

CAMBRIDGE CITY COUNCIL
INTERNAL AUDIT PLAN 2017 / 2018

1. INTRODUCTION

- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's aims and in achieving a professional, modern audit service.
- 1.2 The Accounts and Audit Regulations stipulate that a council should maintain "*a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk*". The regulations also provide that council's "*undertake an adequate and effective internal audit of its accounting records and of its system of internal control*" in accordance with the Public Sector Internal Audit Standards. The Audit team are bound by the requirements of these standards.
- 1.3 Internal Audit provides an independent, objective assurance and consulting service that adds value and improves the Council's control environment. It helps the Council deliver its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 The provision of assurance is the key role for Internal Audit. This role requires the Head of Internal Audit to provide an annual Audit Opinion based on an objective assessment of the framework of governance, risk management and control. This opinion is provided to the Civic Affairs Committee and also feeds into the Annual Governance Statement. Consulting services are advisory in nature and are generally performed at the specific request of management, with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

2. STRATEGY

- 2.1 Shared management arrangements have been in place since January 2011 between Cambridge City Council (CCC) and Peterborough City Council (PCC) and this was extended to include South Cambridgeshire District Council (SCDC) in July 2013. The reduced provision at senior level has seen a commensurate reduction in cost.
- 2.2 Following the deferral by Huntingdonshire District Council (HDC) in developing the 3C shared services approach to include Internal Audit in October 2016, separate arrangements are now being explored to shape the service. A report to Strategy and Resources Committee (23 January 2017) set out the proposals for developing the shared service with SCDC. Existing staff at SCDC would TUPE across to CCC and deliver each audit plan together.

2.3 The audit plan reflects the priorities for CCC but there are a number of areas interlinked with SCDC which can be covered in partnership.

3. INTERNAL AUDIT PLAN

3.1 The sources of information used in identifying the priorities put forward for audit coverage include the Corporate Plan; the Financial Strategy; the Council's strategic and operational risk registers; and consultation with Directors and Heads of Service via Senior Management Team.

3.2 The Plan for 2017 / 2018 aims to give the Council the best audit coverage within the resources currently available. Though it is compiled and presented as a plan of work, it must be recognised that it can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Any substantial changes will be referred to the Chair of Civic Affairs Committee should the need arise.

3.3 Resource requirements are reviewed each year as part of the audit planning process. The audit team, as at February 2017 is made up of 4.57 FTE, including 0.4 FTE for the shared Head of Audit. Furthermore, one post will become vacant in March 2017 following the resignation (external promotion) of a Senior Auditor. Steps are in train to recruit for this post. Subject to successful recruitment, a small reduction in resource is reflected in the Audit Plan to allow for notice periods. In addition, in line with the shared service business case, additional days are included for the increased presence of the Head of Internal Audit.

3.4 The overall allocation of time from the estimated 690 days available is as follows (compared with previous year):

Table 1: INTERNAL AUDIT ALLOCATIONS		
	2017 / 2018 Days	2016 / 2017 Days
TOTAL RESOURCES ALLOCATED	690	644

3.5 The Internal Audit plan needs to be fluid and flexible enough to enable the Internal Audit service to be reactive as required to situations arising during the course of the period covered by the plan. A contingency reserve element has been built in, to assist in dealing with any such matters arising to hopefully at least minimise any major impact on the work plan itself.

3.6 Time allocations within the plan are based on previous year assessments, with any overall allocation for each key area. As each audit activity is fully scoped and agreed with the appropriate senior manager, there will be a call off arrangement and each job will then be monitored to that time allocation.

3.7 Key Themes

- 3.7.1 As in previous years, Internal Audit will continue to support the compliance culture within the Council, with the emphasis on improving service ownership of controls and management of risk and governance including fraud. There will continue to be liaison with the external auditors. Aside from core financial systems, future coverage will be prioritised towards reviewing contracts and commissioning arrangements to ensure that desired outcomes are delivered efficiently. Focus will continue to be on partnership working with particular emphasis around the various shared services arrangements.
- 3.7.2 The plan is grouped by audit coverage to the key objectives of the Council. For each discrete audit area, a brief description of the scope for the work is provided together with the type of audit. Timing and detailed scopes for each audit will be agreed with the relevant Senior Manager prior to commencement of the fieldwork.
- 3.7.3 In addition, a number of audits are identified which aim to provide assurance that a number of corporate systems and processes are robust and protect the Council. A departure from the normal arrangements is a Council wide review of Organised Crime Procurement. Following a pilot study by the Home Office, a detailed checklist and audit regime has been identified which local authorities are asked to consider. We see this as a best practice toolkit which we will use to benchmark the Council against. We will also look to develop our partnership arrangements with the local Constabulary to assist in this as well as the other Cambridgeshire Councils.
- 3.7.4 Going forward, National Fraud Initiative works has been identified as an area outside of Internal Audit (Strategy and Resources Committee 23 January 2017, Internal Audit Shared Service Business Case). Those days have been reallocated to other audit activities.