

Agenda Item

REPORT OF Service Improvement Officer
To: Audit & Governance Committee
Subject: Internal Audit Strategy, Charter and Plan
Date: 18th April 2017

Reference:

PURPOSE OF REPORT: To present the annual Internal Audit plan for 2017/18.

1. INTRODUCTION

The purpose of the Council's Internal Audit function is to provide, through the Audit & Governance Committee, an independent and objective opinion on the effectiveness of the Authority's arrangements for the governance, risk management and controls implemented to achieve the Council's agreed objectives.

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2016, which state: "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

This opinion forms part of the framework of assurances that the Council receives and is designed to be used to help inform the Annual Governance Statement. To provide an objective, evidence based opinion, a wide ranging programme of audits are planned covering many aspects of the Council's operations including where this may be delivered through partnerships and contracts.

The 2016/17 audit plan was delivered by the Devon Audit Partnership (DAP) via a trial partnership agreement, with the Service Improvement Officer acting as liaison and reporting to management and committee on audit matters. During the year the Audit & Governance Committee monitored the arrangements with DAP and at the meeting on 29th November 2016 recommended that Torridge join the Devon Audit Partnership with effect from 1 April 2017 for a period of seven years with a review after 5 years. Torridge will also have representation on the Partnership Committee. This was agreed by Full council on 5 December 2016.

2. REPORT

Responsibility

As from April 2013 all local authority auditors have a mandatory requirement to comply with the Public Sector Internal Audit Standards (PSIAS) which have been adopted by both the Chartered Institute of Public Finance Accountants (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). CIPFA remains the organisation responsible for setting the standards for internal audit in local authorities, and have supplemented the PSIAS with a Local Government Application Note (LGAN). The requirements of the PSIAS are based on the standards set by the IIA with a limited number of additional requirements and interpretations that allow the PSIAS to be adopted by local authorities.



The Standards require that the Head of Internal Audit (for Torridge this is the Governance Manager and the Audit Manager from DAP) must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

Professional Standards

Devon Audit Partnership ensures that it meets all current, relevant professional guidance. DAP internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing.

In December 2016 DAP welcomed Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service and his colleague Chris Wood, Audit Manager, who completed an external validation of the Partnership. Terry and Chris concluded that; “It is our overall opinion that the Devon Audit Partnership *generally conforms* * to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

** Generally Conforms – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards*

The review team found areas of good practice and high standards, including:

- The partnership is well established and has gained an extremely good reputation with its member councils. The review team received consistently positive feedback about DAP from client officers and audit committee members.
- The auditors conduct themselves in a professional manner, display knowledge of the areas they are auditing, adopt a flexible approach and are seen to be responsive to the needs of the client.
- Audit assignments are well planned and testing is directed to those areas of greatest importance. Working papers within the Partnership’s Audit Management System (MKInsight) are completed to a good standard.

You can see the full report from Terry and Chris at:

<https://www.devonaudit.gov.uk/why-choose-dap/professional-standards/>

How the Annual Audit Plan was Developed

The Internal Audit Plan has been updated following discussions with the Head of Paid Service and Strategic Manager (Resources), also taking into account any concerns identified by SMT and OMT, the Audit & Governance Committee, and changes in the Council’s Risk Management arrangements.

We have identified a few areas where we can place reliance on other sources of assurance, such as for the Crematorium where North Devon Council’s auditors provide assurance on the financial controls; and for benefit subsidies and the Financial Accounts where we rely on the External Auditor’s assurance. Our External Auditors (Grant Thornton) approach does not require them to place reliance on the work of Internal Audit, although they should draw from the observations and conclusions of Internal Audit. This may cause some sense of duplicated effort for the clients and we continue to schedule audits so that key service departments, such as Finance and Revenues & Benefits and Accountancy, do not feel swamped by auditors.



A Risk Management audit was undertaken in March 2017. The draft audit report noted some improvements since the previous audit (e.g. a separate Risk Management Group has met throughout the year to emphasise the strategic importance of Risk Management, and to ensure that all risk registers are regularly reviewed and challenged). The draft audit report also highlighted a number of areas where improvements can be made, for example: the need for greater awareness of RM through training, ensuring partnership risk records are up to date, and ensuring that risk information is available to the A&G Committee in advance of meetings.

Resources

Since 2014 internal audit responsibilities have been under the remit of the Governance Manager.

For 2017/18 DAP will deliver the internal audit plan on behalf of Torridge. This will enable the delivery of 166 audit days plus 16 days for audit management. Contingency (for additional audits and/or investigatory work) will be provided by requesting additional days from DAP. The Devon Audit Partnership will continue to ensure that only auditors with relevant knowledge, skills and experience will be used. The Partnership Agreement underpins the quality and performance levels required.

The Governance Team will provide the elements of the internal audit function which have been retained in-house such as co-ordinating the scheduling of audits; updating the SPAR records with agreed actions; monitoring progress with actions; reporting to Committee; reviewing results from the DAP customer survey process to improve the audit service where necessary; monitoring performance and maintaining the internal audit performance indicator records; dealing with management enquiries; and producing the Audit & Governance Newsletter as and when required.

It is anticipated that DAP will deliver the Internal Audit plan for a period of seven years (with a review after 5 years). However should Torridge wish to exit the partnership arrangement then we can trigger the clause by submitting notice to exit allowing a 12 twelve month period to quit.

Any work or relationships which may affect the independence and objectivity of the auditors are required to be disclosed under auditing standards. There are no matters to disclose for 2016/17 and 2017/18.

A breakdown of audit days is provided at Appendix C as part of the detailed internal audit plan for 2017/18.

Audit Techniques

The audit function will employ a range of audit techniques to deliver the audit plan:

- the baseline procedure will be risk based auditing which considers the risks identified by management and the mitigating controls introduced to reduce this risk to within the organisational risk appetite. Mitigating controls will be reviewed to ensure they are appropriate, and then testing is completed to ensure they are being applied consistently and achieve the desired outcome;
- a selection of significant partnerships and major contracts included will be audited to ensure controls have been implemented by management to ensure promises, arrangements and benefits are delivered to price, quality and time
- continue to make use of the Idea software wherever appropriate, which will mean that rather than testing samples of data, all transactions can be tested or analysed. This will be used where most cost-effective as although it increases the level of assurance which can be given it takes slightly more time to set up the initial testing regimes. It also means data can be matched from one system to another, although this must always take into account data protection principles.



Progress Reporting and Flexibility of the Plan

As in previous years the plan sets out the work intended to be covered during 2017/18 but it also recognises that risks may change during the year and this may require some amendment or flexibility of the plan. The contingency arrangements will allow for some flexibility and progress with the plan will be reported via the audit newsletter and any changes will also be agreed with management and reported to Committee.

Considerations for the Audit & Governance Committee

Members of the Committee may want to consider the following:

- Does the detailed internal audit plan for the coming financial year (see Appendix D) reflect the areas that the Audit & Governance Committee believe should be covered as priority?
- Does the updated Internal Audit Strategy (see Appendix B) explain how the internal audit service will be delivered and how it links to the Council's organisational objectives and priorities?
- Does the Internal Audit Charter (see Appendix C) clearly set out the scope and responsibilities of the Internal Audit service?
- Does the audit plan include all those areas that the Audit Committee would expect to be subject to internal audit coverage, both in terms of our professional responsibilities as well as covering areas of concern flagged by management and Members?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

3. IMPLICATIONS

Legal Implications

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2016.

Financial Implications

The Audit & Governance Committee should ensure there are sufficient resources for the completion of the audit plan.

Human Resources Implications

The Senior Solicitor, the Head of Paid Services, the Strategic Manager (Resources) and the Governance Manager have been consulted on the arrangements. Devon Audit Partnership would look to continue the arrangement to assign an auditor to be the key auditor for the Authority, although specialist auditors will be used as required.

Sustainability Implications

None

Equality/Diversity

Internal audit will aim to support equality and diversity considerations through its recommendations to management

Risk Management

The audit plan has been developed taking into account the risks and risk management arrangements across the Authority.



Compliance with Policies and Strategies
CIPFA guidance, IIA standards and the Audit Strategy

Ward Member and Leader Member Views

Councillor Philip Hackett, chair of the Audit & Governance Committee, has commented that “Internal Audit is a key service and our decision to join DAP as a full partner is a sensible and natural next step for the Council, providing both Value for Money and provides the required level of assurance of the control processes across the Council’s services.”

4. CONCLUSIONS

The risk based audit plan for 2017/18 has been developed based on 182 audit days from Devon Audit Partnership, and support from the Governance Team (approximately 60 days). DAP will provide the Annual Opinion for consideration at the July 2017 Committee meeting.

5. RECOMMENDATIONS

Members are recommended to:

- Approve the Internal Audit Plan
- Note and agree the Internal Audit Strategy
- Note and agree the Internal Audit Charter

SUPPORTING INFORMATION

Consultations:	Head of Paid Service Governance Manager Strategic Management Team Grant Thornton – Mark Bartlett Devon Audit Partnership Chair of Audit & Governance
Contact Officer:	Chris Dobbs, Service Improvement Officer
Background Papers:	Audit Files Internal Audit Strategy (Appendix B) Internal Audit Charter (Appendix C)



Risk Evaluation Levels

Risk Maturity Level	Characteristics of risk management arrangements	Internal Audit Approach
Risk Naïve	No formal approach developed for risk management	<p>Promote risk management, advisory work to help put the risk management framework in place.</p> <p>Rely on internal audit's assessment of risk to drive the internal audit plan.</p>
Risk Aware	Scattered silo based approach to risk management	<p>Promote embedded and joined up risk management activities.</p> <p>Rely on internal audit's assessment of risk to drive the internal audit plan.</p>
Risk Defined	Strategy and policies in place and communicated. Risk appetite defined	<p>Facilitate risk management/liaise with risk management. Review of risk management processes already in place.</p> <p>Internal Audit relies on management's assessment of risk, but will also identify other risk areas for internal audit coverage.</p>
Risk Managed	<p>Enterprise wide approach to risk management developed and communicated.</p> <p>Risk management is considered at the highest level of the business, but could be further developed to inform decision making.</p>	<p>Depending on the Council's attitude to risk management, provide advice and support to move to a risk enabled organisation. Audit existing risk management processes to confirm effectiveness.</p> <p>Management's assessment of risk drives the audit plan, although internal audit will continue to challenge whether there are other risks that require internal audit coverage.</p>
Risk Enabled	<p>Risk management and internal control fully embedded into the operations.</p> <p>Risk management is used to help manage the business; consequently the business is able to take risks on an informed basis to achieve its objectives.</p>	<p>Audit risk management processes to confirm effectiveness.</p> <p>Management's assessment of risk drives the audit plan, although internal audit will continue challenge whether there are other risks that require internal audit coverage.</p>

Based on the Chartered Institute of Internal Auditor's Risk Evaluation Levels





Internal Audit Strategy

2015 – 2018

INTRODUCTION

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Chartered Institute of Public Finance and Accountancy (CIPFA) set the mandatory standards for internal audit services provided to local authorities the requirements for the provision of an Internal Audit service in accordance with the Accounts and Audit Regulations 2016. These are also encompassed in the Public Sector Internal Audit Standards (PSIAS).

The PSIAS requires the Council to produce an Audit Strategy. This is a high level statement of how the internal audit service should be delivered and developed in accordance with the terms of reference and how it links to the organisational objectives and priorities.

The purpose of the strategy is to communicate the contribution that Internal Audit makes to the organisation and includes the following:

- a) Internal Audit objectives and outcomes
- b) How the Annual Audit Opinion on the control environment to support the Annual Governance Statement will be formed and evidenced
- c) How Internal Audit's work will identify and address significant areas of risk
- d) How the service will be provided and performance monitored
- e) The resources and skills to deliver the strategy

OBJECTIVES AND OUTCOMES

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The core work of Internal Audit is derived from the Council's statutory responsibility under the Accounts and Audit Regulations 2016 to ensure the financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

An Audit Plan is created annually, and approved by the Audit & Governance Committee to ensure that objectives are met in a risk-based, structured manner.

Key challenges include:

- Continuing to promote the improvement of systems and procedures to enhance the services against a background of reducing resources and transformational change
- Continuing the good relationship with our external auditor to gain the Council maximum benefits and eliminate where possible any duplication of effort



- To provide advice and guidance on changes to controls, on risk management issues and governance
- To investigate any irregularity or fraud and corruption matter
- Maximising efficiencies within the audit service while still undertaking sufficient work to provide the annual opinion.

Outcomes:

- Delivery of the Audit Plan for the Authority, taking into account necessary changes for unplanned work /revised priorities
- Provision of annual opinion and assurance on the risk, governance and control systems
- Delivery of reports to the Audit & Governance Committee and other Members as agreed
- Provision of clear, concise and meaningful reports to management covering areas reviewed, which encourage them to take action where recommendations have been made
- Provision of advice and consultancy on control, risk and governance processes
- Professional investigation of any cases of suspected financial irregularity, fraud or corruption, involving employees (except Benefit Fraud investigations which would be undertaken jointly), in accordance with agreed procedures
- Latest technology used where appropriate (such as Idea software so that assurance can be given over whole data areas rather than sample testing which can only provide limited assurance and also for internal data matching exercises).

OPINION ON INTERNAL CONTROL

The role of Internal Audit is to understand the key risks to the Council and to examine and evaluate the adequacy and effectiveness of its systems of risk management, governance and internal control and to provide an annual opinion to the Audit & Governance Committee on those.

To achieve the above the service operates within professional standards and uses a risk based approach for both planning and where possible auditing to ensure the audit resource is directed to the appropriate activities. The control environment for each activity reviewed by internal audit is then assessed for its adequacy and is assigned an assurance rating which is reported to the Audit & Governance Committee and is subsequently used to inform the annual audit opinion. The progress against the Audit Plan is monitored by the Service Improvement Officer and Head of Paid Service and is reported periodically to the Audit & Governance Committee.

The function also audits the Annual Governance work including the review of the assurance statements provided by each member of the Strategic Management Team (SMT) about the effectiveness of control within their service area and also assesses the Council’s risk management and corporate governance framework.

Finally, the Service Improvement Officer will maintain an overview and report on any waivers to Financial and Contract Procedure Rules and any suspected and proven fraud, corruption or improprieties so they are evaluated for the purposes of the annual assurance statement.

NEW AND EMERGING RISKS

The annual audit planning process ensures that new or emerging risks are identified and considered. The Governance Team obtains audit risk assessments from all members of SMT to identify any issues and risks inherent to their service areas and asks them to identify any potential areas of concern for audit review in the forthcoming year. The corporate risk register and corporate risk map is also examined to ensure high scoring risks are taken into account. The audit ‘universe’ and resulting plan are further informed by the review of corporate topics and awareness of issues arising from past audits.

The Audit Plan is approved by the Audit & Governance Committee on an annual basis, however, it is a flexible document which can be revised should unforeseen issues arise throughout the year. Such adjustments are subsequently reported to the Audit & Governance Committee.



We recognise that the audit universe needs to reflect the organisation and as such the Authority is currently directed towards delivering the Strategic Plan within the constraints of limited budgets and further future budget cuts; and through key contracts for leisure, recycling and grounds maintenance contracts. Therefore the Audit Strategy needs to follow this direction and become more focused on the wider picture, while retaining sufficient inward facing audit coverage to provide the assurance necessary for compliance with the regulations.

The individual audit projects within the annual plan may be either risk based or systems based work, depending on how well established risk management is within the service being audited, and the degree of assurance needed on key systems for the annual opinion.

Awareness of national issues is maintained through the CIPFA on-line query service, liaison with our External Auditors and through networking with other internal audit colleagues through the Devon Audit Partnership and the Devon Audit Group.

PROVISION OF THE SERVICE

The internal audit function is managed by the Governance Manager.

The costs of the internal audit function have been reduced over the past few years and no dedicated auditors posts exist in the current establishment. It is not cost effective to work with employment agencies for each piece of audit work available and instead the most efficient and effective means of using this reduced budget has been to work in partnership with the Devon Audit Partnership who provide auditors with relevant experience and good standards of auditing. This arrangement has enabled the Council to continue to deliver a wide range of audits and focus on delivering a quality internal audit service to the Authority. By joining DAP as a full partner the arrangements with DAP are expected to run for a further seven years from 1 April 2017.

An Internal Audit Manual is in place which sets out the Authority's audit arrangements, processes, procedures, standard formats and documents. This is in a format that can be easily and regularly updated and Devon Audit Partnership officers have become familiar with these during the past four years.

The Service Improvement Officer will monitor service delivery through key performance indicators such as achievement of the Audit Plan, customer feedback and ongoing quality assessments for each piece of audit work.

The Internal Audit function will continue to adapt their approach to meet the requirements arising from any changing risks or joint working needs.

RESOURCES AND SKILLS

To ensure we continue to provide the most cost-effective service we will need to move towards the risk based approach to auditing, but this is only possible where the services being audited have sufficiently embedded the risk management approach. Ultimately we are aiming to ensure that the whole audit process is risk based so that audits are focussed on areas of most importance and greatest risk to the authority. DAP employ a range of auditors (skills and experience) and encourage their auditors to develop their skills and knowledge through undertaking various training programmes.

The Section 151 Officer works with the Governance Team to set an audit budget which will enable the Authority to deliver an annual audit plan to provide the necessary level of assurance.





Internal Audit Charter

March 2016

INTRODUCTION

This document describes the terms of reference, the purpose, authority, and principle responsibilities of the Council's Internal Audit service.

DEFINITION AND OBJECTIVES OF INTERNAL AUDIT

Internal Audit is an independent, objective assurance and consulting function established within the Council that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Internal Audit will advise management where internal control systems can be improved, and seek to promote compliance with corporate policies and procedures, and accomplishment of corporate priorities, through its systematic review of the Council's activities.

AUTHORITY AND STATUS

Internal Audit's statutory authority is derived from Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2016.

To be effective, Internal Audit must remain sufficiently independent of the activities it audits to enable auditors to perform their duties in a manner, which facilitates impartial and professional judgments and recommendations. Internal Auditors must therefore have no operational responsibilities.

The Internal Audit service reports directly to the Head of Paid Service, but also has direct access to and freedom to report, the Audit & Governance Committee.

The Head of Paid Service and Internal Audit staff will have unrestricted access at any time to such records, assets, personnel and premises, including those of partner organisations, as necessary for the proper fulfilment of their responsibilities.

Any officer, or member of the Council shall, if required, make available such documents or records required for audit purposes and shall supply the auditor with such information and explanation as considered necessary for that purpose.

This statutory role and rights of access are recognised and endorsed within the Council's Financial Procedure Rules.



SCOPE AND RESPONSIBILITIES

Senior Managers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

The scope of the Internal Audit service allows for unrestricted coverage of the entire control environment for the Council comprising risk management, controls and corporate governance. This means that all of the Council's operations, resources, services and responsibilities are included. Where the services are provided through partnership or contract, an assessment will be made as to whether Internal Audit staff will undertake assurance work themselves, or may rely on the assurance provided by other auditors where this is already in existence.

Internal Audit's responsibilities include:

- Reviewing, appraising and reporting on the soundness and adequacy of systems of internal control, whether operations are being carried out as planned, and corporate priorities being met
- Reviewing, appraising and reporting on the reliability and integrity of financial and management information, including data quality and performance measurement
- Assessing and reporting on the extent to which assets and interests are accounted for and safeguarded from loss
- Supporting and encouraging improvements in the efficiency, economy and effectiveness of services
- Provision of advice on all aspects of risk and control, including interpretation of the Council's Financial Procedure Rules and Contract Procedure Rules
- Advising on control and risk implications of enhancements to existing/new systems
- Promoting and encouraging best practice in Council's risk management and governance processes through review and appraisal of arrangements
- Working in partnership with other bodies to secure robust internal control that protects the Council's interests
- Co-ordinating with the work of external auditors and other review functions where appropriate
- Investigating frauds and irregularities and undertaking other special investigations where appropriate

STANDARDS

There is a statutory requirement for Internal Audit to work in accordance with 'proper audit practices'. For this purpose, DAP has adopted the 2013 UK Public Sector Internal Audit Standards (PSIAS) as its standards, although it also recognises and adheres to the Institute of Internal Auditors standards and its code of ethics for auditors.

INTERNAL AUDIT MANAGEMENT

Audit Management is provided by DAP who are responsible for:

- Ensuring that Internal Audit staff operate within current auditing standards and ethical standards of the professional bodies of which internal audit are members
- Ensuring that Internal Audit staff have an impartial, unbiased attitude and avoid conflicts of interest
- Maintaining a suitably resourced, professional audit staff with sufficient knowledge, skills and experience to carry out the Audit Plan
- Providing management and the Audit & Governance Committee with an annual opinion on the adequacy of the Council's control environment



The Governance Team are responsible for:

- Developing operational Audit Plans based on an assessment of risk and in consultation with senior management; and submission of the Audit Plan to the Audit & Governance Committee for approval
- Taking account of the adequacy and outcomes of risk management, performance management and other assurance processes when compiling Audit Plans
- Monitoring and reporting to management and the Audit & Governance Committee the results of audit activities, and the effectiveness of the actions taken by management to implement agreed recommendations
- Reviewing the Council's governance and risk management arrangements and contributing to the review of effectiveness of the control environment and publication of the Annual Governance Statement.

RESOURCES

The audit resources will be assessed and determined in the Internal Audit Strategy and Plan each year and presented to Audit & Governance Committee for approval.

FRAUD AND CORRUPTION

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit procedures alone, cannot guarantee that fraud and corruption will be detected. Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Internal Auditors will, however, be alert in all their work to the risks and exposures that could provide opportunity for fraud or corruption.

Internal Audit will investigate suspected frauds and irregularities where appropriate, and will act upon reports received via the Council's Whistleblowing Policy in accordance with the Anti Fraud, Corruption and Bribery Strategy.

The Governance Manager and Senior Finance Officer must be informed of all suspected or detected fraud, corruption or improprieties so they may be considered in terms of the adequacy of the relevant internal controls, and be evaluated for the annual opinion on the control environment.

AUDIT REPORTING

Internal audit may provide audit services to management in addition to the work set out in the annual audit plan.

Reporting to management will be in the most suitable format for the topic and any control weaknesses will be captured and agreed actions monitored. Only those actions which are outstanding and designed to address high risks will be brought forward into the Annual Opinion report.

Most audit assignments will be the subject of formal reports in order to communicate the findings of the audit and encourage management to take prompt mitigating action where risks have been identified.

Where areas of concern are identified the auditor will promptly issue the working paper setting out the concerns and risks for consideration by the relevant manager. Appropriate actions will then be discussed and agreed and these will be included in reports according to the risk posed. Risks will be assessed using the Council's risk assessment scoring grid.



Reports will be issued in draft form to the managers responsible for the area under review for agreement of the factual accuracy of findings. On receipt of management comments reports will be published unless there are actions which can be undertaken within four weeks which will improve the audit opinion. If this is the case publication will be held back for up to four weeks.

If an audit opinion is 'marginal / satisfactory' or less the draft report will be submitted to Strategic Management Team (SMT) for challenge of the promptness of the agreed actions and to ensure adequate resources are available.

Each report issued will include an opinion on the adequacy and effectiveness of the controls, risk management and governance arrangements of the activity that has been audited.

The finalised report will be emailed to Members of the Audit & Governance Committee. Confidential audit reports will only be provided in part two of the Audit & Governance Committee and on request to other Members.

Completion of agreed actions will be monitored through quarterly reports to SMT and Audit & Governance Committee. The manager concerned may be required to give an explanation. A summary of work undertaken and audit performance information will be provided to Members via an Audit Newsletter.

REVIEW OF THIS CHARTER

This Charter will be reviewed every three years (next review due in March 2019) or sooner if material amendments are required.



The audit plan for 2017/18 plan has been created by:



The resultant Internal Audit Plan for 2017/18 is set out on the following page.



2017/18 Internal Audit Plan

Services	Date of last audit	DAP Key Systems	DAP Other Systems	DAP Management	Governance Team	Responsible Officer
Asset Management (inc Register/Terrier)	2012/13	5				Steve Hearse
Council Tax	2016/17	10				Steve Hearse
Creditors	2016/17	10				Steve Hearse
Debtors	2015/16	10				Steve Hearse
Housing Benefit and CTS	2016/17	15				Steve Hearse
ICT	2016/17	15				Steve Hearse
Main Accounting	2016/17	12				Steve Hearse
NNDR	2016/17	10				Steve Hearse
Payroll	2016/17	10				Steve Hearse
Treasury Management	2015/16	5				Steve Hearse
Risk Management	2016/17	7				Steve Hearse
Disabled Facilities Grant	2016/17		2			Steve Hearse
Transforming Torridge Programme / MTFP	New		10			Jenny Wallace
Planning	2014/15		15			Jenny Wallace
Community Safety	2012/13		3			Jenny Wallace
Licensing	2014/15		7			Jenny Wallace
Corporate Health & Safety	2011/12		5			Jenny Wallace
Key Performance Indicators	2013/14		5			Jamie Hollis
Governance	2011/12		5			Jamie Hollis
Cemeteries (Quarter 4)	2014/15		5			Jamie Hollis
Monitor DAP/Annual Governance/Follow Up Audit Work/NFI/Promote Anti Fraud Culture/Police Queries/Investigations/Audit Plan/Audit Newsletter/Committee Reports & Meetings/Audit Performance Reports	2016/17				60	Jamie Hollis
Quality Control/Audit Managers Opinion/Committee Reports and Meetings	2016/17			16		Jamie Hollis
	DAP	109	57	16.0		
	TOTALS			182.0		

