

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

10TH APRIL 2018

9

Report Title	Risk Based Internal Audit Plan 2018/2019
Purpose of Report	To present to Members, for their consideration and approval the Annual Risk Based Internal Audit Plan 2018/19.
Decisions(s)	The Committee RESOLVES to approve the Annual Risk Based Internal Audit Plan 2018/19 as detailed in Appendix A.
Consultation and Feedback	The Corporate Team, Heads of Service and Service Managers have been consulted on the proposed Plan for 2018/19. The timing of audit work will be planned in conjunction with the appropriate managers to minimise abortive work and time.
Financial Implications and Risk Assessment	<p>The report outlines the Audit Plan for 2018/19 and sets out the process that has been followed.</p> <p>It should be noted that the proposed Audit Plan for 2018/19 is 463 days, a reduction of 52 days over the 2017/18 Audit Plan (a 10% reduction). Whilst this does give rise to a budget saving of around £13k, members, when considering the plan, need to be satisfied that it enables Internal Audit to give the Council an opinion on the overall adequacy and effectiveness of the control environment.</p> <p>As with all audit plans, the Chief Internal Auditor will continue to reassess internal audit resources required against the council's priorities and risks and will amend the Plan throughout the year as required, with any additional activity required above the core provision agreed with the S151 Officer, reporting any key changes to the Audit and Standards Committee.</p> <p>David Stanley, S151 Officer Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p> <p>Risk Assessment:</p> <p>The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit, through</p>

	the delivery of the Risk Based Annual Audit Plan, plays a vital part in independently and objectively advising the organisation that these arrangements are in place and operating effectively.
Legal Implications	Consideration should be given to ensuring that all strategic risks are addressed within the audit. (Ref: KT/C26318) Karen Trickey, Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk
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Options	The Public Sector Internal Audit Standards (PSIAS) 2017 require the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The lack of such a Plan would lead to non-compliance with these Standards.
Performance Management Follow Up	In accordance with the PSIAS and reflected within the Audit and Standards Committee work programme, Internal Audit reports on progress against the approved Internal Audit Plan 2018/19. These are scheduled to be presented to the Audit and Standards Committee at the October 2018, January 2019 and May 2019 meetings.
Background Papers/ Appendices	Appendix A - Annual Risk Based Internal Audit Plan 2018/19.

Background

1. The work of Internal Audit is carried out in accordance with, and is assessed against, the Public Sector Internal Audit Standards (PSIAS) 2017. These Standards require the Chief Internal Auditor 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.
2. To ensure that an effective Plan was developed, a consultation process took place with the Audit and Standards Committee, Corporate Team, Heads of Service 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.
3. The Audit Plan is stated in terms of estimated days input to the Council of **463** audit days, which is **52** days (10%) less than 2017/2018, due to savings

required. It should be noted that the impact of the 10% reduction this year has been managed in the main through not undertaking key controls work as these activities have been covered historically each year however, a cyclical programme will need to be put in place for future years and this will impact upon the level of future assurance that can be provided within the budgeted days. In addition, ARA will not be undertaking the annual review, development and implementation of the Annual Governance Statement, Local Code of Corporate Governance and the associated assurance framework and reduced the scope on selected audit activities. (Please see Attachment 2 within Appendix A).

4. The Chief Internal Auditor will however, continue to reassess internal audit resources required against the council's priorities and risks and will amend the Plan throughout the year as required, with any additional activity required above the core provision agreed with the S 151 Officer, reporting any key changes to the Audit and Standards Committee.
5. The PSIAS also require the Annual Risk Based Internal Audit Plan to be reviewed and approved by the appropriate body which in the case of Stroud District Council is the Audit and Standards Committee.