

**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING OF 15th November 2017**

Status: For consideration / discussion
Title: Internal Audit – Development of Internal Audit Plan 2018/19
Originator: Rachel Ashley-Caunt – Head of Internal Audit
Where from: N/A

Objective: To provide Members with an overview of the Audit Planning process for 2018/19 and consult Members on risk areas for consideration in the development of the Audit Plan.

1. Outcome sought from committee

- 1.1 Members note the process proposed for development of the Internal Audit Plan for 2018/19.
- 1.2 Member advise on any areas where they require assurance from the Audit Plan in 2018/19.

Background

- 2.1 LGSS provides the Internal Audit service for Harborough District Council and is commissioned to provide 235 audit days to deliver the annual Audit Plan.
- 2.2 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
 - The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
 - The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
 - The Head of Internal Audit should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.

3. Report

- 3.1 In order to ensure that the Audit Plan for 2018/19 addresses the Council's key risks and adds value to the organisation, it is proposed that the Head of Internal Audit will identify and prioritise the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
- Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Assessment of any risk areas highlighted by members of the Governance and Audit Committee where they require assurances from Internal Audit during 2018/19; and
- Meeting with members of Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

3.2 All potential audit coverage identified will be risk assessed and prioritised for inclusion in the Audit Plan, in consultation with Corporate Management Team, based on risk, other sources of assurance available and potential value added from a review.

3.3 The resulting draft Internal Audit Plan will then be presented to the Governance and Audit Committee in March 2018 for review and formal approval.

4 Equality Impact Assessment

4.1 Not applicable in this context.

5 Recommendations

5.1 Members review and approve the proposed approach to development of the Internal Audit Plan for 2018/19.

5.2 Members advise on areas where the Committee requires assurance during 2018/19. Should any further areas arise before March 2018, these should be referred to the Head of Internal Audit for consideration in development of the Plan.
