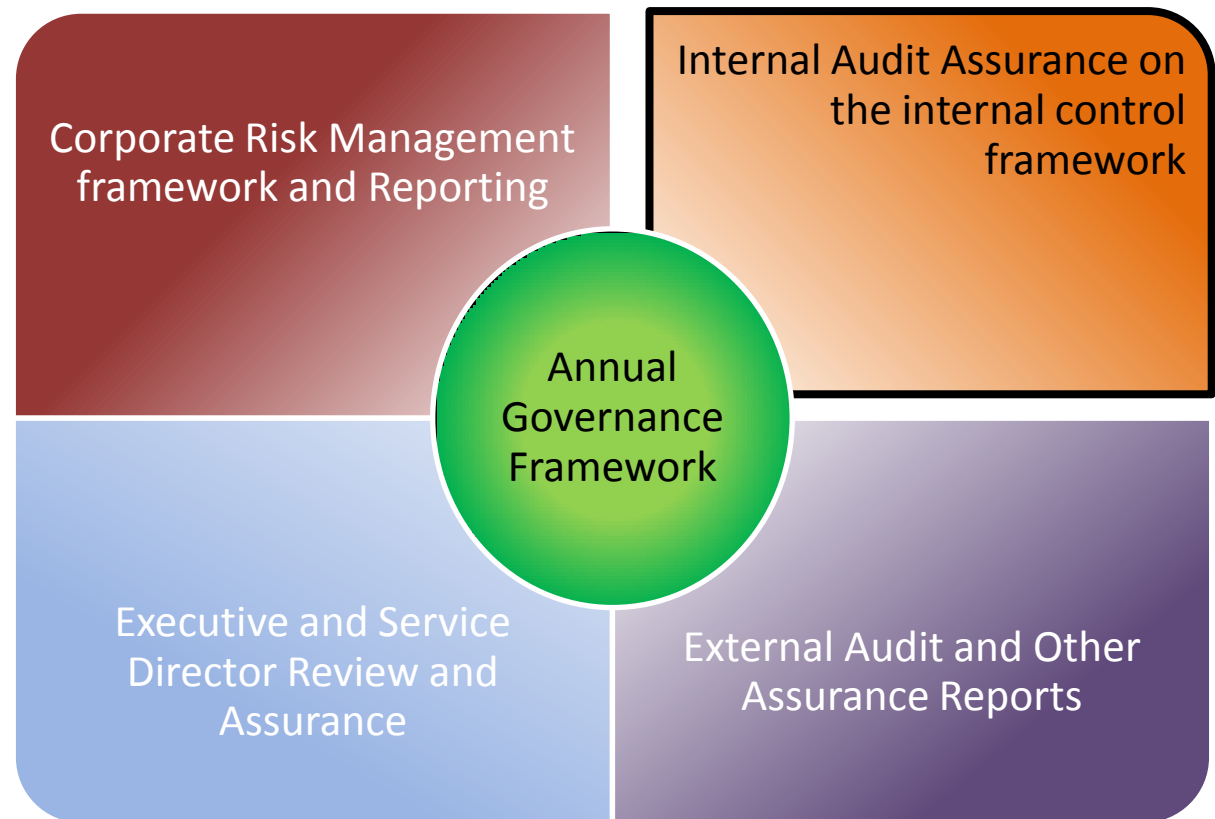
Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Chief Executive and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA Framework *Delivering Good Governance in Local Government 2016*.



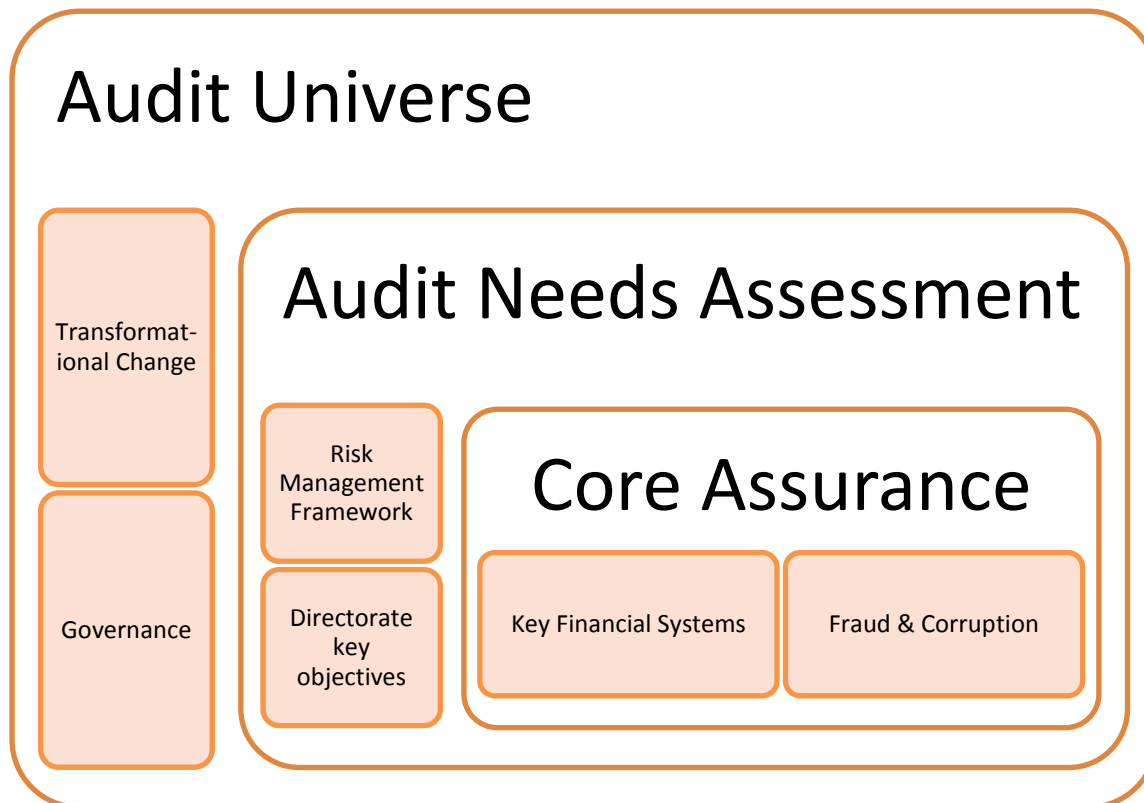
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance Statement Working Group, CMT and Internal Audit that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

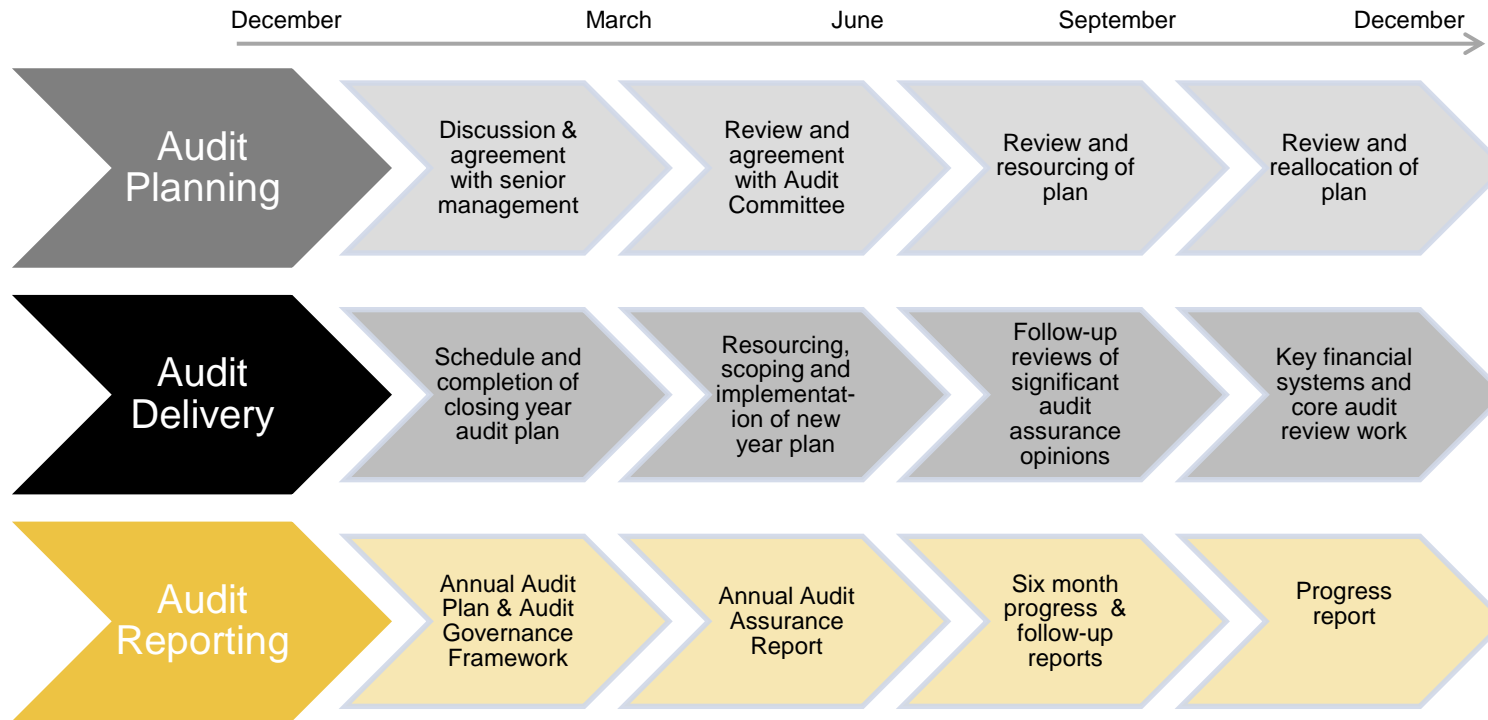
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec / Jan 2017	Directorate planning meetings
March 2017	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year end field work completed
Apr / May 2017	Annual Performance reports written
June 2017	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year’s audit work commences
Sept 2017	Follow-up and progress reports presented to Audit Committee
Dec 2017	Six month progress reports presented to Audit Committee
	2018 Internal Audit Plan preparation commences

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