

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

18 JANUARY 2018

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATE ON THE AUDIT RISK BASED PLAN 2017-18

1. Purpose of Report.

1.1. To provide Members with a position statement on the audit work that was included and approved within the 2017/18 Internal Audit Annual Risk Based Plan.

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

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

3. Background

3.1. Internal Audit conducts reviews according to an annual audit plan and reports findings to Audit Committee. Throughout the year priorities may be re-evaluated, ad hoc work requests are received and resources change. All of these have an impact on the ability to undertake some of the audits planned.

4. Current situation / proposal.

4.1. It was agreed at the Audit Committee meeting held on 16th November 2017 that, following the presentation of the Head of Audit's summary outturn report covering the period April to October 2017 and as a consequence of the impact of the number of staff vacancies the section is currently carrying, Members would be provided with an update on the progress against the plan.

4.2. The attachment at Appendix A provides Members with the relevant information in relation to the Directorates and the audit areas, together with a position statement relevant to the area. It highlights those reviews that have been completed, those allocated for quarter four, those that will be incorporated within the work allocated to the South West Audit Partnership and those that will no longer be completed this financial year but could be deferred to 2018/19 and/or where assurances can be sought from other external regulators. Members can be assured that every effort is being made to ensure that as much of the 2017/18 Risk Based Audit Plan can be completed in order that the Head of Audit is able to provide an annual opinion.

4.3. The work to be undertaken by the South West Audit Partnership as indicated within Appendix A will encompass a new approach which is based on the 3 lines of Defence Model, promoted by the Chartered Institute of Internal Auditors. This being:

1st line of Defence – Operational Management (management controls / internal control measures)

2nd line of Defence – Risk Management and Compliance functions (financial controls; security; risk management; quality; inspection and control).

3rd line of Defence – Internal Audit

4.4. It is a health check on 8 essential corporate functions (or any combination of the 8) which underpins day to day operational activities. These are Corporate Governance; Financial Management; Risk Management; Performance Management; Procurement and Commissioning; People and Asset Management; Programme and Project management and Information Management.

4.5. In consultation with the Chief Executive, it has been agreed that four areas would be included in the Healthy Organisation review, these being Risk Management; Corporate Governance; Programme and Project Management and Information Management.

4.6. This approach has a number of benefits such as:

- The results of the review can be used to inform the audit plan for the following year;
- Members, officers and Internal Auditors are more informed on the organisation's assurance arrangements;
- Addresses systemic organisation failure through a corporate view, rather than individual control failure;
- Promotes the efficient use of assurance resources - assurance is expensive and duplication is identified through this approach.
- Can eliminate assurance reporting in silos - supports a move towards integrated, organisational wide reporting.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1. There are no resource implications as a direct result of this report. The external cost of the review will be met out of the IASS's existing budget.

8. Recommendation.

8.1. That the Committee notes this report.

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Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division