

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN APRIL 2017 TO MARCH 2018

1. Purpose of Report.

- 1.1 To present to the Committee the Council's draft Internal Audit Strategy and draft Annual Risk Based Audit Plan for the year April 2017 to March 2018.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background

- 3.1. It is important for Internal Audit to plan effectively to ensure that they contribute to the Council's objectives at both strategic and operational levels. Planning enables Internal Audit to demonstrate both internally and externally that they are making best use of scarce resources.
- 3.2. Effective planning is one of the Standards contained within the Public Sector Internal Audit Standards (PSIAS) and against which our external auditors assess us. It is from this overall assessment of internal audit's annual programme of work and the contribution that this makes to the overall control environment of the Authority that our external auditors will draw the necessary assurances they need.

4. Current situation / proposal

- 4.1. Internal Audit Planning is not an exact science but it is felt that the proposed draft risk based plan for 2017/18 strikes a good balance between the risks identified, the internal audit resources available and the assurance work being carried out by other agencies.
- 4.2. The structure of the Internal Audit Shared Service is based on 18 full time equivalent employees (FTE's). The Service commenced the Financial Year 2016/17 with four vacant posts and this has now increased to nine, which represents 50% of the structure. Arrangements are in place to address this shortfall; however, a prudent approach to the number of deliverable productive days for the coming year is required. Therefore the proposed plan provides for a maximum of 1,070 productive days being delivered during 2017/18. This is based on the following:

Quarter 1. April to June 2017 status remains the same at 50% of the establishment;

Quarter 2. July to September 2017 increases to 75% of the establishment in post;

Quarters 3 and 4. October 17 to March 18 a full establishment in post.

- 4.3. Obviously, the delivery of the 1,070 productive days will be wholly dependent on the above materialising. Should this not be the case, there is also the potential to buy in any service shortfall during the year in order to meet the maximum commitment
- 4.4. Attached at **Appendix 1** is the draft Internal Audit Strategy document for 2017-18. It demonstrates how the Internal Audit Section will be delivered and developed in accordance with our Terms of Reference and how it links to the Council's objectives and priorities. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Audit Committee, Corporate Management Board, External Auditors and senior management.
- 4.5. The 2017/18 draft Annual Risk Based Audit Plan of work has been formulated to ensure compliance with the Standards as contained within the PSIAS. In order to keep Members of the Audit Committee fully informed, and to ensure compliance with Standards for Internal Audit the draft detailed plans for each Directorate is included within **Appendix A to F**.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1. There is no effect upon the policy framework and procedure rules

6. Equality Impact Assessment.

- 6.1. There are no equality implications.

7. Financial Implications.

- 7.1. The level of service outlined above has been based on the base budget set by Bridgend County Borough Council for 2017/18, which includes a saving of £60K.

8. Recommendation.

- 8.1. The Committee is recommended to consider and approve the draft Internal Audit Strategy and draft Annual Risk Based Audit Plan for 2017/18.

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Background Documents
None