

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

18th April 2019

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN APRIL 2019 to MARCH 2020

1. Purpose of Report.

1.1 To present to the Committee the Council's Internal Audit Strategy and Annual Risk Based Audit Plan for the year April 2019 to March 2020.

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 which are :-

- **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
- **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
- **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's 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 2019/20 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. Resource requirements are reviewed each year as part of the audit planning process and are discussed with the Internal Audit Shared Service Board (IASSB). The impact of the financial pressures with the requirements to generate efficiencies and hard savings have seen internal audit resources reduce year on year. As a consequence and at the commencement of 2019/20 the Audit Service has been extended to secure resilience moving forward and as such, will now provide the Internal Audit function to four Councils; these being Bridgend CBC, Merthyr Tydfil CBC, Rhondda Cynon Taf CBC and the Vale of Glamorgan Council. As this is a newly developed Regional Service, the overarching structure of the service is yet to be finalised. As a consequence, this plan has been based on the maximum number of productive days available to be delivered to Bridgend C.B.C for the whole year based on a full complement of staff.

4.3. Whilst it is recognised that we should be mindful of the fact that 2019/20 will be a transitional year for the service and as such some degree of latitude will be required in respect of the service delivery, arrangements will be put in place to closely monitor performance, keep the Audit Committee fully informed and should the need arise, assistance will be sought to bridge any gaps in delivery.

4.4. Attached at **Appendix A** is the draft Internal Audit Strategy document for 2019/20. It demonstrates how the Internal Audit Service 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 2019/20 draft Annual Risk Based 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 the Standards for Internal Audit the draft detailed plan is attached at **Appendix B**.

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. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The report supports all the wellbeing objectives.

8. Financial Implications.

8.1 The level of service outlined above has been based on the base budget of £312,000 set by Bridgend County Borough Council for 2019/20.

9. Recommendation.

9.1 The Committee is recommended to consider and approve the draft Internal Audit Strategy (Appendix A) and draft Annual Risk Based Audit Plan for 2019/20 (Appendix B).

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26th April 2019

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Background Documents

None