



**South
Cambridgeshire
District Council**

REPORT TO: Audit and Corporate Governance Committee

30th July 2019

LEAD OFFICER: Executive Director (Corporate Services)

Internal Audit Plan

Purpose

1. This report introduces the draft Internal Audit Annual Plan and Strategy, for 2019 / 20, for consideration by the Audit and Corporate Governance Committee.
2. This is not a key decision because the risk based Internal Audit Plan is being presented to the Audit and Corporate Governance Committee in accordance with their terms of reference.

Recommendations

3. The Audit and Corporate Governance Committee is requested to consider the supporting information, in the appendices, to:
 - (i) approve the draft Audit Plan and Strategy; and
 - (ii) approve the supporting Charter and the Code of Ethics.

Reasons for Recommendations

4. The Internal Audit Plan, and associated documents, have been created in line with best practice laid down in the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN).
5. The draft Internal Audit Plan should help add value to the Council by helping to improve systems, mitigate risks, and inform the Annual Governance Statement.

Background

6. The Accounts and Audit Regulations 2015 require that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.”
7. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Audit “must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”.
8. Appendix A is the risk based Internal Audit Plan. It has been based upon the Corporate Plan, risk registers, consultation with key officers, committee reports, information from other assurance processes, plus horizon scanning to consider emerging risks and opportunities.
9. The Internal Audit Charter (Appendix B) and the Code of Ethics (Appendix C) are also included for information. These documents were approved by the Committee last year, and have been reviewed as good practice, considering both the PSIAS and the LGAN. There are no significant changes, and they will continue to be reviewed, as part of an ongoing Quality Assurance and Improvement Programme (QAIP). It is good practice to present these documents to the Committee as they define internal

audit's purpose, authority, responsibility and position within an organization, supporting the risk based audit plan.

Considerations

10. The plan is the work programme for Internal Audit and provides the basis upon which the service will subsequently give an audit opinion on South Cambridgeshire District Council's (SCDC) system of internal control, risk management and corporate governance arrangements.
11. Progress against the plan, and updates, will be regularly reported to the Committee.
12. The previous year was the first year that Internal Audit was delivered through the Greater Cambridge Shared Audit partnership. This has helped provide a baseline understanding of the resource requirement for internal audit, and has highlighted an increased demand for assurance work across a range of areas. Consequently the internal audit plan has increased in comparison to the previous year, and this is illustrated in Appendix A.
13. Drivers for the revised resource requirement include:
 - (a) significant change to the control, risk and governance environment; such as the new administration, and Business Plan for the Council, which are driving changes to the performance and governance systems;
 - (b) a new demand to provide ISO embedded assurance; lead the Annual Governance Statement, deliver counter fraud work and data analytics; and provide assurance in key finance areas where there is a current assurance gap;
 - (c) a number of key systems have not been reviewed in recent years, and these have been included in the plan to provide assurance; and
 - (d) alignment with the partner Council's audit plan to help achieve efficiencies through smarter joint working.
14. It is the opinion of the Head of Internal audit that this plan would be sufficient to provide an audit opinion to inform the Annual Governance Statement.

Implications

15. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications to the Council. As highlighted above, the plan requirement has increased in comparison to the previous year.

Effect on Strategic Aims

16. Delivery of the audit plan aims to provide assurance that corporate systems and processes are robust and protect the Council.

Background documents

17. Background papers used in the preparation of this report:
 - Risk-Based Internal Auditing – Working Standards and Procedures
 - Public Sector Internal Audit Standards
 - CIPFA Local Government Application Note
 - South Cambridgeshire District Council Risk Registers
 - Corporate Plan

Report Author:

Jonathan Tully – Head of Shared Internal Audit
Telephone: (01223) 458180
Email: jonathan.tully@scambs.gov.uk