

Technical Details

Additional background

- 2.1** The three year Internal Audit Strategy agreed in January remains largely unchanged in terms of our objectives, the nature of our work, delivery of our work and managing our resources. We continually seek efficiencies in delivering the strategy. There has been reprioritisation of some audits and new audits being identified and included within year **Appendix B**.

Delivering the Audit Strategy (Appendix A):

- The reporting to the Audit Committee remains the same. This reporting is detailed and welcomed by the Committees. Whilst we endeavour to keep time on this to a minimum, we are mindful that this is a sizeable overhead for the team
- The facilitation of the Annual Governance Statement (AGS) for 2015-16 preparations has remained the same at 5 days, although this was supplemented by additional days from the days allowed for the provision of assurance to the Executive Director of Finance days. This was to introduce a self-certification process for the 2015-16 Annual Governance Statement which should see time savings due to more efficiencies in subsequent years. This further strengthens Chief Officer and member involvement using the CIPFA Solace guidance.
- Whilst we continue to promote the traded audits to schools there has been no revision to the planned 80 days. This is deemed sufficient to cover anticipated uptake of this service.
- The number of days to support the grant certification work remains the same.
- The resources needed for the France Channel England project remain estimated at 155 days for 2016-17. With the Brexit outcome we continue to assess and understand any likely impact on our role as Audit Authority and will take responsive action as and when necessary.
- Work for 60 days with respect to advice (promotion and prevention) on Anti-Fraud and Corruption remains the same as the original strategy. This allows for two specific Anti-Fraud and Corruption audits.

The Audit Opinion Work (Appendix Bi):

- 2.2 Appendix B (i) sets out the resources to deliver one key element of the Strategy, the audit opinion. The 2016-17 revised plan takes particular account of the transitional changes impacting on the governance and internal control issues arising from the economic, budgetary and organisational changes. The revised proposed audit opinion work for 2016-17 is currently oversubscribed by 92 days. This oversubscription will be managed through the six months of the audit plan remaining by natural and expected movement of planned audits. Any remaining audits not delivered due to oversubscription will be carried forward, on a risk assessed basis to quarter 1 of 2017-18. Appendix B (ii) sets out the work that was identified in the original plan and the revised plan through our audit needs assessment, but that has been deferred due to the number of audit days available within the team.
- 2.3 Audits to address Transformational Change (Appendix B (i)) are the audits that review risks arising from changes in the internal control arrangements as a result of various initiatives and changes that have taken place in the last year or so, or are likely to place in the coming year.
- 2.4 The Information Commissioner (ICO) has recommended that larger organisations should consider Data Protection as part of their internal audit planning and the Internal Audit plan continues our work on this risk area. The original planned areas of coverage have been deferred due to the pending visit by the ICO (Autumn 2016), instead our audit resource will support the preparations for this visit and will perform an audit prior to the visit (actual coverage to be agreed once the ICO have notified NCC of their planned coverage) Appendix B (i).

Section 4 Issues, Risks and Innovation details

- 4.1. 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
 - not meeting statutory requirements to provide adequate and effective systems of internal audit.
- 4.2. These documents underpin the operational performance of Norfolk Audit Services and hence significant changes to these plans would impact on the delivery of the audit service and may put at risk the good reputation of the service. The External Auditor places reliance on the work of Norfolk Audit Services which helps to lower their fees to the Council.
- 4.3. This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

- 4.4. 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.
- 4.5. The Council has in place an Anti Fraud and Corruption Strategy which is actively promoted. Norfolk Audit Services work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing.

Section 5 Background details

- 5.1. The Council must undertake an adequate and effective internal audit to meet the requirements of the Accounts and Audit (England) Regulations (2015). The proposed audit plan meets this statutory requirement. The planning also meets relevant standards (UK Public Sector Internal Audit Standards, UKPSIAS). Norfolk Audit Services must establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The plan must take into account the requirement to produce an annual internal audit opinion, the relative risk maturity of the organisation and the assurance framework. Norfolk Audit Services identifies and considers the expectations of senior management, the Audit Committee and other stakeholders for internal audit opinions and other conclusions. The plan and resource requirements need to be communicated to senior managers and the Audit Committee for review and approval.

End.