



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

6 December 2017

Internal Audit Plan for remainder of 2017-18

Report of the Director of Finance

1. Purpose of Report

- 1.1. The Annual Internal Audit Plan for 2017-18 was prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It was considered by the Corporate Management Team (CMT) and was approved by the Audit and Risk Committee on 22 March 2017.
- 1.2. This report presents to the Committee the detailed operational audit plan for the remainder of the financial year 2017-18.

2. Recommendations

- 2.1. The Committee should note the plan for the remainder of 2017-18, attached at Appendix 1.

3. Report

- 3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.
- 3.2. The generic annual plan then becomes detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work.
- 3.3. The plan for the remainder of 2017-18 is attached at Appendix 1. It has been divided between audits that are being planned now (remainder of quarter 3) and those not due to be planned until the final quarter starting in January 2018. It should be noted that planned City Council staff reductions were effected from 1 April 2017 pending the delegation of the City Council's internal audit function to the County Council. Additionally, there has been long term unplanned sickness absence. Both have affected the total combined resource available to complete planned audits. The County Council's Head of Assurance Services

is working closely with the Head of Finance to arrange temporary (followed by more permanent) resource to ensure sufficient City Council audits are conducted.

- 3.4. It should be borne in mind that the plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.
- 3.5. In identifying the audits for the each quarter's plan, due regard is given to the audit areas set out in the annual plan and the need to ensure sufficient coverage of each by the end of the financial year. The Head of Assurance may require some specific unplanned governance, risk management and key IT controls related audits in quarter 4 to ensure a balanced coverage of the control environment (the overall framework of governance, risk management and internal control)
- 3.6. The move to quarterly planning aligns Internal Audit's work as closely as possible to current priorities. This allows what were previously 'commissioned' audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit's direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

Colin Sharpe, Head of Finance, x37 4081

4.2. Legal Implications

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 5 of the Accounts & Audit (England) Regulations 2015. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

Kamal Adatia, City Barrister & Head of Standards, x37 1401

5. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	Yes	Whole report. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to CMT and the Audit and Risk Committee that risks are being managed appropriately by the business.

6. Consultations

- 6.1. The Internal Audit plan was prepared in consultation with all Strategic and Operational Directors and the Finance Management Team (which includes all Heads of Finance).

7. Report Author

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