

<b>REPORT TO:</b>	<b>GENERAL PURPOSES &amp; AUDIT COMMITTEE</b> <b>15 March 2018</b>
<b>SUBJECT:</b>	<b>Internal Audit Charter, Strategy and Plan</b>
<b>LEAD OFFICER:</b>	<b>Director of Governance</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall</b> <b>Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>Internal Audit's work helps the Council to improve its value for money by strengthening financial management and supporting risk management. Strengthening value for money is critical in improving the Council's ability to deliver services helping the Council achieve all its visions and aims. The external auditor relies on the work from the internal audit programme when forming opinions and assessments of the Council's performance.</p>	
<b>FINANCIAL IMPACT</b>	
<p>The Internal Audit contract for 2018/19 is a fixed price contract of £378,000 and appropriate provision has been made within the budget for 2018/19.</p>	

## **1. RECOMMENDATIONS**

- 1.1 The General Purposes & Audit Committee is asked to approve the Internal Audit Charter (Appendix 1), Strategy (Appendix 2) and the plan of audit work for 2018/19 (Appendix 3).

## **2. EXECUTIVE SUMMARY**

- 2.1 The current UK Public Sector Internal Audit Standards came into effect on 1 April 2013. To help with the Council's compliance with these standards the Council's internal audit charter (appendix 1) and strategy (appendix 2) are reviewed annually and are now attached for approval. These will be reviewed and brought back for approval each year to ensure that they remain up to date and relevant. Also attached is the work plan for internal audit for 2018/19 (appendix 3).

## **3. DETAIL**

- 3.1 In England, specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body 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 or guidance."
- 3.2 The UK Public Sector Internal Audit Standards which apply to local and central government, the NHS and the three devolved governments came into force from 1<sup>st</sup> April 2013 and were further revised in 2016 and 2017. Compliance with these satisfies the requirements of the Accounts and Audit Regulations.
- 3.3 To help with the Council's compliance with these standards the Council's internal audit charter (appendix 1) and strategy (appendix 2) have been reviewed and are attached for approval. These will be reviewed and brought back for approval each year to ensure that they remain up to date and relevant. Also attached for approval is the work plan for internal audit for 2018/19 (appendix 3).
- 3.4 The work plan for 2018/19 follows a similar format to previous years and its make-up is as set out in the audit strategy. It aims to maximise the value from the internal audit resource available and to provide sufficient evidence to enable the Director of Governance to give an opinion on the effectiveness of its risk management, control and governance processes.
- 3.5 The Council's Executive Leadership Team has reviewed and supports the work plan.

## **4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 4.1 The fixed price for the Internal Audit Contract is £378,000 for 2018/19 and there is adequate provision within the budget. There are no additional financial considerations relating to this report
- 4.2 Internal Audit's planning methodology is based on risk assessments that include using the Council risk register processes.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

## **5. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 5.1 The Solicitor to the Council comments that information provided in this report is necessary to demonstrate the Council's compliance with requirements imposed by the Accounts and Audit Regulations 2015, and in particular that there is an effective internal audit to evaluate the effectiveness of the Council's risk management, control and governance processes.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law, for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer)

## **6. HUMAN RESOURCES IMPACT**

- 6.1 There are no immediate human resource considerations arising from this report for LBC staff or workers.

(Approved by: Gillian Bevan, Acting Head of HR, Resources)

## **7. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS**

- 7.1 When Internal Audit is developing the Annual Audit Plan or individual audit programmes the impacts of the issues above are considered depending on the nature of the area of service being reviewed. Issues relating to these impacts would be reflected in the audit reports and recommendations.

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**CONTACT OFFICER:** Simon Maddocks, Director of Governance

**APPENDICES:** Appendix 1 - Internal Audit Charter  
Appendix 2 - Strategy  
Appendix 3 - Plan of audit work for 2018/19