

## **AUDIT AND GOVERNANCE COMMITTEE**

### **26 JULY 2018**

### **INTERNAL AUDIT PLAN 2018/19**

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#### **Recommendations**

- 1. The Chief Financial Officer recommends that the Internal Audit Plan 2018/19 attached as an Appendix be endorsed.**

#### **Background**

2. The Council has a duty to undertake an effective Internal Audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account relevant auditing standards.
3. The role of Internal Audit is primarily to provide assurance to the organisation and ultimately the taxpayers that the Council maintains an effective control environment that enables them to manage its significant business risks. Internal Audit does this **by providing risk-based and objective assurance, advice and insight**. In addition to providing assurance the audit service also undertakes advisory work designed to add value and offer insights that will improve the effectiveness of risk management, control and governance processes, for example acting as a critical friend when process changes are being developed.
4. To ensure the best use of limited Internal Audit resources audit work needs to be carefully planned. Whilst Internal Audit are unable to provide assurance on all risks the Committee is able to accept a plan on this basis, provided this matches its “risk appetite” for independent assurance, also recognising that management have the prime accountability for managing processes and risks (and therefore assurances can be obtained directly from them where necessary). In accordance with its terms of reference the Committee’s role is to review the annual Internal Audit work plan. The plan is developed in consultation with senior managers and takes account of the organisation’s aims, strategies, key objectives, associated risks, and risk management processes (as required by internal audit standards). It also takes into account those service areas which have not recently been audited, feature in the corporate risk register, or which when last audited, received a low opinion. The plan explicitly links proposed audits with critical risks.
5. The list of potential topics arising from the planning process is included in the attached Internal Audit plan (**Appendix**) which takes into account a range of factors including: when the topic was last audited, complexity of the topic, and the level of change.

6. Good practice requires us to recognise that the plan should be responsive to changes in risks during the year and will therefore be reviewed at intervals throughout the year to ensure it remains relevant.

7. The Internal Audit function is governed by its Audit Charter, which is a requirement of the Public Sector Internal Audit Standards and sets out the purpose, authority and responsibility of internal audit. As the Committee will appreciate, it has to be formally agreed and approved by the organisation and periodically reviewed. The Charter establishes the internal audit activity's position within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. The current Audit Charter was last considered by the Committee in 2017 and at this time no changes are proposed.

## **Contact Points**

### County Council Contact Points

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## **Supporting Information**

- Appendix 1- Internal Audit Plan 2018/19

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.