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## INTERNAL AUDIT PLAN 2017/18

### 1 PURPOSE OF REPORT

- 1.1 To present the proposed 2017/18 audit plan to the Audit Committee for consideration and approval.

### 2 INTRODUCTION

- 2.1 The Accounts and Audit Regulations 2015 (section 5) require the Council to undertake an effective programme of internal auditing to evaluate the effectiveness of its risk management, control and governance processes, taking into account relevant Public Sector Internal Auditing Standards (PSIAS) or guidance.
- 2.2 The Accounts and Audit Regulations 2015 make it a requirement for Internal Audit to take into account the UK PSIAS in delivering the service.
- 2.3 The PSIAS in turn require Internal Audit to produce a risk-based Audit Plan that:-
- Provides the Chief Audit Executive sufficient evidence to provide an annual audit opinion of the Council's framework of governance, risk management and internal control based on the outcome of the Plan's work;
  - Uses existing sources of assurance where possible;
  - Demonstrates how the internal audit work is linked to the Council's objectives and significant risks and therefore provides relevant assurance.
- 2.4 The appended audit plan meets the requirements set out in paragraph 2.3.
- 2.5 The PSIAS also require the Audit Committee to approve, but not direct, the audit plan. This means the Audit Committee can and should challenge whether the plan is sufficient and adequately focused, particularly given the plan's purpose to provide:-
- The Chief Audit Executive with sufficient evidence to provide an annual audit opinion for 2017/18 on the Council's framework of governance, risk management and internal control; and
  - The Audit Committee, as part of those charged with governance, with a key source of assurance to be considered when it decides whether to recommend the Annual Governance Statement for signing by the Managing Director and Leader of the Council.

- 2.6 This report allows the Audit Committee to fulfil its requirements to approve the audit plan.
- 2.7 The PSIAS further require the plan to be linked to or incorporated into an audit charter and strategy setting out how the Internal Audit team will work to deliver the audit plan. The audit charter and strategy were last reported to the Audit Committee in December 2016.
- 2.8 This report does not include an updated audit charter and strategy. It is intended to report an updated audit charter and strategy in December 2017.

### **3 THE 2017/18 AUDIT PLAN**

- 3.1 The audit plan was developed following meetings with all Directors and Assistant Directors to discuss their services' and the Council's key objectives and risks. The feedback from these meetings informed a wider risk assessment that prioritises the Council's activities for audit coverage considering the following factors:-
- Finance – significance of income or expenditure and the potential risk of keeping within associated budgets
  - Public – potential for service user or general public dissatisfaction
  - Operational – whether the activity is part of the Council's key "business as usual" and/or linked to corporate priorities or corporate risks
  - Legal – whether the activity is statutory and/or a regulated service
  - People – whether there are health and safety and safeguarding risks
  - Property – the potential for the Council's property to be damaged, lost, stolen or its use not maximised
  - Inherent risk – whether the activity is inherently complex, involves third parties to deliver or has a high potential risk of fraud
  - Current assurance – whether there is recent Internal Audit assurance, or assurances from reliable third parties, and the level of that assurance.
- 3.2 The audit plan is structured in relation to the Council's corporate risks demonstrating the assurance the Audit Committee will receive in regard to these risks.
- 3.3 The audit work is also linked to the Council's priorities from its 2016 – 2020 business plan, again demonstrating the assurance the Audit Committee will receive in regard to these.
- 3.4 The audit plan also includes a number of other activities that whilst not audits, are chargeable to the Audit Plan as they are integral to its delivery. These

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activities include audit planning, reporting to the Audit Committee and other audit management tasks such as reviewing the audit charter and strategy.

#### **4 RISK IMPLICATIONS**

- 4.1 Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that weaknesses in the Council's governance, risk management and internal control framework may not be promptly identified and remedied. Failure to do so may mean the Council does not achieve its vision and objectives.
- 4.2 Should there be insufficient resources to substantially complete the 2017/18 audit plan, there is a risk the Chief Audit Executive will not be able to provide an annual opinion for 2017/18.

#### **5 RESOURCE IMPLICATIONS**

- 5.1 The proposed audit plan is deliverable with the team's current resources.

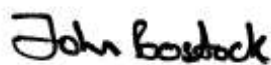
#### **6 LEGAL IMPLICATIONS**

- 6.1 The Accounts and Audit Regulations 2015 (section 5) require the Council to undertake an effective programme of internal auditing to evaluate the effectiveness of its risk management, control and governance processes, taking into account relevant Public Sector Internal Auditing Standards or guidance.

#### **7 RECOMMENDATION**

- 7.1 It is proposed that the Committee **RESOLVES**

That the proposed 2017/18 audit plan be approved.



John Bostock  
Assistant Director, Democratic Services

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#### **Background Papers:-**

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

## Internal Audit work needed in 2017/18 to provide an annual opinion

Activity to be audited	Objective of work	Business Plan priority	Timing
<b>Corporate risk: The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement</b>			
Procurement	To follow up on the 2016/17 audit that received a limited assurance opinion and assess whether the requirements of Contract Procedure Rules are complied with for a sample of purchased goods and services across a range of values and service areas.	Become financially self-sufficient	Q4
Contract Management	To assess whether the Council's key contracts are well managed to ensure compliance and achieve required outcomes.  The contracts that will be reviewed in 2017/18 are: <ul style="list-style-type: none"> <li>• Leisure Services</li> <li>• IT Support Services</li> <li>• Waste Management</li> <li>• Street Scene</li> </ul> <i>Where possible, this work will identify and assess the extent existing sources of assurance activity can be relied upon.</i>	Become financially self-sufficient	Throughout the year
Information Technology	To undertake a programme of assurance reviews of key risk areas.  <i>A separate risk assessment and plan is developed for this work.</i>	Maximise assets	Throughout the year
<b>Corporate risk: Failure to ensure good governance of the Council's activities and delivery of its priorities</b>			
Officer Governance Group	To attend the Governance Group meetings and contribute to the development / improvement of governance processes.	Become financially self-sufficient	Throughout the year

Activity to be audited	Objective of work	Business Plan priority	Timing
Key Financial Systems	To assess whether the key controls in the key financial systems are adequately designed and effectively applied.  <i>Assurance will be “rolled over” from 2016/17 where possible. Testing will focus only on key controls relating to significant income or expenditure streams.</i>	Maximise assets	Q2 – Q4
LATCo	To assess whether the Council has robust governance, oversight and performance management arrangements to ensure the LATCo achieves its required business and financial objectives.	Become financially self-sufficient	Q2
Planning Services	To assess whether there are effective processes and procedures to ensure planning applications are processed within required timescales.	Early intervention	Q3
Licensing	To assess whether licensing decisions made by Officers are in line with policy and supported by sufficient evidence.	Early intervention	Q1
Asset Management	To assess whether land and property assets are strategically managed to ensure they remain fit for purpose and contribute to the achievement of the Council’s Business Plan.	Maximise assets	Q1
Counter Fraud	To deliver a programme of proactive counter fraud work and where necessary investigate any fraud referrals.	Maximise assets	Throughout the year

Activity to be audited	Objective of work	Business Plan priority	Timing
Counter Fraud	<p>To provide oversight of, and report to Audit Committee on, whether the Accountable Officers for National Fraud Initiative data matches are taking appropriate and prompt action.</p> <p><i>This work is an oversight role only to ensure the Chief Audit Executive is aware of the extent and nature of matches should it indicate any significant control issues and to gain assurance any issues arising are being dealt with.</i></p>	Maximise assets	Throughout the year
<b>Corporate Risk: We fail to deliver the objectives of the Council's Business Plan in terms of measurable outcomes</b>			
Consultation and Engagement	To assess whether consultation and engagement is used effectively to influence service planning and the 2018/19 budget.	Become financially self-sufficient Enable communities	Q3
Organisational Change	To work with staff throughout 2017/18 to provide constructive challenge over the governance (e.g. project management) and the design of controls into any new or changed systems and processes.	All priorities	Throughout the year
<b>Corporate Risk: There is a failure of safeguarding arrangements</b>			
Safer Recruitment	To assess whether required checks are carried out and references obtained prior to staff (including agency staff) working for the Council.	Early intervention	Q2

Activity to be audited	Objective of work	Business Plan priority	Timing
<b><i>Corporate Risk: There is a serious Food or Health and Safety, Environmental or other incident for which the Council is culpable</i></b>			
Environmental Health	To assess whether there is effective planning and delivery of statutorily required Environmental Health inspections.	Early intervention	Q1
Health and Safety	To assess whether Health and Safety arrangements (including training and reporting) are robust and consistently applied.	Early intervention	Q4
<b><i>Corporate Risk: Council held data is lost, disclosed or misused to the detriment of individuals or organisations as a result of inadequate protection</i></b>			
<p>No planned coverage in 2017/18.</p> <p>Information Governance audited in 2016/17.</p> <p>Any recommendations made in the 2016/17 Information Governance audit will be followed up during 2017/18.</p>			
<b><i>Corporate Risk: We fail to respond to, or provide, relevant services in the event of an incident or disaster</i></b>			
<p>No planned coverage in 2017/18.</p> <p>Business Continuity last audited in 2016/17.</p> <p>Any recommendations made in the 2016/17 Business Continuity audit will be followed up during 2017/18.</p>			



Activity to be audited	Objective of work	Business Plan priority	Timing
Disaster Recovery	To assess whether there are robust and tested Disaster Recovery plans to ensure critical IT systems can be recovered effectively in line with business needs. <i>Part of IT audit programme.</i>	Maximise assets	Q2
<b><i>Corporate Risk: We fail to innovate and develop new ways of meeting customer needs and expectations</i></b>			
See also: Consultation and engagement			
See also: Organisational Change			
<b><i>Corporate Risk: Failure to produce and meet a balanced budget and MTFs that allow for the successful delivery of the Business Plan priorities or the Capital Programme</i></b>			
Budget Setting	To assess whether there are effective processes to set the 2018/19 budget and identify deliverable savings.	Become financially self-sufficient	Q3
<b><i>Corporate Risk: The inability to recruit, retain, develop and manage appropriately skilled staff to deliver the Council's priorities</i></b>			
Staff Performance Management and Development	To assess whether there is a robust and consistently applied framework to manage staff performance and ensure staff receive required training.	Maximise our assets	Q1
<b><i>Corporate Risk: Failure to enter into and manage effective partnerships for the delivery of services and outcomes</i></b>			
No planned coverage			
<b><i>Corporate Risk: Community cohesion is impacted adversely by service changes or withdrawals</i></b>			
No planned coverage			

Activity to be audited	Objective of work	Business Plan priority	Timing
<b><i>Corporate Risk: Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve</i></b>			
See also: Consultation and engagement	To assess whether consultation and engagement is used effectively to influence service planning and the 2018/19 budget.	Become financially self-sufficient Enable communities	Q3
<b><i>Other audit activity chargeable to the audit plan</i></b>			
Following up recommendations	To assess whether recommendations have been effectively implemented.	All priorities	Throughout the year
Audit planning	To develop the 2018/19 Audit Plan.		Q4
Reporting to Audit Committee	To write and agree the required reports to Audit Committee throughout 2017/18.		Throughout the year
Audit management	To undertake required management activity including quality assurance processes and to review and where necessary update the Audit Charter and Strategy.		Throughout the year