

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED HEAD OF INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	7 MARCH 2019	5
<b>INTERNAL AUDIT PLAN 2019-2020 &amp; INTERNAL AUDIT CHARTER</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

The 2019/20 Internal Audit Plan has been compiled in consultation with Directors and Heads of Service following a detailed risk assessment.

The Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards, which should be approved by the Audit and Standards Committee.

### RECOMMENDATIONS

1. That the Committee approves the Internal Audit Plan 2019/2020 and associated performance indicators.
2. That the Committee approves the Internal Audit Charter.

### SUMMARY OF PREVIOUS DECISIONS

None

### CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services ( <b>Value for Money</b> )	✓
Delivering the services that customers expect of an excellent council ( <b>Clean and Green</b> )	✓
Working with all partners ( <b>Vibrant Economy</b> )	✓
To make sure Fylde continues to be one of the most desirable places to live ( <b>A Great Place to Live</b> )	✓
Promoting Fylde as a great destination to visit ( <b>A Great Place to Visit</b> )	✓

### THE ROLES OF MANAGEMENT AND INTERNAL AUDIT

1. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with management. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
2. Internal Audit is an independent appraisal function whose prime objective is to evaluate and report on the adequacy of the Council's system of governance, risk and internal control. This is largely achieved through an annual programme of reviews.

## **AUDIT PLAN**

3. The 2019/20 Internal Audit Plan contains the programme of reviews for the next financial year and is shown at Appendix 1. This has been constructed following an assessment of audit need by considering a range of factors, such as significant changes in staffing, systems and procedures, the length of time since an area was last audited and items in the Corporate Plan and Strategic Risk Register. There has also been extensive consultation within each service which has taken an overview of audit requirements.
4. The following paragraphs summarise the areas that will be subject to audit coverage in 2019/20.

### **Corporate**

- Undertaking corporate and service level governance reviews in support of the Annual Governance Statement.
- Review and update of Anti-Fraud and Corruption Policies.
- Co-ordinating the Council's input to the Cabinet Office National Fraud Initiative (NFI) 2019 exercise for in order to identify any potential irregularities.

### **Risk based reviews of the following systems:**

- Risk Management
- Payroll
- Environmental Permitting Regulations
- Fuel Consumption
- Data Sharing Protocols
- Business Rates
- Council Tax
- Sundry Debtors
- VAT
- ICT reviews – to be determined in conjunction with ICT Auditors
- Events
- Heritage Assets
- Commercial Properties
- Energy Management
- Homelessness
- Development Management

### **Project Team Membership**

- Coastal Defence project.
- Fairhaven Lake (HLF)

### **General Areas**

- Following up management actions agreed in earlier audit reports.
- Responding to requests from management for unplanned reviews / investigations.
- Finalising 18/19 reviews.
- Compliance with the Public Sector Internal Audit Standards (PSIAS).
- System administrator responsibilities for risk management system (GRACE).
- Preparing reports for and attending the Audit and Standards Committee.

In addition, we will undertake the following compliance reviews:

- Performance Monitoring / Data Quality
- Project Management.

The Council is also currently working with Blackpool Council to undertake a review of the General Data Protection Regulations at Fylde Council. Internal Audit will assist with review as necessary.

## AUDIT DAYS

5. The Internal Audit Plan for 2019/20 is based on a resource of **405 audit days**. This is the number of chargeable days available within the existing budget (after deducting annual leave and other non-chargeable time). It comprises of a mix of in-house and bought-in resources and is an increase of 19 days from the 2017/18 Plan of 386 days.

## INTERNAL AUDIT PERFORMANCE INDICATORS

6. Following a review of the performance measures and targets maintained by Internal Audit, it is proposed that the following indicators listed below are reported for 2019/20 onwards.

	Performance Indicator	Target
1	% of Planned time used (NEW)	90%
2	% of Audit Plan completed (NO CHANGE)	90%
3	% satisfaction rating (assignment level) (NO CHANGE)	90%
4	% of agreed actions implemented by management (NO CHANGE)	90%

7. The following indicators will no longer be reported upon:
- % of high priority actions implemented by management
  - % of high / medium actions implemented by management
  - % of recommendations implemented at the first follow up
  - % of audit recommendations agreed with management.
8. This is due to a change in the reporting of Internal Audit findings. Internal Audit reports now contain details of areas of weakness and a course of action to rectify this situation is agreed between Internal Audit and the Manager. **All actions included within an audit report are followed up and progress is reported to the Audit and Standards Committee. The importance and urgency required for a management action is reflected in the timescale agreed for its implementation.**
9. In accordance with the Public Sector Internal Audit Standards (PSIAS), if an agreed action remains unimplemented and the level of risk is considered to be unacceptable to the organisation, this will be communicated to Senior Managers and the Audit and Standards Committee.
10. It is the intention to report on all of the above indicators three times per annum, in the progress reports presented to the Audit and Standards Committee in September and January and also in the Annual Report in June. A year to date target figure will also be included so that members can clearly see progress made against the annual plan.
11. This revised proposal has also been agreed with the Corporate Governance Group as a robust re-focussing of the process which is fully compliant with the PSIAS. **Furthermore, as stated above, any in-year concerns regarding implementation of outstanding actions will always be reported to the Audit and Standards Committee as a matter of course.**

## INTERNAL AUDIT CHARTER

12. As members are aware, from 1st April 2013, the CIPFA Code of Practice for Internal Audit in Local Government 2006 was replaced by new UK Public Sector Internal Audit Standards (PSIAS).
13. The Attribute Standard of the PSIAS "*Purpose, Authority and Responsibility*" specifically requires the production of an Internal Audit Charter and for it to be periodically reviewed. The Charter was last formally reviewed and approved by the Audit and Standards Committee in September 2016 and so it is now appropriate for it to be reviewed to ensure it is fit for purpose and compliant with the PSIAS. The reviewed Internal Audit Charter is included at Appendix 2.

IMPLICATIONS	
Finance	None arising from this report
Legal	There are no legal implications arising from this report, however the provision of an Internal Audit Service is a requirement of the Accounts and Audit Regulations 2015.
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	There are no Health and Safety implications arising from this report. The Audit Plan has been developed using a risk based approach.

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Risk Assessment	11 <sup>th</sup> Feb 2019	Internal Audit Office, Town Hall

Attached documents

**Appendix 1** – Internal Audit Plan

**Appendix 2** – Internal Audit Charter