



Herefordshire Council

Internal Audit Plan 2018/19

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The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive - SWAP

Tel: 01935 848540

gerry.cox@southwestaudit.co.uk

Ian Baker

Executive Director

Tel: 07917 628774

ian.baker@southwestaudit.co.uk

Jacqui Gooding

Assistant Director

Tel: 07872500675

jacqui.gooding@southwestaudit.co.uk

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Our audit activity is split between:

- **Key Control Audit**
- **Fraud/Governance Audit**
- **IT Audit**
- **Operational Audit**
- **Follow Up Audit**
- **Urgent Work/Special Projects**

Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and is also guided by interpretation provided by the Public Sector Internal Audit Standards. The work of the Partnership is also guided by the 'Internal Audit Charter' which was last reviewed and approved by the Audit and Governance Committee on 21 March 2017 and is presented to the Audit and Governance Committee today for approval for 2018-19.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. In order to achieve this, the audit activity is split across the review categories listed to the left.

Background

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Audit and Governance Committee will undertake this function. The plan is presented in Appendix B to this report and represents the internal audit activity planned for the 2018/19 financial year.

It should be noted that plan days are only indicative for planning our resources. Where efficiencies can be identified these will be implemented. At the start of each audit an initial meeting is held to agree the terms of reference for the audit which includes the objective and scope for the review. Any changes to individual plan items, in terms of days, are managed within the annual payment made by the Council. The plan is produced with a view to providing assurance to both Officers and Members that current and imminent risks faced by the Authority are adequately controlled and managed. As with previous years the plan will have to remain flexible as new and emerging risks are identified. Any changes to the agreed plan will only be made through a formal process involving the Chief Finance Officer (Section 151 Officer).

The Annual Plan

The Annual Plan

To ensure that to the best of our ability we have covered the necessary risks, the annual internal audit plan has been developed with the co-operation and approval of the Chief Finance Officer following meetings between Internal Audit and officers for each Directorate. The plan has been reviewed by the Management Board. The plan is currently showing a contingency of 73 days – A contingency has been allocated for unplanned work which may arise during the year.

The audit plan is notionally broken down across various audit categories; the following summarises each:

Key Control Audit – focus primarily on key risks relating to the Council’s major financial and IT systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. To this end we have liaised with the Council’s External Auditors and included any requirements they have in providing them with necessary assurance, in line with the Auditing Standards, against which they are required to audit.

Fraud/Governance Audit – SWAP operate a specialised Fraud Team who will undertake proactive fraud reviews and also provide a reactive service to Partners should the need arise. Governance reviews focus primarily on the key risks relating to cross cutting areas that are controlled and/or impact at a corporate rather than service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will, in some cases, enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting most of these reviews at all our Partner Sites.

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The Annual Plan - Continued

ICT Audits – are completed to provide the Authority with assurance with regards to their compliance with industry best practice. Some of these audits have come from previous year assessments and our awareness of current IT risks. As referred to above ICT system Key Control work is also undertaken in accordance with the External Auditors requirements.

Operational Audits - are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

Grant Certification - certification by an appropriately qualified and independent auditor to provide assurance that the Statement of Grant Expenditure and/or Grant Claim, in all material respects, fairly presents the eligible expenditure for the period in accordance with the definitions and conditions of the grant offer letter.

Urgent Work/Special Projects – SWAP also undertake urgent work, special investigations and projects on a responsive basis at the request of the Director of Resources (Section 151 Officer). Projects can be in an Advisory capacity without an assurance opinion or a grant certification.

The schedule provided at Appendix B details the Annual Internal Audit Plan for 2018/19.