

TITLE	2017/18 Internal Audit and Investigation Plan
FOR CONSIDERATION BY	Audit Committee 8 February 2017
WARD	None specific
LEAD OFFICER	Catherine Hickman, Service Manager - Shared Audit and Investigation Service

OUTCOME / BENEFITS TO THE COMMUNITY

The Council's 2017/18 Internal Audit and Investigation Plan details the proposed Internal Audit and Investigation activity and seeks to:

- provide all key stakeholders with independent assurance that the risks within the Council's fundamental systems and processes are being effectively and efficiently managed;
- allow the Council to demonstrate it is complying with the relevant legislation and applicable professional standards;
- demonstrate the Council's commitment to good governance and a zero tolerance approach towards fraud and corruption; and
- set out that the Team's resources are being properly utilised.

RECOMMENDATION

The Audit Committee is asked to consider and approve the 2017/18 Internal Audit and Investigation Plan.

SUMMARY OF REPORT

1. This report presents the 2017/18 Internal Audit and Investigation Plan (Appendix A) and the 2017/18 Internal Audit scopes for each review, excluding Key Operational audits (Appendix A (I)).
2. A consultation draft Internal Audit and Investigation Plan was presented to Corporate Leadership Team on the 24 January 2017.
3. If adopted, the key financial implications for the Council are revenue costs of providing, and contributing to, the Shared Audit and Investigation Service.

Background

The Accounts and Audit Regulations 2015 require that every local authority undertakes an effective internal audit of their risk management, control and governance processes. The Regulations also require the authority to produce an Annual Governance Statement (AGS) that forms part of the Statement of Accounts.

In addition, under S151 of the Local Government Finance Act 1972, the Council's Director of Corporate Services (as S151 Officer) has a statutory duty to maintain an appropriate framework of internal controls over the Council's financial affairs. Reliance upon Internal Audit and their annual programme of work in reviewing the operation of systems of internal control and financial management is fundamental to the fulfilment of that responsibility.

Internal Audit work is undertaken in accordance with the Internal Audit Charter, approved by Audit Committee in September 2016, which complies with the Public Sector Internal Audit Standards 2016.

The 2017/18 Internal Audit and Investigation Plan has been agreed by CLT, is attached to this report and is presented reflecting the new council structure. It has been prepared using the Council's Corporate and Service Risk Registers, where possible. It is intended to demonstrate how the Internal Audit and Investigation Service supports the overall aims and objectives of the Council. Consultations have been undertaken with key internal stakeholders:- the Chief Executive and all Directors.

The Internal Audit and Investigation Plan focuses efforts / cost on only those audits that feed directly into:-

- the regulated External Audit which would result in higher external audit costs if not done internally.
- other regulated reporting but only the minimum effort necessary to deliver compliance, including the AGS.
- facilitating the provision of an overall opinion each year for the Audit Committee on the operation of the Council's internal control environment, risk management arrangements and governance framework.
- other CLT/Executive/Audit Committee strategic & tactical priorities which are at high risk from changes in customer needs, funding, processes or resourcing.
- areas identified by External Audit as requiring improvement.
- areas of audit or investigation which are deemed to be 'important' to support operating objectives.
- cutting out all other 'housekeeping' activities not directly driven by the above.
- the aligned Audit Plan with the Council's vision, principles and priorities, Corporate Risk Register (CRR), Transitional Risk Registers as a result of the 21st Century Council Programme and Service Risk Registers.

In addition to the work of Internal Audit, there are other sources of assurance that the Chief Executive, Directors and the Audit Committee can place reliance on. Where these sources of assurance are provided by suitably qualified third parties, Internal Audit may be able to place reliance on these providers. CLT is asked to identify, where known, third party assurances that may provide coverage of the key risks.

Whilst a number of audit reviews within the Audit Plan are effectively considered as

mandatory (key financial systems, particularly high risk items etc), others enter or leave the Audit Plan based on the risk register ratings and the views of officers and CLT/Audit Committee. As such, the Audit Plan is fluid and is regularly realigned to accommodate changes to the risk register ratings, thereby ensuring that it remains current and focussed on the key risks affecting the Council. Any changes made to the 2017/18 Internal Audit and Investigation Plan during the year will be reported to CLT/Audit Committee.

The current Internal Audit and Investigation Plan provides assurance over the key risks identified by management.

There is another aspect to the Internal Audit Service and that is the provision of advisory or consultancy services. This work is available at management request and where agreed, supplied on demand. The focus of this work is to suggest improvements.

The Internal Audit Service is well placed to provide advice based on its access and knowledge of other parts of the Council, its partners and clients systems and processes.

The Investigations element of the Plan comprises 450 days focused on key areas of fraud risk. The areas of focus within the Plan have not been made public due to the nature of this work. This allocation includes fraud awareness, proactive fraud drives and investigation of fraud and malpractice.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	N/A
Next Financial Year (Year 2)	N/A	Yes	N/A
Following Financial Year (Year 3)	N/A	Yes	N/A
Other financial information relevant to the Recommendation/Decision			
Not applicable			

List of Background Papers

2017/18 Internal Audit and Investigation Plan - Appendix A
2017/18 Internal Audit and Investigation Plan scopes for each review, excluding Key Operational audits - Appendix A(I)

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