

Internal Audit & Assurance Plan 2019/20

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| Final Decision-Maker | Audit, Governance & Standards Committee |
| Lead Director | Mark Green, Director of Finance & Business Improvement |
| Lead Officer and Report Author | Rich Clarke, Head of Audit Partnership |
| Classification | Public |
| Wards affected | All |

Executive Summary

This report sets out the proposed plan for Mid Kent Audit's work at Maidstone 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.

This report makes the following recommendations to the Committee

1. That the Internal Audit & Assurance Plan for 2019/20 be approved.
2. That the Head of Audit Partnership's view that the Partnership currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion be noted.
3. That the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management be noted.
4. That the proposed criteria for commissioning an External Quality Assessment of the audit service later in 2019/20 be noted.

Timetable

| Meeting | Date |
|---|---------------|
| Audit, Governance & Standards Committee | 18 March 2019 |

Internal Audit & Assurance Plan 2019/20

1. INTRODUCTION AND BACKGROUND

- 1.1 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.
- 1.2 In Mid Kent Audit, planning is a continuous activity but we began the programme working towards the 2019/20 plan document in late 2018. The paper here sets out the plan and project list intended for 2019/20 for Member approval.
- 1.3 The Standards set out the requirements that a Head of Audit must meet in setting out the plan. We refer to relevant sections from the Standards in the appendix to this report.
- 1.4 To note, audit plans must be at least annual but can have shorter timescales if needed. Also, the Standards explicitly direct that Head of Audit must keep the plan flexible and responsive to emerging and changing risks across the year.
- 1.5 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.

2. AVAILABLE OPTIONS

- 2.1 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 authorities that take a similar approach (Suffolk CC, to name one example).

- 2.2 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.
- 2.3 The Standards do not mandate any specific work for the plan, so its content is entirely 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.
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3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The appendix sets out the proposed plan for 2019/20, including background details on how we compiled the plan and how we propose to manage its delivery.
- 3.2 We confirm to Members that, although the plan has undergone broad consultation with management, it is compiled independently and without being subject to inappropriate influence.
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4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 4.1 We circulated an earlier, longer, draft to Heads of Service and Directors and held 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.
- 4.2 The overall resource allocation between the partners is consistent with the collaboration agreement and discussed with the Shared Service Board.
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5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 If approved, we will begin work on the plan in late April, working towards delivering a Head of Audit Opinion in early summer 2020.
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6. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue | Implications | Sign-off |
|---------------------------------------|--|---|
| Impact on Corporate Priorities | We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims. | Head of Audit Partnership 6 March 2018 |
| Risk Management | No significant implications. | |
| Financial | The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation. | |
| Staffing | We will deliver the recommendations with our current staffing. | |
| Legal | Accepting the recommendations will go towards fulfilling the Council's duties under the Accounts & Audit Regulations. | |
| Privacy and Data Protection | No significant implications. | |
| Equalities | The recommendations do not propose a change in service therefore will not require an equalities impact assessment | |
| Public Health | No significant implications | |
| Crime and Disorder | No significant implications | |
| Procurement | No significant implications. | |

REPORT APPENDICES

- Appendix 1: Internal Audit & Assurance Plan 2019/20

BACKGROUND PAPERS

The appendix includes reference to the Public Sector Internal Audit Standards (full document [at this link](#)). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings can be made available on request.