

## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 27 March 2019
<b>Report Subject</b>	Internal Audit Strategic Plan
<b>Report Author</b>	Internal Audit Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

All principle local authorities subject to the Accounts and Audit (Wales) Regulations must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. It must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note issued alongside it.

In line with the Standards, internal audit must produce a risk based plan taking into account the need to produce an annual audit opinion and linked to the organisation's objectives and priorities.

The three year Flintshire Internal Audit Strategic Plan is attached, Appendix A. The first year of the plan is completed in greater detail highlighting high priority audits and annual reviews to be completed during the financial year 2019/20. Medium priority audits will be scheduled to audit subsequently, unless higher priority work is identified through the quarterly monitoring of the plan.

### RECOMMENDATIONS

1	<p>The Committee is requested to consider the Flintshire Internal Audit Strategic Plan and to make comments on its content. In doing so the committee is asked to consider:</p> <ul style="list-style-type: none"> <li>• Does the three year plan for Internal Audit as set out in Appendix A reflect the areas that the Committee believe should be covered?</li> <li>• Does the first year of the plan reflect the areas that should be prioritised?</li> <li>• Is the level of audit resources accepted by the Committee and agreed as appropriate, given the level of assurance required?</li> </ul>
2	<p>The committee is required to approve the Flintshire Internal Audit Strategic Plan for 2019-2022.</p>

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
1.01	Each year Flintshire Internal Audit prepares a three year audit plan, with the first year completed in more detail. This plan is designed to meet the professional standards required of us in order to review and evaluate the risk management, control, and governance arrangements within the Authority.
1.02	The Council's Plan and the strategic risks within CAMMs (Risk & Performance Management system) are aligned to the Council's objectives and priorities. The Flintshire Internal Audit plan, which is attached, takes into account these objectives and risks in addition to materiality of spend, reputational risk, and discussions with management.
1.03	The final plan was produced after consultation with the Portfolio management teams, the Chief Executive and Wales Audit Office. The plan covers various types of work including, but not limited to, risk based, system based, advice & consultancy, and value for money projects as well as our involvement in development projects.
1.04	<p>The plan for 2019/20 has been formulated for the current level of resources, 1,395 productive days. Days per audit have not been recorded within the plan set out in Appendix A, as days will be allocated to each audit following the opening meeting to ensure appropriate resources are allocated.</p> <p>All high priority audits and annual reviews detailed within the plan will be undertaken within 2019/20. Those medium priority audits will be kept under constant review during quarterly meetings with Chief Officers and their management teams, WAO and bimonthly meetings with the Chief Executive. Any work required to respond to emerging issues or risks may take precedence over the medium priority reviews.</p> <p>Those audits deferred in 2018/19 have been include within the 2019/20 annual audit plan.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None from this report. The resources needed for the plan use the resources available.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultation carried out with Portfolio management teams, Chief Officers, the Chief Executive and Wales Audit Office.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Flintshire Internal Audit is part of the governance framework and provide assurance on governance, risk management and internal control. The plan needs to provide the basis for that assurance over the coming years.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Draft Flintshire Internal Audit Strategic Plan – 2019/2022

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Lisa Brownbill, Internal Audit Manager  <b>Telephone:</b> 01352 702231  <b>E-mail:</b> Lisa.brownbill@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Improvement Plan:</b> the document which sets out the priorities of the Council. It is a requirement of the Local Governance (Wales) Measure 2009 to set Improvement Objective and publish and Improvement Plan.</p> <p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p><b>Corporate Governance:</b> the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p><b>Wales Chief Auditors Group:</b> An informal meeting group of Chief Auditors to discuss items of mutual interest.</p> <p><b>Operational Plan:</b> the annual plan of work for the Internal Audit team.</p> <p><b>Alternative Delivery Models:</b> operating models which are different from currently or traditional methods of service delivery and which are responding to changed situations to sustain important services.</p> <p><b>CAMMS:</b> an integrated planning, risk management and programme/project management and reporting system.</p> <p><b>Risk Management:</b> the process of identifying risk, evaluating their potential consequence and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by process of</p>

controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.

**P2P:** Purchase to Pay. An electronic system used within the Authority to manage purchasing.

**IDEA:** Audit sampling software that enables us to compare large amounts of data to identify matches or duplicates.

**Root Cause Analysis:** a method of problem solving used for identifying the root causes of faults or problems.