

Audit Committee

Item No.....

Report title:	Internal Audit Strategy, Our Approach and the Audit Plan 2019/20
Date of meeting:	31 January 2019
Responsible Chief Officer:	Executive Director, Finance and Commercial Services
Strategic Impact The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference , part 12, which is part of the Council's Constitution Article 6, at page 5. The Audit Committee should, 'Consider annually the effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice'.	

Executive summary

Norfolk Audit Services fulfils the internal audit function for the County Council as required by its own Terms of Reference and the relevant regulations and standards, which are considered annually by the Committee. Our work is planned to support the County Council's [vision and strategy](#).

This report sets out the:

- Background (Section 3)
- Internal Audit Strategy (Section 4)
- Our Approach to developing the Audit Plan 2019/20 (Section 5)
- The Audit Plan for 2019/20 (Section 6)
- Performance (Section 7)

The total days available to deliver all the services provided by NAS is 2,161. Of these days 835 days are delivered to external clients (FCE, schools, grants, EIFCA and the Norfolk Pension Fund).

Of the remaining 1,326 days available:

- 787 days (765 (revised days) in 2018/19) are available to deliver the audit opinion work. This is deemed sufficient to provide an opinion on the adequacy and effectiveness of the County Council's framework of internal control. it is proposed that 45 of these days will be delivered by our external contractor which supports our mixed economy delivery model
- To deliver the risk management and investigative auditor roles, 381 days are

- available; and
- the remaining 158 days are available to deliver the other services provided by NAS

Recommendation:

The Audit Committee is recommended to consider and agree:

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2019/20 and the Audit Plan for 2019/20, supported by the 'Days Available to Deliver NAS Services 2019/20' (**Appendix C**) and the 'Detailed Audit Plan for the First Half of the Year for 2019/20' (**Appendix D**), and that this work will deliver the assurances required
- That the arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards (2017) and the Local Authority Guidance Note of 2013, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 5.7 of this report), and any other relevant statements of best practice.

1. Proposal (or options)

- 1.1 The recommendation is set out in the Executive Summary above.
- 1.2 The Executive Directors have been consulted in the preparation of this report.

2. Evidence

- 2.1 The evidence is detailed in sections 3 to 7 below.

3. Background

Accounts and Audit Regulations (England) 2015

- 3.1 Under these regulations, the County Council 'must ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.
- 3.2 Also, the County Council 'must, each financial year (a) conduct a review of the effectiveness of the system of internal control' and '(b) prepare an annual governance statement.'
- 3.3 In addition, the County Council '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', described below.

UK Public Sector Internal Audit Standards

- 3.4 CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) has produced the [UK Public Sector Internal Audit Standards \(PSIAS\)](#) which came into force on 1 April 2013 and latest revised version is dated, 1 April 2017. CIPFA, in collaboration with the CIIA, also published in April 2013 the [Local Authority Guidance Note \(LAGN\)](#) for the Standards, which remain current.

Crime and Disorder

- 3.5 Under section 17 of the Crime and Disorder Act (1998), the Council has a statutory general duty to take account of the crime and disorder implications of all its work and do all that it reasonably can to prevent crime and disorder in Norfolk.

4. Our Internal Audit Strategy

Our vision and mission

- 4.1 Our vision and mission, in Norfolk Audit Services (NAS), is to enhance and protect the Council's value by providing risk-based and objective assurance, advice and insight, while fulfilling the statutory requirements for assurance on the Council's Internal Control and Risk management (Accounts and Audit Regulations 2015) and relevant standards.

The 'Core Principles' for the Professional Practice of Internal Auditing

- 4.2 We also must achieve the 'Core Principles' for the professional practice of Internal auditing in our work which, taken as a whole, articulate internal audit effectiveness. Failure to achieve any of the 'Core Principles' would imply that an internal audit activity was not as effective as it could be in achieving Internal Audit's mission. The 'Core Principles' are:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused
- Promotes organisational improvement

Code of Ethics

- 4.3 Internal auditors in UK public sector organisations must conform to the Code of Ethics in UK PSIAS, which is based on four principles: integrity, confidentiality, competency and objectivity. We also have regard to the Committee Standards of Public Life's, '[Seven Principles of Public Life](#)'.
- 4.4 Our own Code of Ethics is based on best practice, the CIPFA publication "[Code of Ethics for Professional Accountants](#)" (2011) which is compatible with the UK PSIAS and incorporates elements of the 'Seven Principles of Public Life' where these are additional to the principles in the CIPFA publication and the UK PSIAS's Code of Ethics.

Our Critical Success Factors

- 4.5 These are: -
- Focusing on the Council's highest risks, both corporately and departmentally
 - Maintaining efficient and effective audit processes which conform with UKPSIAS
 - Having adequately skilled and knowledgeable staff; and
 - Maintaining the role of trusted advisor.

Focus on the County Council's highest risks

- 4.6 Our planning process is risk focused. Conversations with Executive Directors, Assistant Directors and key senior managers incorporate

discussions on where the current risks are within the Directorate's departments and what NAS can do to provide assurance.

- 4.7 This year, some emphasis was placed on identifying risk categories which could hamper the achievement of the Council's strategy, and each Committee's service's plans to enhance risk identification and the embedding of risk management throughout the Council. Where a Red, Amber Green (RAG) rated risk category map was completed for a Directorate, this was used to inform the Council's audit plan and has enabled us to provide assurance on some of the Council's corporate and departmental risks.

Efficient and effective audit processes which conform with UKPSIAS

- 4.8 New ways of working were introduced in 2018/19 with the aim of increasing the turnaround of audit work, so that more reports were issued within a reasonable timeframe and improving the level of critical thinking within audit work, to increase the value of end product. These involved identifying risks for the areas under review as well as a more control defined audit programme. Smarter terms of reference and an enhanced report format were also introduced, and emphasis was placed on meeting report deadlines and working within budgets.
- 4.9 The impact of this change has been taken a while to embed, as staff become more confident with the new processes, and will continue into 2019/20.
- 4.10 Our processes continue to conform with UKPSIAS. Our next external quality assessment (EQA) is not due until 2022/23. There are still some actions from the EQA in 2017/18 which need to be fully completed. These are reported within our quarterly report.

Adequately skilled and knowledgeable staff

- 4.11 For the Council's audit work, NAS comprises two Principal Client Managers, one Client Manager, four Senior Auditors and two Auditors, one Audit Assistant and one Trainee Auditor. NAS is led by the CIA. This amounts to ten FTEs. Staff work a variety of work patterns and hours. In addition, the wider NAS Team includes a qualified Risk Management Officer and Investigative Auditor as well as the France Channel England Interreg VA Programme Audit Authority team. We also use the services of an outside contractor for our audits, particularly for complex and specialist areas.
- 4.12 The auditors and senior auditors are mainly AAT qualified, or studying for this qualification. Our Trainee Auditor is completing the level 4 Internal Audit apprenticeship qualification.
- 4.13 Our Client Manager and one of the Principal Client Managers are both ACCA qualified and Fellow members of the ACCA. Our other Principal Client Manager is a certified and chartered Internal Auditor, has the Qualification in Internal Audit Leadership, all obtained through the Chartered Institute of Internal Auditors (CIIA), and is a Chartered Member of the CIIA. The CIA is CIPFA qualified and a member of County Chief Internal Auditor Group Network (CCAN) and Home Counties Chief Internal Auditor Group (HCCIAG).

- 4.14 All staff are required to undertake continuing professional development (CPD) in accordance with professional body and NAS requirements. In November 2018 we recruited a new auditor who has obtained the CIPFA Certificate and Diploma in Public Sector Internal Audit and Accounting as well as 3 AAT Level 3 and has significant experience of auditing in local government and leading audit teams. This will enhance and improve the expertise of our team.

Maintaining the role of trusted advisor

- 4.15 Audit Managers work closely with departmental management teams and Finance Business Partners to ensure that audits add value, are efficient and effective and that any recommendations are followed through. Internal Audit are available to provide advice to Executive Directors on controls and risk management.

Actions for 2019/20

- 4.16 Our priorities are as follows:
- Work towards providing assurance on the Council's corporate risks.
 - Continue to embed the new ways of working with the team to deliver reports on time and within budget.
 - Develop staff to become expert auditors in specialist areas.
 - Continue to introduce the use of data analytics in our auditing.
 - Investigate whether any local organisations are receiving EU funding and whether they require FLC services.
 - Identify what Council initiatives and projects are being implemented and how we can contribute.
 - Promote the role and raise the profile of internal audit within the Council as a trusted advisor.

5. Our approach to developing the Audit Plan for 2019/20

The requirements

- 5.1 In accordance with UK PSIAS the Chief Audit Executive, the Council's Chief Internal Auditor (CIA), must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's goals.
- 5.2 In developing our risk-based plan, we must consult with senior management and obtain an understanding of the Council's strategies, key business objectives, associated risks and risk management processes and the plan must be reviewed and adjusted as necessary, in response to changes in the business, risks, operations, programmes, systems, and controls. Our approach to this is detailed below.
- 5.3 Our audit plan must incorporate or be linked to a strategic or high-level statement of how our service will be delivered and developed in accordance with our Terms of Reference (this is our Internal Audit Strategy as detailed in **Appendix C**) and how it links to the Council's objectives and priorities (this is shown in our detailed Audit Plan for the first half of the year for 2019/20 in **Appendix D**).

- 5.4 In addition, the internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.
- 5.5 The risk-based plan must also consider the requirement to produce an annual internal audit opinion and report that can be used by the Council to inform its [Annual Governance Statement](#) (AGS) and must conclude on the overall adequacy and effectiveness of the County Council's framework of governance, risk management and control. We detail below in 5.7 – 5.12, how each opinion on the overall adequacy and effectiveness of the County Council's framework of governance, risk management and control is derived.
- 5.6 As Section 151 Officer, the Executive Director of Finance and Commercial Services has a duty to consider the adequacy of the internal audit coverage. Our audit plan is discussed with the Executive Director of Finance and Commercial Services.

Risk Management

- 5.7 The CIA has management responsibility for the corporate risk management system, but the Executive Directors are the risk owners. The Audit Committee must approve and periodically review the safeguards put in place to limit any impairments to independence and objectivity in drawing a conclusion on the adequacy and effectiveness of the risk framework. These safeguards are that:
- The Council has a qualified Risk Management Officer
 - The function undertakes nationally recognised benchmarking and reports this to the Committee
 - The Executive Director has overall responsibility and reports to the Committee quarterly and annually
 - The External Auditors reviews AGS which includes the effectiveness of risk management.
 - In kind with the requirements for external review of the internal audit function in each five-year period, it is proposed to seek an external review of the Risk Management Framework in 2020/21.

Governance

- 5.8 The County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council has its own [Code of Corporate Governance](#) based on the International Framework: Good Governance in the Public Sector, produced by CIPFA and the International Federation of Accountants (IFAC).
- 5.9 The Council's Annual Governance Statement provides an overall self-assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in the Code. Evidence relating to the principles of the Code is reviewed and analysed to assess the robustness of the Council's governance arrangements.
- 5.10 The AGS includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of systems and processes governing decision making and financial control.

- 5.11 Our role is to collate all the assurances from the Executive Directors and other staff members and any other information as required for the AGS and to draft the AGS for management approval before signature by the Leader of the Council. The scope of some of the audit opinion work we undertake contributes to the assurances given for the opinion in the AGS.

Internal Control

- 5.12 Our audit opinion work is designed to enable us to provide the required opinion on the adequacy and effectiveness of the Council's framework of control.

Strategies and Plans

- 5.13 Each Service Committee has produced a three-year plan, setting out their areas of responsibility. These plans were approved by Service Committees in March 2018.
- 5.14 Across the Council, teams and departments have developed 'Plans on a Page'. Within NAS, a 'Plan of a Page' is in place for NAS, risk management and Anti- Fraud.

Risk management processes

- 5.15 We reviewed the Council's risk management system at a high level to determine if we could rely on the risk assessments performed, resulting in the corporate and department risk registers in place, or whether we needed to complete our own risk assessments for planning purposes. We concluded that we could rely on the risk assessments based on our own professional knowledge of what an adequate and effective risk management system looks like and the information detailed below in 5.16 – 5.20 below.
- 5.16 The Council has a Corporate Risk Register in place and departmental risk registers are in place for Adult Social Services, Children's Services, Communities, Environment, Development and Transport, Finance Commercial Services and Strategy, Legal and Democratic Services.
- 5.17 Service risk Registers are in place for ICT, Banking and Treasury, Community, Information and Learning and Customer Services. Ones for Children's Services are in early development.
- 5.18 A Risk Management Policy is in place along with risk management procedures. Risk tolerances are in place and enable the Council to control its risk appetite in line with the organisational strategic objectives. The tolerance sets the level of risk that can be borne in the context of specific transactions or activities, as described in each Committee's risk register. The risk tolerance level corresponds with the risk target score. The risk target score is set using the risk impact and likelihood criteria, as set out in the Council's Risk Scoring procedure, to judge to what score the risk should be mitigated down to.
- 5.19 The annual report for Risk Management 2017/18 states that 'The Council's system of Risk Management during 2017/18 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.'

- 5.20 The annual report further states that ‘Sound’ is taken to mean that adequate governance, reporting, and assurance structures are in place to manage the risks to the Council’s objectives. This was determined from the results of the Benchmarking Club, looking at evidence-based performance results against other councils.’

Audit universe

- 5.21 We want to complete risk-based internal auditing where we can and have a risk focused audit plan. Therefore, for the 2019/20 audit plan, we have identified a number of risk categories which we believe could hamper the achievement of the Council’s strategy, and each department’s or service’s plans. These represent our risk audit universe for audit planning purposes along with the corporate and departmental risk registers. The risk universe is supplemented by audit universe of business areas and processes.

Senior management consultation

- 5.22 We have met with Executive Directors and Assistant Directors and other senior and key managers to determine whether each risk category is relevant for them and why and to assess each risk category for their responsible area, using Council’s Risk Scoring procedure of likelihood and impact. The resulting RAG rated risk category map for each Directorate has been used to inform the Council’s audit plan.
- 5.23 This approach has not been appropriate for every area and in these cases a high-level risk assessment of systems and processes was undertaken.
- 5.24 We also discussed any key issues facing the department or service and where the risks were significant, these areas were included in the audit plan.
- 5.25 We also considered concerns from Members and Executive Directors, inspection and committee reports, the Audit Report from the External Auditors, matters discussed with other Heads of Internal Audit, as well as applying our own professional judgement, audit knowledge and experience in devising an appropriate audit plan. The audit plan is also discussed with the Chair and Vice Chair of the Audit Committee.

Financial implications

This year our audit focus for finance is to audit some of the key finance areas as well as the financial risk category concerning savings not being met. See 6.8 for further details below.

Other factors to consider

- 5.26 With the departure of the Managing Director, Members are preparing to move the Council to a cabinet system, effective from May 2019 and having an Executive Leader of the Council. The Executive Director of Community and Environmental Services has taken up, on an [interim basis](#), the additional responsibilities of Head of Paid Service.
- 5.27 To respond to changes in the business, risks, operations, programmes, systems and controls, the audit plan is split into two halves, an audit plan for the first half of the year and then a refreshed version for the second half of the year. This ensures the Audit Plan for 2019/20 remains current and

relevant. Further consultation with senior management takes place when the Audit Plan for the second half of the year is considered. Contingency days allow for us to deal with urgent requests.

6. The Audit Plan for 2019/20

Days available

- 6.1 The total days available to deliver all the services provided by NAS is 2,161. Of these days 835 days are delivered to external clients.
- 6.2 Of the remaining 1,326 days available to deliver the services to internal clients, 787 days (765 (revised days) in 2018/19) are available to deliver the audit opinion work, as shown in the table below, and it is proposed that 45 of these days will be delivered by our external contractor.
- 6.3 To deliver the risk management and investigative auditor roles, 381 days are available, and the remaining 158 days are available to deliver the other services provided by NAS, also detailed in the table below. **Appendix C** shows a comparison with 2018/19 and the proposed split of days across the two halves of the Audit Plan.

Audit opinion days

- 6.4 The detailed Audit Plan for the first half of the year for 2019/20 is shown in Appendix D. This shows that the days available for audit opinion work is 787. This is deemed sufficient to provide an opinion on the adequacy and effectiveness of the Council's framework of internal control.
- 6.5 Audits have been allocated to either the first or second half of the year. The second half of the year has a larger proportion of audit work allocated to it than the first half of the year. This is because less staffing resources are available in the first half of the year, due to the summer holidays and term time working, and to allow some time to complete audits still in progress from 2018/19.
- 6.6 Our audit opinion work produces draft and final reports, which include recommendations for improvements in internal controls and an action plan.
- 6.7 Our audit findings are categorised into high, medium and low priority. Action plans are agreed with management to mitigate risks for all findings. We assign overall opinions to our audit work of 'Acceptable – green rated' or 'Key issues to be addressed – red or amber rated'. We also assess the corporate and departmental significance of the audit.

The key content of the Audit Plan, 2019/20

- 6.8 This year the focus of the Audit Plan is to provide corporate assurance for the following risk categories: -

Risk Category	Definition	Audit Focus
Project risk	An uncertain event or condition occurring that has a	We will select a sample of ongoing projects, across

	positive or negative effect on a project's objectives	all directorates, which are designed to achieve savings and involve a change in process or delivery, for review to provide assurance against these three risk categories.
Change management risk	Not being able to manage change for example, implementation of commercialisation or redefining service delivery models for ongoing efficiencies and savings, by maintaining or transforming in the face of shocks or stresses without compromising the County Council's long-term prospects	<p><u>Relevant Corporate risks:</u></p> <p>-</p> <p>RM002 - risk that the Medium Term Financial Strategy savings required for 2018/19- 2021/22 are not delivered.</p> <p>RM006 - The failure to deliver agreed savings or to deliver our services within the resources available, resulting in the risk of legal challenge and overspends, requiring the need for in year spending decisions during the life of the plan, to the detriment of local communities and vulnerable service users.</p>
Financial risk	Not being able to make sufficient savings to set a balanced budget, meet financial challenges, and manage increasing pressures on our spending	
Access risk	Unauthorised persons gain access to electronic (transaction processing) systems, including social media platforms, and alter, amend, add or delete information resident in data files or enter unauthorised transactions for processing	We will appoint specialist IT auditors to undertake a review of the IT systems and processes which keep our networks and the systems we use free from unauthorised exploitation and processing and data alteration, deletion, theft or amendment.
Cyber risk	Unauthorised exploitation of our systems, networks and technologies from a cyber-attack.	<p><u>Relevant corporate risks:</u></p> <p>-</p> <p>RM010 - Loss of core / key ICT systems, communications or utilities for a significant period, as a result of loss of power, physical failure, fire or flood, supplier failure or cyber-attack, would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and</p>

		additional costs.
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- 6.9 We will also be providing assurance on the Third River Crossing project, £121 million, and the Education Capital Programme; on 29 October 2018, the Policy and Resources Committee approved a capital scheme for the creation of new specialist Special Educational Needs and Disability (SEND) provision. Phase 1 is for £100 million expenditure over three years. For a complete list of the audits for 2019/20, please see **Appendix D**.

France Channel England (FCE)

- 6.10 The Audit Authority works to its own Audit Strategy, refreshed annually in January and endorsed by the FCE Consultative Audit Group. The Audit Strategy is developed to ensure that the Audit Authority fulfils the expectations and meets the requirements laid out in EU Regulations. The strategy has three main strands: audit of the systems, audit of the expenditure and audit of the accounts. The Audit Authority summarises the audit results in its Annual Control Report, which is submitted to the EC alongside the programme's annual accounts.
- 6.11 The work of the Audit Authority relates to the prior accounting year, similar to the work of external auditors, as it aims to support the opinion on the accounts.
- 6.12 In 2017/18, the programme reported expenditure of 2.5 million €, half of which relating to expenditure by the Council (NCC) in the delivery of the programme implementation and audit.
- 6.13 Expenditure is expected to rise significantly in 2018/19, as the projects are now entering implementation. From management information available, we anticipate the total expenditure declared in 2018-19 to be around 7 million €, including an NCC claim circa 1.25 million €.
- 6.14 The days available for FCE work is 461.

NAS budget

- 6.15 The net budget for delivering all the services provided by NAS remains at circa £520K for 2019/20. Projected income is estimated to be circa £175K.

7. Performance

Targets

- 7.1 We issue draft reports within ten days following the feedback meeting and final reports within seven days following receipt of the action plan from clients.
- 7.2 All audits have a budgeted number of days assigned to them which is compared to actual days. A budgeted and actual cost of each audit is also determined. Feedback from clients is also sought.
- 7.3 The productivity percentage for the whole of the NAS Team for 2019/20 has been calculated to be 75% and is 69% excluding FCE work and the risk management and investigative auditor roles.

- 7.4 The NAS Management Team monitor the above targets at their meetings.
- 7.5 Our audit opinion days of 787 includes days to complete audits in progress at the end of the 2018/19. Our target is to complete 100% of audits in progress from 2018/19 during the first half of the year.
- 7.6 The target for draft and final reports for audits which commence in the first quarter of the year are 100% for both. For those that commence in the second quarter, it is 80% for draft reports and 60% for final reports. There are 38 new audit opinion topics in the 2019-20 plan. Of these 14 are in the first half, 24 in the second half. There are fewer in the first half to ensure completion of the 2018-19 work in progress that is carried forward. The target for draft and final reports in the first half of the year (new opinion work) is 6 final and 2 draft.
- 7.7 The targets detailed in 7.5 and 7.6 are reported to the Audit Committee in our quarterly reports.

PSIAS

- 7.8 The NAS Management Team are responsible for ensuring that conformance with the PSIAS is maintained.
- 7.9 All audit work is subject to a review prior to the issue of the draft report. Feedback regarding what the auditor did well and what they could improve, and any training needs is provided to the auditor at the end of every audit.
- 7.10 The Principal Clients Managers review a sample of audit work in each half of the year and report back on any improvements that need to be made by the Team.
- 7.11 The CIA is consulted on the scope of audits (except for schools and grants) and reviews Draft reports where the audit opinion is 'Key Issues to be addressed - red or amber rated' or of corporate significance prior to issue.

8. Financial Implications

- 8.1 The expenditure falls within the parameters of the Annual Budget agreed by the Council. Our work provides assurance on the systems and internal controls that manage £1.405 billion of Gross Revenue expenditure, £145 million Capital programme and £977 million of assets.
- 8.2 The costings for NAS remains unchanged, subject to any savings that the Committee may agree in year, no further savings are proposed for 2019/20. The overall resourcing levels remain unchanged. We will actively maintain traded services and pursue new opportunities when they arise.
- 8.3 There is a contribution to the fixed costs from the FCE Programme Technical Assistance. All costs incurred in delivering the audit authority function are recovered from the European Commission, such that the resources can be back filled, where necessary.

9. Issues, risks and innovation

Issues

- 9.1 Our audit planning will take account of any improvement plans and planned savings activity that are in progress and will complement that work where appropriate.

Risk implications

- 9.2 If appropriate systems are not in place or are not effective there is a risk of:
- The Council failing to achieve its corporate objectives
 - The Audit Committee not complying with best practice and thereby not functioning in an efficient and effective manner; and
 - Not meeting statutory requirements to provide adequate and effective systems of internal audit.
 - The CIA may not be able to provide an opinion due to insufficient audit work being completed.
- 9.3 The correlation of the audit topics to corporate risks is shown in the 'Detailed Audit Plan for 2019/20', **Appendix D**.

Resource implications

- 9.4 There are no resources implications in respect of the proposed strategy. However significant changes to the Strategy, Approach and Plan may result in staffing and cost implications. A reduction in overall resources may expose the Council to inadequate internal audit coverage and in turn to the risk of financial or reputational loss.

Legal Implications

- 9.5 Internal audit work should fulfil the requirement for an internal audit function as described in the Accounts and Audit Regulations 2015.
- 9.6 There are no implications with respect to:
- Equality
 - Human Rights
 - Environmental
 - Health and Safety.

Innovation

- 9.7 The Internal Audit Planning seeks to apply innovative practices, methodology, partnering and resourcing where possible, ensuring that relevant standards are maintained and that value for money is demonstrated.
- 9.8 Examples of such innovation include how we resource the audit plan through the in-house team, use of agency staff and contracting our external contractor, BDO to provide resilience and flexibility in audit delivery. We have this past year also commissioned Grant Thornton to undertake some complex audit work and will continue to use such a model in the future.

10. Background papers

- 10.1 The background papers relevant to this report are the Internal Audit Team Audit Needs Assessment.

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper, please get in touch with:

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Other Services

The table below details the other services we deliver within NAS.

Service	Description	Days
Provision of the Risk Management Strategy including servicing of Committees in respect of risk management	Our Risk Management Officer proactively supports Directorates in identifying and managing their corporate and departmental risks	191
Provision to undertake investigations where requested to do so by Chief Officers or the Audit Committee Chairman.	To deliver professional and objective evidence-based reports to assist with effective and efficient disciplinary or criminal proceedings. Our staffing strategy includes an investigative auditor role.	191
Delivery of the Anti-Fraud and Corruption Strategy including preliminary assessments and investigations and managing the Council's Whistleblowing Policy and Procedures.	We review, with the Chief Legal Officer, the Anti-Fraud and Corruption Strategy on an annual basis, update it as necessary and present it to the Audit Committee. A performance report with respect to Anti-Fraud and Corruption is made to the Audit Committee half-yearly. We provide advice in respect of allegations and undertake preliminary assessments into fraud, support disciplinary review action groups and undertake investigations. We undertake preliminary assessments into whistleblowing disclosures and commission / undertake investigations and maintain the log of disclosures.	191
Reporting to the Audit Committee, quarterly and annually.	Production and delivery of reports to a professional standard. Attendance at all meetings by the appropriate officers.	50
Delivery of the Annual Governance Statement to the Audit Committee.	Delivery of the Annual Governance Statement ensuring adequate and timely consultation with appropriate senior officers and members.	8
Provision of assurance to the Executive Director of Finance and Commercial Services, the Section 151 Officer, with	Consideration of all aspects of governance, internal control and risk management throughout the authority or joint committee and	20

<p>respect to the systems of governance/internal control and risk management throughout the authority and the Joint Committees.</p>	<p>arrive at a reasoned opinion.</p> <p>Consideration of all risks included in the Corporate Risk Register as part of the risk based internal audit approach.</p> <p>Demonstration of how corporate risks in the Corporate Risk Register are considered and covered in the annual audit plan and the sources of assurance available to ensure all corporate risks are adequately considered and have sufficient internal audit coverage.</p> <p>Reporting this to the Executive Director of Finance and Commercial Services and the appropriate committees.</p>	
<p>Provision of advice and assistance with respect to Internal Control to County Leadership Team (CLT) and other Senior Officers.</p>	<p>Our annual resource plan provides for general liaison with CLT and other Senior Officers particularly in the formulation of the audit plan.</p> <p>We provide advice on new systems and answers queries in respect of internal control.</p>	<p>80</p>

Delivery to External Clients

The table below details the services NAS delivers to external clients.

Service	Description	Days
Provision of an Internal Audit Service to Schools – traded audits and health checks.	<p>The strategy for auditing schools from April 2012 was agreed with the Audit Committee and incorporated into the 2017-18 audit plan.</p> <p>We offer a full audit or a health check to maintained schools.</p> <p>During 2019/20 we will continue to target the 44 schools who last had an audit or health check in 2008, 2009 and 2010 and have not had a finance review from Children's Services. Of these 44 schools, only ten have booked an audit since reminder letters were sent out in September 2018. The target numbers and days will remain at 25 and 76 respectively for 2019/20 (in 2018/19, 22 audits have either been completed or are booked for January – March 2019).</p>	76
Provision of advice and assistance to the Eastern Inshore Fisheries and Conservation Authority.	<p>Provision of advice and assistance with respect to the Annual Governance Statement and other internal control issues.</p> <p>We provide this service on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.</p>	6
Undertaking grant certification work particularly with respect to EU grants completed quarterly, half yearly or annually.	<p>We provide this service on the required charges basis or at full cost recovery, which enables us to absorb the cost of all or some of our senior management and other overheads.</p> <p>Grant certifications include five EU grants, increasing to six in 2019/20, five LGA grants, one external client and five other UK government grants, plus the 16-19 EFSA grant funding work for schools for the S151 Officer.</p>	212
Provision of an Internal Audit Service to the Norfolk	We provide an internal audit service to the Norfolk Pension	80

Pension Fund.	<p>Fund on a risk assessed basis.</p> <p>We provide these services on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.</p>	
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