

Internal Audit Plan

2017-2018

Background

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 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”.

The guidance accompanying the Regulations recognises both the Public Sector Internal Audit Standards (PSIAS) 2016 and the CIPFA Local Government Application Note for the UK PSIAS as representing “public sector internal audit standards”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions.

The standards also requires that an opinion is given on the overall adequacy and effectiveness of the Council’s control environment comprising risk management, control and governance, which is informed by the work undertaken by the Service.

The Shared Service Internal Audit function conforms to the International Standards for the Professional Practice of Internal Auditing.

What is Internal Auditing?

The role of the internal auditor is to provide *independent, objective assurance* to management that key risks are being managed effectively. To do this, the internal auditor will evaluate the quality of risk management processes, systems of internal control and corporate governance frameworks, across all parts of an organisation, and to provide an opinion on the effectiveness of these arrangements. As well as providing assurance, an internal auditor’s knowledge of the management of risk enables them to act as a consultant and provide support for improvement in an organisation’s procedures. For example, at the development stage of a major new system where the internal auditor can help management to ensure that risks are clearly identified and appropriate controls put in place to manage them.

Why is assurance important?

By reporting to senior management that important risks have been evaluated, and highlighting where improvements are necessary, the internal auditor helps senior management to demonstrate that they are managing the organisation effectively on behalf of their stakeholders. Hence, internal auditors, along with senior management and the external auditors are a critical part of the governance arrangements of our organisation, our work significantly contributing to the statutory Annual Governance Statement (AGS).

Development of the 2017/2018 Internal Audit Plan

To enable the above, the Chief Internal Auditor is required to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives and taking into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks.

How did we develop the plan - Risk Based Internal Audit Planning (RBIAP)

To ensure our internal audit resources continue to be focussed accordingly, particularly during periods of organisational change, it is essential that we understand our clients' needs, which means building relationships with our key stakeholders, including other assurance/challenge providers, in order to gain crucial insight and ongoing 'intelligence' into the strategic and operational change agendas within our organisation.

This insight is not only identified at the initial development stages of the plan but dialogue continues throughout the financial year(s) which increases the ability for the Internal Audit Service to adapt more closely to meet the assurance needs of the Council, particularly during periods of significant change.

Our plan therefore needs to be dynamic and should be flexible to meet these needs.

How did we achieve the above?

To ensure that an effective plan is developed, a consultation process took place with the Audit and Standards Committee, Corporate Team and Service Managers to establish priorities. The proposed activity from all sources was collated and matched against the internal audit resources available and prioritised accordingly.

A flexible audit plan - Risk and Control Assurance Programme

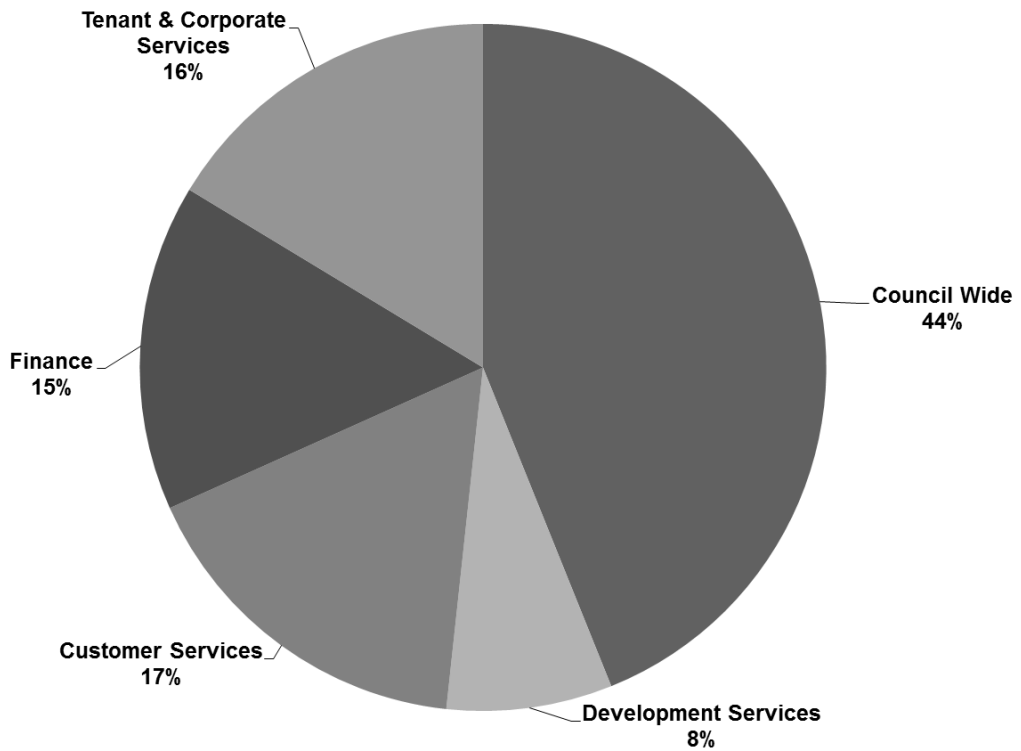
The audit plan is stated in terms of estimated days input to the Council of **515** audit days which is comparable to last year. By continuing to apply RBIAP principles; this level of input, with the ability to commission internal audit resources from current audit framework agreements as required, is considered acceptable to provide the assurance the Council needs. We will however, continue to reassess our resources required against the Council's priorities and risks and will amend the plan throughout the year as required, reporting any key changes to the Audit and Standards Committee.

Overview of Internal Audit's Risk and Control Assurance Programme

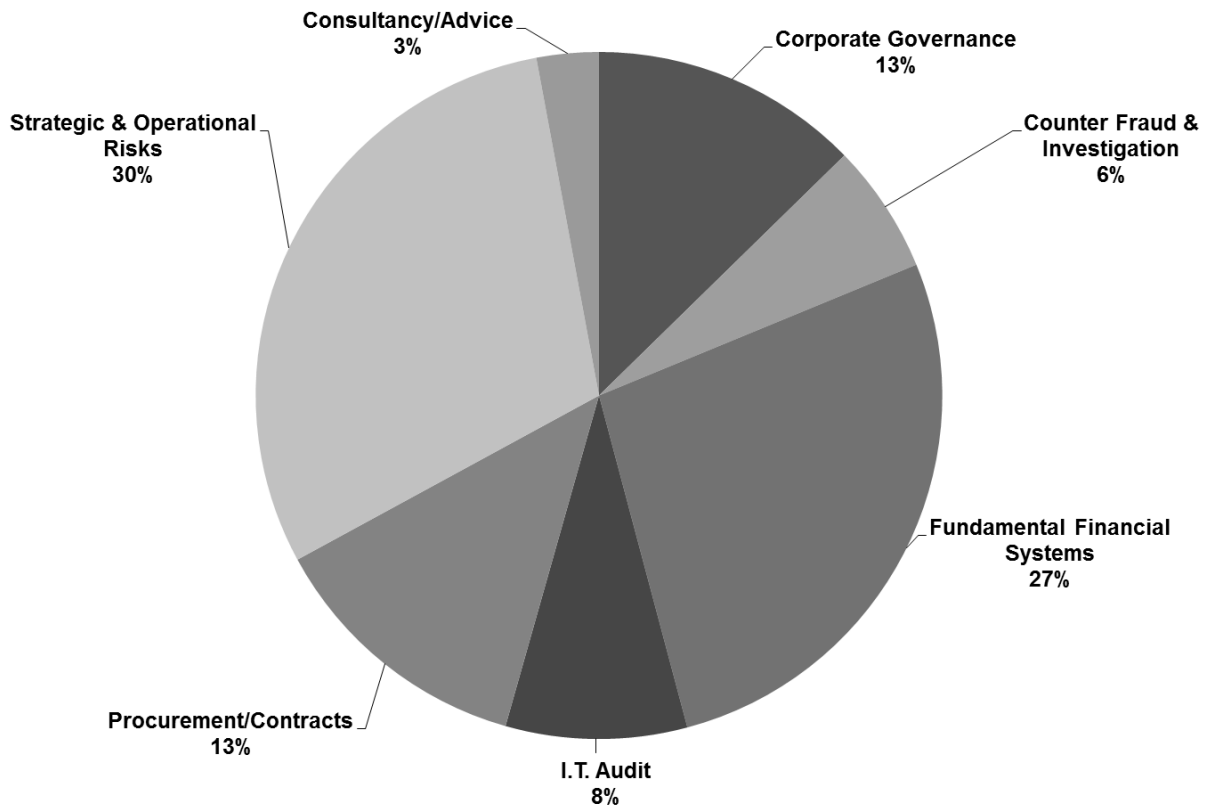
In order to provide a high level overview of the proposed Risk and Control Assurance Programme the pie charts below highlight the allocation of audit resources per:

- Functional service area; and
- Category of review.

Percentage of audit days per functional area



Percentage of audit days per category of review



The key points to note within the proposals are:

- There is a proportional split, based on risk, between each of the functional service areas to enable the provision of an audit opinion;
- Continued focus on corporate governance, key financial systems and strategic risks;
- Continued emphasis on procurement and contract management and monitoring arrangements; and
- Taking into consideration other assurance providers.

The detail supporting this overview is attached at Appendix 1 which shows:

- Audit activity per service area;
- Name of the audit activity;
- Reason for the audit i.e. as a result of RBIAP and link to the Council's Corporate Risk Register, statutory requirements etc;
- Outline scope of the review (please note that a detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is continually focused on the key risks and is undertaken within agreed time periods, to ensure our service adds value to the Council); and
- The priority of the audit i.e. priorities 1 and 2. The aim is to focus on priority 1 audits, with the priority 2 audits being reassessed in the eventuality of any new emerging risk areas highlighted where assurances may be required, or where additional fraud investigations/irregularities materialise.

Council Wide

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Banks Automated Clearing System (BACS)	<ul style="list-style-type: none"> Identified as part of RBIAP Assurance required by Audit and Standards Committee 	<p>The Bank Automated Clearing System (BACS) is a system in the United Kingdom for making payments directly from one bank account to another. There are two types of bank-to-bank payments: Direct Debits and Direct Credits.</p> <p>Direct Debits are typically used for taking regular or recurring payments such as household bills and Direct Credits are typically used for making regular payments such as salaries.</p> <p>This review will seek to determine whether the Council has effective arrangements in place for processing BACS bank-to-bank payments.</p>	Priority 1
Capital Programme	Identified as part of RBIAP	<p>The Council's Capital Programme over the next five years 2017/18-2020/21 will require circa £20m of investment (including financing). It is therefore vital that the programme is effectively managed from prioritisation of capital bids, approval to inception, through to completion.</p> <p>This review will seek to provide assurance that the Council has a robust governance framework in place for management of the Capital Programme.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Contract Management Framework	Identified as part of RBIAP Consultancy	<p>The Council has a number of key contracts, it is therefore essential that these are effectively managed to mitigate the Council's exposure to commercial, contractual and reputational risk through good contract management throughout the life of the contract.</p> <p>Internal Audit will provide professional support and advice in the development of a Contract Management Framework that aims to map out a consistent approach to Contract Management activities across Stroud District Council.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Gifts and Hospitality	Identified as part of RBIAP	<p>The public is entitled to expect the highest standards of conduct from all employees who work for local government. The 'Code of Conduct for Employees' require employees to register any gifts or hospitality in order to provide openness and transparency and protection for employees against any allegations of conflicts of interest or corruption in the minds of the public.</p> <p>Internal Audit conducted a review of compliance against the Code of Conduct for Employees as part of the 2016/17 Internal Audit Plan, the review highlighted that since 2012 the actual number of gifts and hospitality declarations has consistently fallen but it was not evident whether this was simply due to employees not being offered any gifts or hospitality, or a lack of awareness.</p> <p>This review will seek to determine the level of compliance with the Code through contacting a selection of key contractors to ascertain if any gifts or hospitality has been offered to employees and compare any information provided to the employee's declaration.</p>	Priority 1
Information Governance	Identified as part of RBIAP	<p>The Council has a huge amount of information, which is the lifeblood of the Council, and the foundation of all service provision. Like any other strategic asset, information must be effectively managed and protected throughout its lifecycle from creation, storage, use and disposal.</p> <p>This review will seek to determine whether the Council has effective governance arrangements in place for managing and securing its information.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Post Project Reviews	<ul style="list-style-type: none"> Identified as part of RBIAP Assurance required by Audit and Standards Committee 	<p>Post project reviews are a very useful and powerful way of adding a continuous improvement mechanism to ensure that each succeeding project is more successful.</p> <p>Post project reviews typically involve the project team and key stakeholders meeting together and reviewing what went well and what improvement areas were identified during the project. The output is then fed back into future project management arrangements.</p> <p>This review will seek to determine whether the Council has a robust framework in place to ensure that post project reviews are undertaken for key projects/decisions.</p>	Priority 1
Procurement	<ul style="list-style-type: none"> Identified as part of RBIAP Assurance required by Audit and Standards Committee 	<p>The Council undertakes a variety of procurement activities to help deliver services and to meet its key aims and objectives. Failure to operate a transparent process for procurement activity (coupled with any non-compliance with the requirements of the Public Contracts Regulations 2015) exposes the Council, Members and Officers to significant risks in the event that the contract award is subject to challenge.</p> <p>This audit will review a sample of procurement activities across the Council to evaluate the level of compliance with legislation and the Council's Constitution.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Members Allowances and Expenses	Identified as part of RBIAP	<p>Stroud District Council has 51 elected members representing constituents across 28 wards. Each member receives an annual basic allowance and when appropriate, an additional special responsibility allowance. The amount paid to members during 2015/16 was circa £324k and the budget for 16/17 is £333k.</p> <p>This audit will provide assurance that the payments made to individual members are in line with the approved members allowances and expenses scheme.</p>	Priority 2

Finance

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Benefits	<ul style="list-style-type: none"> Identified as part of RBIAP External Audit (KPMG) Joint Working Protocol 	<p>Housing Benefits and Council Tax Support is in excess of £31m per annum. The rules surrounding entitlement to Housing Benefit and Council Tax support are quite complex and any administrative errors has the potential to lead to under/overpayments.</p> <p>This review will seek to provide assurance that the parameters applicable to the 2017/18 year have been set correctly and that the internal procedures have been followed for verifying the parameters before they are implemented.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Budget Setting	Identified as part of RBIAP	<p>Budgeting is the process of setting financial goals, forecasting future financial resources and needs, monitoring and controlling income and expenditure.</p> <p>This audit will review the effectiveness of the revenue budget setting process to provide assurance that accurate and operationally reflective budgets are set at the start of each financial year which inform the Council's Medium Term Financial Plan.</p>	Priority 1
Cash and Bank	<ul style="list-style-type: none"> • Identified as part of RBIAP • External Audit (KPMG) Joint Working Protocol 	<p>The Cash and Bank reconciliation and monitoring arrangements are a set of key controls, underpinning internal and external reporting. The Finance team is responsible for carrying out the monthly bank reconciliation, reconciling to the Council's Agresso (finance system) General Ledger.</p> <p>Through the joint working protocol between Internal Audit and KPMG, Cash to Bank is identified as being a key financial system for which the Chartered Institute of Public Finance and Accountancy (CIPFA) have defined a series of risk and control matrices.</p> <p>This audit will review the adequacy and effectiveness of the control environment for Cash and Bank financial transactions.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Council Tax	<ul style="list-style-type: none">Identified as part of RBIAPExternal Audit (KPMG) Joint Working Protocol	<p>Stroud District Council (SDC) collects Council Tax on behalf of local authorities that issue a precept e.g. Gloucestershire County Council and Gloucestershire Police and Crime Commissioner. Council tax requirements for 2016/17 were circa £68m, with SDC's share being circa £8m.</p> <p>This review will seek to provide assurance that Council Tax charges have been correctly calculated, appropriately authorised, and accurately transferred to the billing system.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
General Ledger	<ul style="list-style-type: none"> Identified as part of RBIAP External Audit (KPMG) Joint Working Protocol 	<p>The Agresso General Ledger contains all the accounts for recording transactions relating to the Council's assets, liabilities, reserves, revenue, and expenses and is supported by feeder subsidiary systems (such as Northgate for Housing and Payroll, Civica Open Revenues for Council Tax, Business Rates and Housing Benefits, the Fixed Asset register and Treasury Management records).</p> <p>The General Ledger is a key financial reporting and financial transaction system that supports the annual financial statements. It is of vital importance that there is a sound General Ledger control environment and that the agreed systems and processes are operating effectively.</p> <p>In addition, Internal Audit and KPMG have an agreed working protocol that defines the principles for a managed audit approach in order for KPMG to place reliance on the work of Internal Audit where this is relevant to their work, particularly when appraising the controls operated by management over financial systems. This audit will consider and review the relevant General Ledger areas, as defined within the Joint Working Protocol.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Housing Revenue Account (HRA) Follow Up	<ul style="list-style-type: none"> Identified as part of RBIAP Assurance required by Audit and Standards Committee 	<p>The Housing Revenue Account (HRA) sits within the Stroud District Council fund balances but is reported separately within the accounts. HRA outturns and budget updates are provided to the Housing Committee on a cyclical basis.</p> <p>At the end of April 2016 a new interim Principal Accountant (Financial Reporting) was tasked with reviewing the HRA accounts including Right to Buy (RTB) receipts and application of those receipts. During this review it was realised that there was a discrepancy between the information reported in respect of HRA balances to Members, specifically in respect of balances brought forward from 2014/15, and those reported in the 2014/15 Statement of Accounts, i.e. that the HRA balances were overstated by £909,000.</p> <p>Internal Audit investigated this issue and whilst no fraud or irregularity was identified, errors within published reports were confirmed and areas were identified which required improvements.</p> <p>This follow-up review is to provide assurance that reporting financial information is correct and consistent within published reports to members, specifically in respect of the Housing Revenue Account, by ensuring the recommendations from the original HRA investigation report have been implemented.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
National Non Domestic Rates (NNDR)	<ul style="list-style-type: none"><li data-bbox="405 360 656 440">• Identified as part of RBIAP<li data-bbox="405 480 656 647">• External Audit (KPMG) Joint Working Protocol	<p data-bbox="689 360 1850 440">The total amount of National Non-Domestic rating income from the rates retention scheme for 2016/17 was £31m, of which Stroud District Council's share was £3m.</p> <p data-bbox="689 472 1877 632">This review will seek to provide assurance that appropriate notifications have been received advising of the NNDR multipliers and transitional relief rates for the current financial year and that multipliers and transitional relief rates have been accurately transferred to the billing system.</p>	Priority 1

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Development Services

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Community Infrastructure Levy	Identified as part of RBIAP	<p>Community Infrastructure Levy (CIL) is a charge levied on buildings and extensions to buildings according to their floor areas. Money raised from the development will help the Council pay towards district wide infrastructure priorities to ensure the District grows sustainably.</p> <p>Revisions to the CIL Regulation in 2014 introduced a range of technical amendments to improve the administration of the levy, these came into force in March 2015. Following consultation and member approval the Council intends to adopt a CIL charging schedule from April 2017.</p> <p>This review will seek to ensure that the Council has a robust control environment for the administration, management and monitoring of CIL charges.</p>	Priority 1
Licencing (Business Licenses)	Identified as part of RBIAP	<p>The Licensing Service supports the local economy by ensuring that businesses providing licensable services are regulated to protect the public or others from harm. Licences are generally subject to a fee and are designed to cover service costs.</p> <p>This audit will review the fee-setting arrangements to assess whether these are appropriate to cover the costs of service provision and are in compliance with legislative requirements.</p>	Priority 2

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Customer Services

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Multi Services Contract	<ul style="list-style-type: none"> Identified as part of RBIAP Consultancy 	<p>The multi services contract provides for the provision of waste and recycling, street cleaning, grounds maintenance, fleet management and maintenance services. The cost of providing this service, in the first year of operation, as per the contract is circa £4.9m.</p> <p>Internal Audit will provide professional risk and control advice to support the development of a control framework to effectively manage and monitor the contract.</p>	Priority 1
Homelessness	Identified as part of RBIAP	<p>Stroud District Council has primary duties in dealing with homelessness (actual or threatened) under the Housing Act 1996, as amended by the Homelessness Act 2002 (Part VII).</p> <p>The homelessness legislation places a general duty on housing authorities to ensure that advice and information about homelessness, and preventing homelessness, is available to everyone in their district free of charge. The legislation also requires authorities to assist individuals and families who are homeless or threatened with homelessness. Homelessness applications have significantly increased between financial years 2015/16-2016/17, with the number of active cases currently at 25.</p> <p>This audit will review the effectiveness of the Council's arrangements for processing applications and monitoring homelessness cases.</p>	Priority 2

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Housing – Discretionary Payments	<ul style="list-style-type: none"> • Identified as part of RBIAP • Assurance required by Audit and Standards Committee 	<p>Discretionary Payments are not an award of Housing Benefit and claimants do not have a statutory right to a payment. They may be awarded to Housing Benefit claimants who may need further financial help with their housing costs (rent, tenancy start up costs and moving costs), during periods of short term need. Funding during 2016/17 was circa £120k with approximately 162 applicants.</p> <p>This review will seek to provide assurance that the Council has a robust control framework in place for the award and administration of approved payments.</p>	Priority 2
The Pulse Dursley	Identified as part of RBIAP	<p>The Pulse Dursley, formerly known as Dursley Pool, is the new swimming pool, gym and studio Dursley. The Pulse offers a wide range of classes and activities for the local community, as well as public swimming sessions.</p> <p>This audit will review the effectiveness of the control environment to ensure that all income due has been collected.</p>	Priority 2

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Tenant and Corporate Services

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Brimscombe Port	<ul style="list-style-type: none"> Identified as part of RBIAP Assurance required by Audit and Standards Committee 	<p>Brimscombe Port is a former inland port dating back to the 1780s. Following the decline of the canals as a mode of transport the port became redundant and was in-filled in the 1930s and latterly developed as an industrial site in the 1960s.</p> <p>The Council is promoting the development of this brown field site and following the successful bid, by the Council, to the Homes and Community Agency for £2m and £1m of capital monies, plus surplus income from the site, there is now in excess of £3m available to spend on the infrastructure work.</p> <p>This review will seek to determine whether the Council has effective project management arrangements in place for the delivery of this development.</p>	Priority 1
HRA Rent Debit 2017-18	<p>Identified as part of RBIAP</p> <p>External Audit (KPMG) Joint Working Protocol</p>	<p>The Council is the district's major provider of rental accommodation with a stock of 5,117 dwellings as at 31st March 2016. The value of Housing Rental Income is circa £22m (2015/16).</p> <p>This review will seek to ensure that the rental update for 2017-18 has been calculated correctly based on the revised rates agreed by the Council for all residential properties and that these have been correctly and accurately updated to the Northgate Housing Management System.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Right to Buy Scheme	<ul style="list-style-type: none">Identified as part of RBIAPAssurance required by Audit and Standards Committee	<p>The Right to Buy scheme is a policy in the United Kingdom which gives secure tenants of councils and some housing associations the legal right to buy, at a discount, the home they are living in. The discounts are generous at up to £77,900, outside of London, depending on the length of tenancy and therefore inherently there is an increased risk of fraudulent applications being received.</p> <p>This review will seek to determine if there are stringent checks in place to reduce the risk of fraudulent applications to buy social housing being received and processed, thereby ensuring social housing properties remain in the ownership of the Council where appropriate.</p>	Priority 1

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ICT to include audits provided by ICT external auditors

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
ICT	<ul style="list-style-type: none"> • Identified as part of RBIAP • Assurance required by Audit and Standards Committee 	<p>The ICT audits will be identified following the ICT audit needs assessment. The assessment will be compiled by the Internal Audit Service ICT audit specialists and will consider input from both council officers and External Audit.</p>	Priority 1
IT Disaster Recovery	<ul style="list-style-type: none"> • Identified as part of RBIAP • Assurance required by Audit and Standards Committee 	<p>During 2016/17 Internal Audit provided professional support and advice for the development of a robust IT Disaster Recover (ITDR) framework, resulting in an action plan that identified a number of improvement areas.</p> <p>This review will seek to determine whether the agreed actions to progress the improvement areas are being taken forward or implemented as appropriate.</p>	Priority 1

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Counter Fraud

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Fraud Investigation / Detection	<ul style="list-style-type: none"> To support the Annual Governance Statement Protect the Public Purse 	<p>Allocation to continue the development and implementation of the Council's Anti-Fraud and Corruption arrangements based on latest best practice.</p> <p>This also includes an allocation for increasing the profile and awareness of anti-fraud, conducting pro-active counter-fraud reviews and undertaking investigations as required.</p>	Priority 1
National Fraud Initiative (NFI)	<ul style="list-style-type: none"> Statutory Requirement To support the Annual Governance Statement 	<p>To continue to co-ordinate activity as part of the NFI (a national data matching exercise that compares data/records i.e. payroll, licences, housing waiting list, single person discounts, creditors etc.) for a wide range of public services, including ensuring that matches are investigated promptly and thoroughly, and reporting of results.</p>	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Fraud Risk Management	<ul style="list-style-type: none"><li data-bbox="394 360 647 528">• To support the Annual Governance Statement<li data-bbox="394 571 647 738">• Informs the Risk Based Internal Audit Plan	<p data-bbox="676 360 1809 432">The CIPFA Counter Fraud Centre has issued guidance on actions to be taken to 'Manage the Risk of Fraud and Corruption' within an organisation.</p> <p data-bbox="676 475 1809 592">This allocation is to continue to self assess against the criteria set out in the guidance and develop a fraud risk register in order to direct/prioritise our counter fraud and internal audit resources/activity accordingly.</p>	Priority 1

Management Activity to Support the Audit Opinion

Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Transformational Change	Supporting transformational change	Internal Audit to support the Council with major transformational change programmes / projects.	Priority 1
Annual Governance Statement (AGS)	Statutory Requirement	This allocation is to lead on the development and implementation of the governance assurance framework and to produce the 2017/18 AGS.	Priority 1
Audit and Standards Committee / Member / Officer and Chief Financial Officer Reporting	Management activity to support the audit opinion	This allocation covers Member reporting procedures, mainly to the Audit and Standards Committee, plan formulation and monitoring and regular reporting to and meeting with, the Chair and Vice Chair of the Audit and Standards Committee and the Chief Financial Officer.	Priority 1
Provision of Internal Control / General Advice	To support an effective control environment	This allocation allows auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the Council.	Priority 1

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Audit	Reason for Audit	Outline Scope (detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is focused on risk)	Priority
Quality Assurance and Improvement Programme (QAIP) includes the annual review of the effectiveness of Internal Audit and the external assessment	<ul style="list-style-type: none"> • Statutory Requirement • To support the AGS 	<p>The Accounts and Audit Regulations 2015 states that Internal Audit should conform to 'proper practices' and it is advised that proper practice for internal audit is currently set out in the Public Sector Internal Audit Standards (PSIAS) 2016.</p> <p>This allocation is to undertake an annual self assessment and when required, commission and deliver an external quality assessment, against the new standards.</p> <p>All outcomes to be reported to the Audit and Standards Committee.</p>	Priority 1
External Working Groups	Activity to support the audit opinion	Attendance / work in relation to the Counties Chief Auditor Network (National Group), Midland Counties and Districts Chief Internal Auditors Group and the Fraud and ICT Groups to enable networking and to share good practice.	Priority 1
External Audit Liaison	Management activity to support the audit opinion	The External Auditor and the Chief Internal Auditor regularly meet to discuss plans and audit findings, to ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.	Priority 1
Carry Forwards	Audit Activity outstanding	This allocation provides for the completion of various 2016/2017 audits which require finalising.	Priority 1

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Recommendation Monitoring	Activity to support the audit opinion	Whilst it is management's responsibility to manage the risks associated with their outcomes/objectives, this allocation enables Internal Audit to monitor management's progress with the implementation of high priority recommendations.	Priority 1
Internal Working Groups	Activity to support the audit opinion	Internal Audit is frequently asked to nominate representatives for working groups to advise on risk and control.	Priority 2