

Audit, Governance & Standards Committee

20 March 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Internal Audit & Assurance Plan 2017/18

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service	Rich Clarke, Head of Audit Partnership
Lead Officer and Report Author	Alison Blake, Audit Manager
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Committee **APPROVES** the Audit & Assurance Plan for 2017/18.
2. The Committee **NOTES** the longer term issues recorded by Mid Kent Audit.
3. The Committee **ENDORSES** the view of the Head of Audit Partnership that the plan sets out sufficient resource to complete a work programme leading to a Head of Audit Opinion on the Councils' internal controls, risk management and governance.
4. The Committee **NOTES** the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

The report supports the good governance of Maidstone Borough Council and so contributes broadly to achievement of its corporate priorities.

Timetable

Meeting	Date
Committee (Audit, Governance & Standards)	20 March 2017

Internal Audit Plan 2017-18

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Public Sector Internal Audit Standards (the "Standards") require an audit service to produce and publish a risk based plan, at least annually, for approval by Members. The plan must consider input from senior management and Members.
- 1.2 In Mid Kent Audit, planning is a continuous activity but we began the programme working towards the 2017/18 plan in October 2016. The paper here sets out the plan and project list intended for 2017/18 for Member approval.

2. INTRODUCTION AND BACKGROUND

- 2.1 The Standards set out the requirements that a Head of Audit must meet in setting out the plan. We extract relevant sections from the Standards in the appendix to this report.
- 2.2 Furthermore, the Standards explicitly direct that Head of Audit must keep the plan flexible and responsive to emerging and changing risks across the year.

3. AVAILABLE OPTIONS

- 3.1 The Standards mandate compiling a risk based plan for management comments and Member approval. Although by convention that plan is presented annually around the start of the financial year, the Standards do not specifically require that action. The Council could, potentially, move to a shorter planning cycle which would allow more flexibility for responding to risk. There are other examples of authorities that take a similar approach.
- 3.2 PSIAS does not mandate any specific work for the plan, so its content is at the discretion of the internal audit provider (subject to the comments of management and approval of Members) and have an enormous range of possibilities with respect to the areas that could be examined. The attached appendix represents the currently proposed responses to the risks assessed at the Council.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 A move to a shorter planning cycle would strike against a practice considered to work well, and one which allows a degree of certainty to resource requirements that helps ensure stability in a service spread across four authorities.
 - 4.2 The Committee is required to consider and endorse the audit plan, and maintain oversight of the internal audit service and its activities. The risk of not endorsing the plan is that the Council will be at greater risk of incurring or failing to detect fraud, error or service failure or weakness.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 We circulated an initial draft to Heads of Service and Directors across the four authorities (and including Heads of Shared Services) in January ahead of individual meetings to discuss proposed projects in their areas. We also met the Chairman of this Committee to discuss proposed areas of audit examination. The attached represents an adaptation of the original draft reflecting comments received in those meetings.
- 5.2 The overall resource allocation was included in a paper to Shared Service Board in early January and received no comment.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 If the plan is endorsed as outlined, the next step will be for us to write to each Head of Service to communicate the audit projects in their service areas for the year.
 - 6.2 We will continue to consider and, where necessary, reflect in the plan responses to changes in the Councils' risks and priorities. Progress against the plan will be reported to Members midway through the year.
-

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The report supports the good governance, internal control and risk management of Maidstone Borough Council and so contributes broadly to achievement of its corporate priorities.	Rich Clarke, Head of Audit Partnership
Risk Management	The audit plan is produced as a result of risk assessment examining where audit activity is best focussed. The risk of not approving the plan is that the Council will be at greater risk of incurring or failing to detect fraud, error or service failure or weakness.	
Financial	There are no additional costs or savings associated with this proposal.	
Staffing	There are no staffing implications associated with this proposal.	
Legal	Internal Audit is a required function in accordance with the Accounts & Audit Regulations 2015.	
Equality Impact Needs Assessment	This report does not describe circumstances which require an Equality Impact Needs Assessment.	
Environmental/ Sustainable Development	There are no environmental or sustainable development implications for this report.	
Community Safety	There are no community safety implications for this report.	
Human Rights Act	There are no implications for the Council's responsibilities under the Human Rights Act in this report.	
Procurement	There are no procurement implications for this report.	
Asset Management	There are no asset management implications for this report.	

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Internal Audit & Assurance Plan 2017-18
-

9. BACKGROUND PAPERS

Extracts from the Public Sector Internal Audit Standards and the KPMG Audit Committee Handbook are included in appendix I. It also draws on information from 2016/17 Audit Plans published across the local government sector. Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings with officers and Members, can be made available on request.