

**Agenda Item No:** 8

**Report To:** Audit Committee



ASHFORD  
BOROUGH COUNCIL

**Date of Meeting:** 21 March 2019

**Report Title:** Internal Audit & Assurance Plan 2019/20

**Report Author & Job Title:** Rich Clarke – Head of Audit Partnership

**Summary:** This report sets out the proposed plan for Mid Kent Audit's work at Ashford Borough Council during 2019/20. Furthermore, it provides an overview of the range of areas for potential future examination by Internal Audit. It is based on the outcomes of risk assessments and consultation, and considers the resources available to the partnership.

The report also sets out the principles that will guide the External Quality Assessment of the audit service, due before the end of 2019/20.

**Key Decision:** NO

**Significantly Affected Wards:** All

- Recommendations:**
1. That the Audit Committee **APPROVES** the Internal Audit & Assurance Plan for 2019/20.
  2. The Committee **NOTES** the view of the Head of Audit Partnership that the plan sets out sufficient resource to complete a work programme leading to a robust Head of Audit Opinion.
  3. The Committee **NOTES** the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.
  4. The Committee **NOTES** the proposed criteria for commissioning an External Quality Assessment of the audit service later in 2019/20

**Policy Overview:** 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.

<b>Financial Implications:</b>	The work programme set out in the plan is produced to be fulfilled within agreed resources for 2019/20 and so makes no new resource requests.
<b>Legal Implications:</b>	The Council is required by Accounts & Audit Regulations to operate an internal audit service, including agreeing a plan at least annually (as described in the appendix). Therefore the Council must approve an internal audit plan to maintain regulatory conformance.
<b>Risk Assessment:</b>	The audit plan draws on the Council's risk management in considering the areas for audit examination. In turn increased involvement in risk management will allow audit findings to provide feedback on the identification, management and controls operating within the risk management process.
<b>Equalities Impact Assessment:</b>	No direct implications
<b>Other Material Implications:</b>	N/A
<b>Exempt from Publication:</b>	N/A
<b>Background Papers:</b>	The appendix includes reference to the Public Sector Internal Audit Standards (full document <a href="#">at this link</a> ). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings with officers and Members, can be made available on request.
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## **Report Title: Internal Audit & Assurance Plan 2019/20**

### **Introduction & Background**

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. 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. 2019/20 also marks five years since our last External Quality Assessment. This means we must commission a new assessment during this year. The plan document sets out a proposed approach for commissioning the assessment. Noting this Committee as a key client for the assessment, we also seek the Committee's view on how we should undertake that commission.

### **Purpose of this Report**

3. This report is provided to allow the Committee to consider and approve the Audit & Assurance Plan 2019/20. It sets out the proposed audit work, comprising both assurance rated projects and other work. The Audit Partnership undertakes this work to support assessing the Council's internal control, risk management and corporate governance.

### **Other Options Considered**

4. 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.
5. However, that move 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.
6. The Standards do 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 document represents the currently proposed responses to the risks assessed at the Council.

## **Consultation**

7. We circulated an initial draft to Heads of Service and Directors across the four authorities in January and February ahead of individual meetings to discuss proposed projects in their areas. Those meetings have now taken place and the attached represents an adaptation of the original draft reflecting comments received.

## **Conclusion and Next Steps**

8. The appendix to this report sets out the 2019/20 audit plan in fulfilment of the Standards. 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.
9. 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.

## **Portfolio Holder's Views**

10. The portfolio holder with responsibility for audit is a member of this Committee.

## **Contact & Email**

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