

# ARUN DISTRICT COUNCIL

## REPORT TO AND DECISION OF AUDIT & GOVERNANCE COMMITTEE ON 14 FEBRUARY 2019

### PART A : REPORT

**SUBJECT:** Annual Internal Audit Plan 2019/20

**REPORT AUTHOR:** Stephen Pearse, Chief Internal Auditor

**DATE:** February 2019

**EXTN:** 37561

**PORTFOLIO AREA:** Corporate Support

#### EXECUTIVE SUMMARY:

Each year Internal Audit is required to develop and annual audit plan for the following financial year, for agreement by the Audit & Governance Committee

#### RECOMMENDATIONS:

Members of the Audit & Governance Committee are requested to agree the outline Annual Internal Audit Plan

#### 1. BACKGROUND:

Each year Internal Audit is required to develop an annual audit plan for the following financial year.

This provides the opportunity for the Chief Internal Auditor, in consultation with senior managers within the Authority and with members of the Audit & Governance Committee, to determine where best the limited resources available to Internal Audit should be directed. In order to prepare the plan, consideration has been given to accepted best practice, as promulgated by both CIPFA and the Chartered Institute of Internal Auditors.

The section continues to operate with 2 FTE in the short-term, with the focus on mandatory and high priority work. Now that the Council's revised structures / operations are largely finalised, consideration can be given to resourcing for the future).

As at the start of 2019, there are still a number of Council strategies (e.g. Customer Access, Digital, etc.) to be progressed that may result in work for the section. There also remains considerable uncertainty regarding a number of areas e.g.:-

- the Council's ongoing financial position, as impacted by central Government policy / funding changes and potential knock-on effects from cuts elsewhere e.g. WSCC
- the impact of Brexit arrangements once agreed by central Government and the

impact on the requirements for / provision of Council services

- potential change to political will as a result of the May 2019 District elections.

These may require further operational changes to meet new and changed requirements / legislation.

In view of this, an outline-only plan is attached for the agreement of the Committee and there will again need to be considerable flexibility through the year as to the assignment of resource to specific tasks. (NB - the outline plan has been prepared to be generally in line with the allocations that had been considered for the indicative common plan that had been drafted and included in the shared services business case in 2016). As agree with management, it is currently anticipated that work will be required (timing and scope to be agreed) at some stage in the year on e.g.:-

- the Housing service (after the restructure has been completed)
- the Office 365 implementation project
- the Northgate replacement / upgrade project (Revenues and Benefits software)
- the Council's Medium Term Financial Strategy, giving consideration to resilience and sustainability (linked to the issue of CIPFA's Financial Management Code which is expected later in 2019).

These will be accommodated within the proposed outline plan and reports on the progress of work being undertaken will be provided to meetings of the Audit & Governance Committee through the year, as is currently the case.

Should there be a significant change during the year in the work to be undertaken by the section or in the resource available to it, then a revised Plan will be prepared and advised to the Committee.

**2. PROPOSAL(S):**

It is proposed that the Committee agrees the outline Annual Internal Audit Plan for 2019/20

**3. OPTIONS:**

To agree the outline Annual Internal Audit Plan for 2019/20, or not

**4. CONSULTATION:**

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓

**5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)**

	YES	NO
Financial		✓
Legal		✓

Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
<b>6. IMPLICATIONS:</b>		

**7. REASON FOR THE DECISION:**  
The Committee agrees the outline Annual Internal Audit Plan for 2019/20

**8. BACKGROUND PAPERS:**  
N/A

**Outline Internal Audit Plan for 2019/20**

1/4/19- 39/3/20 (52 weeks)

Based upon the current 2.0 FTE and in line with the number of days per auditor / classification of assignments that had been considered for a common shared internal audit service

Key Financial Systems	78
Computer Audit (including projects)	65
Business Systems Audit	125
Contract Audit	8
Follow-Ups	6
PSIAS / QAIP (includes reviewing & updating audit procedures)	2
<b>Total Chargeable Days (Audit)</b>	<b>284</b>
Governance / AGS	5
NFI	17
Corporate Fraud	3
Audit Advice	10
External Audit Liaison	4
Committee Representation	10
Planning & Control	23
Contingency (e.g. for special investigations)	7
Meetings (Corporate)	8
RIPA	2
FOI	2
<b>Total Chargeable Days (Non-Audit)</b>	<b>91</b>
<b>Total Chargeable Days</b>	<b>375</b>

(Chargeable days are those after allowance for bank holidays, leave, sickness, admin, etc. which are an overhead and not directly relevant to Council service areas)