

Report of:	Meeting	Date	Item no.
Head of Finance (Section 151 Officer)	Audit Committee	7 March 2017	5

**Annual Internal Audit Plan 2017/18**

**1. Purpose of report**

1.1 To review the Annual Internal Audit Plan for the 2017/18 financial year.

**2. Outcomes**

2.1 An approved audit plan which takes account of the characteristics and relative risks of the Councils activities.

**3. Recommendations**

3.1 Members are asked to approve the Annual Audit Plan attached at Appendix 1.

**4. Background**

4.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 require that a “relevant authority 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”.

4.2 Accordingly, internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes.

4.3 The agreement of an annual audit plan will assist the Authority to put in place an appropriate control environment and effective controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

## 5. Key Issues and proposals

5.1 The Annual Audit Plan for the 2017/18 financial year is attached at Appendix 1.

<b>Financial and legal implications</b>	
Finance	Key financial system audits are subject to a full system based audit every two years, with the exception of VAT which is completed every 3 years.
Legal	This will ensure good governance and probity.

### **Other risks / implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
data protection	x

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<b>List of background papers:</b>		
name of document	date	where available for inspection

### **List of appendices**

Appendix 1 – Annual Audit Plan 2017/18

arm/audit/cr/17/0703jb3

# Annual Audit Plan - 2017 / 18

Category of Audit	Total Days	Head of Governance	In House Days	Lancashire County Council Days	Mazars Days
<b>General / Meetings / Training / Non-Chargeable</b>					
Management	7	1	1	3	2
Audit Committee (Preparation of report / attendance at meetings)	20	15	5		
Research and Reading	13	10	3		
North West Audit Group Meetings	3	3			
Corporate Meetings / Senior Leadership Team Meetings / Team Briefs	28	20	8		
Annual / Quarterly Planning of Audit Work	2	2			
Training and Development (courses / seminars)	5	2	3		
Annual Governance Statement (preparation / monitoring)	5	5			
General Audit Advice and Liaison	20	5	15		
<b>Corporate Culture</b>					
Ethical Governance Survey	10	10			
Maintaining Gifts and Hospitality Register / Promotion	1.5	1.5			
Compliance with delegated responsibilities	10.5	0.5	10		
<b>Audit Contingencies</b>					
Contingency for Investigations / Whistleblowing	20	10	10		
<b>IT Audits</b>					
yet to be confirmed	20.5	0.5			20
<b>Financial Systems Audits</b>					
Debtors, Creditors and Budgetary Control	20.5	0.5		20	
VAT	10.5	0.5		10	
Treasury Management	5.5	0.5			5
<b>Cross Organisational Work</b>					
Follow-up work from 2016/17 audit plan	5.5	0.5		5	
Transparency Code / Publication Scheme	10.5	0.5	10		
Procurement – Public Contracts Regulations 2015	10.5	0.5	10		
Council complaints procedure	10.5	0.5	10		
IR35 - off payroll engagement	10.5	0.5	10		

<b>Operational Audit Work</b>					
Marine Hall / Thornton Little Theatre / TIC's / Fleetwood Market	10.5	0.5	10		
New Pay and Display Cash Machines	5.5	0.5			5
<b>Information Governance Work</b>					
General Data Protection Regulations (GDPR)	10.5	0.5	10		
Information Sharing Agreements	10.5	0.5	10		
Compliance to Information Asset Registers	10.5	0.5	10		
<b>Strategic Work (driven from risk register)</b>					
Business Plan Project Management	10.5	0.5	10		
Asset Management	10.5	0.5	10		
<b>Other Areas of Work / Project Work</b>					
Risk Management (Facilitation of workshops and quarterly monitoring)	12	2	10		
Population of service risk registers	30	10	20		
Developing CRM for following-up audit recommendation	15	5	10		
Developing Information Asset Registers	30	10	20		
PSIAS Review - Moderation and preparation for assessment in March 2018	20	20			
Other Head of Governance Responsibilities	70	70			
Counter Fraud work (NFI, Development / Awareness and Monitoring)	15	10	5		
<b>GRAND TOTAL</b>	<b>510</b>	<b>220</b>	<b>220</b>	<b>38</b>	<b>32</b>

## NOTES

This plan is influenced by information contained within the Council's Strategic Risk Register, Business Plan and the Council's Annual Governance Statement. Key financial systems are now subject to a full system based audit every two years. Lancashire Audit Services and Mazars will provide a combined total of 70 audit days and this will be supplemented by in-house audit skills.