

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Audit Committee
Date:	25 March 2019
Subject:	Draft Internal Audit Plan 2019/20

Summary:

This report presents to the Committee the draft internal audit plan for 2019/20.

Recommendation(s):

That the Committee agrees the audit plan for 2019/20 subject to any suggested changes the Committee wishes to make.

Background

How we choose what we audit

1. The Internal Audit Section works to an annual plan which is agreed by the Audit Committee and Senior Management.
2. The plan has been developed using a combination of:
 - the Council's Combined Assurance Model - which is a record of all assurances against our critical activities and key risks.
 - an assessment of risk - based on the significance and sensitivity of key activities
 - consultation with Senior Management
 - issues raised by the Audit Committee
3. Using the Combined Assurance Model helps streamline and avoid duplication of effort where assurances can be drawn from other sources eg management – corporate functions - third parties. The Combined Assurance Model provides coverage of all assurance – not just those from Internal Audit and will enable the Head of Audit to produce the annual internal audit opinion for 2019/20.
4. Internal Audit continues to have the right to conduct its own assurance activity freely and independently to meet its role and remit – even if there appears to be a good level management or alternative assurance in place.

However, the Map has enabled the reasons why we have included areas in our plan to be clearly understood by Management.

5. Our work tends to focus on where current assurances have been critically assessed as having a low or medium level of confidence on service delivery arrangements – management of risks – effective control environment or where more independent assurance is required - based on significance and risk of the activity. It also takes into account the relative risks of the activity which may result in some low risk areas not being audited.
6. We have conducted meetings in January and February 2019 with each Executive Director to consult and agree the areas included in the plan.

Having the right resources to deliver the plan

7. Having skilled and effective people are at the heart of our workforce strategy. Our approach includes:
 - Recruiting the right people and continuing professional training and development for staff.
 - Supporting 2 University graduates as part of their degree through professional placements to showcase working in the public sector and finance and audit professions.
 - Establishing 3 apprenticeships – this does involve support from more experienced staff of the team and therefore we have increased capacity to help deliver this initiative.
 - Easter and summer work placements for University students
8. The budget for the Internal Audit function for 2019/20 is £488,926 – delivering 1740 days to the Council (this includes increased capacity to deliver our workforce strategy).
9. We also deliver Internal Audit services to other Local Authorities – North Kesteven, West Lindsey and Newark and Sherwood District Councils. Separate plans and resources are allocated to deliver this work – generating income for the Council. An account of work delivered and impact on Lincolnshire is provided as part of the Head of Internal Audit Annual Report.
10. We are part of a collaborative partnership (known as Assurance Lincolnshire) working with the City of Lincoln, East Lindsey District and Nottinghamshire County Councils. This partnership shares good practice, pool / share resources where we can – providing a professional and quality service.
11. Attached is the draft internal audit plan for 2019/20– **Appendix A**.

Audit Committee Considerations

12. CIPFA's Audit Committees practical Guidance for Local Authorities and Police - 2018 Edition includes the following core functions around Internal Audit relevant to the plan:
- That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.
 - Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.
 - Ensure that the Internal Audit Resource has sufficient capacity and capability to deliver the plan. Seeking assurance around its independence, objectivity, performance and professionalism.
 - Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference. Promoting effective use of Internal Audit within the Council's Assurance framework.
 - Considering the use made of other sources of assurance.

Conclusion

13. The Committee is asked to agree the draft plan, identifying any amendments which it considers appropriate.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Internal Audit Plan 2019/20

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk .

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