

## **ANNUAL INTERNAL AUDIT PLAN 2017/18**

### **Audit Committee - 18 April 2017**

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

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**This report supports the Key Aim of Effective Management of Council Resources**

**Portfolio Holder** Cllr. Scholey

**Contact Officer(s)** Lisa Nyon, Ext. 3004  
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**Recommendation to Audit Committee:** That Members approve the draft Internal Audit Plan for 2017/18

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**Reason for recommendation:** The Internal Annual Audit Plan is required to be approved by the Audit Committee prior to implementation.

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### **Introduction**

- 1 This report incorporates the Annual Internal Audit Plan and Programmed Reviews for 2017/18, attached as an Appendix to this report. The objective of the plan is to ensure that Internal Audit resources are deployed in order to add value to the Council's objectives, whilst delivering reasonable assurance to the Council, regarding the effectiveness of internal control, governance and risk management processes in fulfilment of the Council's statutory responsibilities.
- 2 The plan has been prepared in accordance with professional guidance, including the Public Sector Internal Audit Standards 2016 using an audit needs analysis methodology which takes into account and regulatory requirements, in particular the Accounts and Audit Regulations 2015.
- 3 The Audit Committee is required by its terms of reference, to approve the Annual Internal Audit Plan prior to its implementation.
- 4 The programmed work of Internal Audit is informed by an assessment of the audit environment consisting of all the activities within the Council. This took account of changes proposed or implemented within the Council over the last 12 months; incorporating audit priorities on a risk assessed basis, in consultation with senior management. This methodology has been used to help ensure that audit resources are targeted to the areas where the work of

Internal Audit would be most effective in improving internal controls, the efficiency of service delivery, and to facilitate the effective management of identified risks.

### **Summary of Issues in the Audit Plan:**

- 5 The proposed Audit Plan for 2017/18 has 24 key reviews totalling 250 direct audit days, which cut across the whole Council and includes key financial systems and payroll.
- 6 In addition to the planned reviews, 24 audit days have been set aside for system advice and information, 20 days for fraud irregularity and special projects (Including participating in the National Fraud Initiative (NFI) aimed at protecting the Council against external fraud), 161 days for service development, audit planning, risk management, Audit Committee reporting and general administration. Thirty days are also set aside for Audit Management and Supervision.
- 7 In addition to the programmed reviews set out in Annex 1 to the Appendix, a resource plan for Sevenoaks District Council is attached as Annex 2 to the Appendix, showing the resource available for the year and how it has been allocated.
- 8 Additional days this year have been allocated to training needs for the team. It is proposed that all reviews included in the 2017/18 plan will be completed using our 'TeamMate' audit software which will help the team become more efficient and will bring consistency to audit report writing.
- 9 All work undertaken during the year and any proposals for amendments of the plan will be reported to the Audit Committee through the routine monitoring arrangement of progress against the Audit Plan by the Audit Committee.

### **Liaison and Co-operation with External Audit**

- 10 During the course of the year, Internal Audit will work closely with the External Auditors, Grant Thornton, within the terms of an agreed protocol, to ensure an effective and efficient delivery of the assurance requirements for the Council and to minimise duplication.

### **Revisions to the Audit Plan**

- 11 The plan is risk based and took account of the assessed risks at the time of planning. However, in view of the changing and dynamic nature of the current economic, political and regulatory environment, risk profiles may change at fairly short notice. Internal Audit will remain responsive to the needs of the Council during 2017/18. As a result, revisions to the plan may be required should the risk profiles, or regulatory requirements affecting the Council changes. Where changes within the environment necessitate revisions to the audit plan, any proposed changes would be agreed with

Senior Management prior to seeking the approval of the Audit Committee, and before implementation.

## **Key Implications**

### Financial

Not Applicable.

### Legal Implications and Risk Assessment Statement.

No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2015.

The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its "arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The report indicates that the Council has effective arrangements in place as required by regulatory requirements and professional standards.

### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **Conclusions**

The attached plan incorporates the assurance requirements for 2017/18, and had been prepared in accordance with relevant professional and regulatory requirements. The Committee is therefore requested to approve the plan.

**Appendices** Appendix A - Draft Internal Audit Plan for 2017/18  
Annex 1 - Details of Programmed Reviews 2017/18  
Annex 2 - Resource Plan 2017/18

**Background Papers:** Internal Audit Annual Plan for 2017/18  
Public Sector Internal Audit Standards 2016  
<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Accounts and Audit Regulations 2015  
<http://www.legislation.gov.uk/uksi/2011/817/contents/made>

**Adrian Rowbotham**  
**Chief Finance Officer**