

REPORT TO	ON
Governance Committee	12 th April 2017

Jan 2017



TITLE	AUTHOR	Agenda item No.
Internal Audit Plan 2017-18	Dawn Highton Principal Auditor	

1. PURPOSE OF THE REPORT

- 1.1 This report explains the content of the Internal Audit work programme for the 2017/18 financial year which has been determined following a detailed risk assessment and consultation exercise. The Internal Audit Plan is the vehicle by which audit workload is identified and prioritised.
- 1.2 The main purposes of the report are to:
- Remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council;
 - Summarise and explain the basis of the Annual Internal Audit Plan for 2017/18;
 - Seek the Committee's approval of the Audit Plan.

2. RECOMMENDATIONS

- 2.1 That the Committee approves the 2017/18 Internal Audit Plan.

3. CORPORATE PRIORITIES

The report relates to the following corporate priorities

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	X

4. BACKGROUND TO THE REPORT

The Role of Management and Internal Audit

- 4.1 The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with the Senior Management Team (SMT). 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.
- 4.2 Internal Audit is an independent appraisal function whose core objective is to evaluate and report on the adequacy of the Council's system of governance and internal control. In the main this is achieved through an annual programme of reviews, following a detailed risk assessment of audit need.

5. Audit Plan

- 5.1 The 2017/18 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 the Corporate Risk Register. There has also been consultation with the Senior Management Team which has taken an overview of audit requirements.
- 5.2 Members will recall that at the January meeting we advised we would be introducing a risk based approach to auditing from 2017/18 onwards. This will involve asking service managers to compile a risk register / risk and control self-assessment for each significant function / system / process for which they are responsible. The main objectives of this approach are to encourage greater ownership of risk and control issues within services and to optimise the benefits from the Internal Audit Service.
- 5.3 Therefore in 2017/18, using the revised methodology we will focus on the Council's critical systems. Some major systems will also be audited next year and the remainder in 2018/19.
- 5.4 The following paragraphs summarise the individual areas that will be subject to audit coverage in 2017/18.

Corporate

- Annual review of the new CIPFA / SOLACE – Delivering Good Governance in Local Government Framework 2016.
- Raising Officers' and Members' awareness of fraud by publishing regular fraud bulletins and update of the Anti Fraud and Corruption Policies.
- Co-ordinating the Council's input to the Cabinet Office National Fraud Initiative (NFI) 2017 exercise for Council Tax Single Person Discount and the Electoral Roll and investigating data matches from the 2016 exercise in order to identify any potential irregularities.

Carrying our risk based reviews on the following systems:

South Ribble Council

- Project Management
- Establishment Management, Recruitment & Selection
- Private Sector Housing Grant
- Council Tax
- NNDR
- Housing Benefit
- Sundry Debtors
- Homelessness
- Data Protection
- Environmental Enforcement
- Health and Safety
- Commercial Properties
- Legionella / Asbestos Management

Shared Services

- Treasury Management
- Payroll
- Creditors
- Risk Management.

We will be members of the project teams for the following key corporate projects:

- City Deal
- Housing Capital Programme Group
- Property Investment Portfolio
- Performance Management system.

General Areas – South Ribble and Shared Services

- Complete any residual work from 2016/17;
- Providing support with risk and control self- assessments throughout the year;
- Following up management actions agreed in earlier audit reports;
- Responding to requests from Management for unplanned reviews / investigations;
- Preparing reports for and attending the Governance Committee.

6. Audit Days

- 6.1 The Internal Audit Plan for 2016/17 is based on a resource of 360 audit days for South Ribble Council and 120 days for Shared Services. This is the number of chargeable days available within the existing budget (after deducting annual leave and other non-chargeable time) and includes an element of bought-in resources from Lancashire County Council.

7. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

Other implications: <ul style="list-style-type: none">• Risk• Equality• HR	A detailed Risk Assessment has been carried out which forms the basis of the audit assignments included in the 2017/18 Audit Plan. There are no equality implications within this report. There are no HR impacts within this report.
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8. BACKGROUND DOCUMENTS

Internal Audit Risk Assessment

INTERNAL AUDIT PLAN 2017/18

APPENDIX ONE

SOUTH RIBBLE COUNCIL	RISK RATING	DAYS
CORPORATE AREAS		
Annual Governance Statement	N/A	20
Anti-Fraud & Corruption	N/A	10
NFI	N/A	20
GOVERNANCE		
Scrutiny and Performance		
Performance Management	Critical	20
Project Management	Critical	15
Human Resources		
Establishment Management, Recruitment & Selection	Major	20
DEVELOPMENT, ENTERPRISE & COMMUNITIES		
City Deal	N/A	10
Housing		
Housing Capital Programme Group	N/A	5
Private Sector Housing Grant	Major	10
Revenues / Homelessness		
Council Tax	Critical	40
Non Domestic Rates	Critical	
Housing Benefits	Critical	
Sundry Debtors	Critical	
Homelessness (incl Prevention)	Major	15
ICT		
Data Protection	Critical	15
NEIGHBOURHOODS, ENVIRONMENTAL HEALTH & ASSETS		
Waste, Transport & Neighbourhoods		
Environmental Enforcement	Major	15
Public Health		
Health & Safety	Critical	15
Property Services		
Property Investment Portfolio	N/A	10
Commercial Properties	Major	15
Legionella / Asbestos management	Major	15
GENERAL AREAS		
Residual Work from 2016/17	N/A	20
Risk & Control Self-Assessment	N/A	30
Post Audit Reviews	N/A	10
Contingencies / Irregularities	N/A	15
Governance Committee	N/A	15
TOTAL		360

SHARED SERVICES	RISK RATING	DAYS
SHARED FINANCIAL SERVICES		
Treasury Management	Critical	60
Payroll	Critical	
Creditors	Critical	
SHARED ASSURANCE SERVICES		
Risk Management	Critical	15
GENERAL AREAS		
Residual Work from 2016/17	N/A	20
Risk & Control Self-Assessment	N/A	5
Post Audit Reviews	N/A	10
Contingency / Joint Committee Accounts	N/A	10
TOTAL		120