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# Internal Audit Plan 2018/2019 - Summary Report

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<b>Committee considering report:</b>	Governance and Ethics Committee
<b>Date of Committee:</b>	23 <sup>rd</sup> April 2018
<b>Portfolio Member:</b>	Councillor Graham Bridgman
<b>Date Portfolio Member agreed report:</b>	12 April 2018
<b>Report Author:</b>	Julie Gillhespey
<b>Forward Plan Ref:</b>	GE3324

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## 1. Purpose of the Report

This report sets out the proposed Internal Audit work for the three year period covering 2018/2019 to 2020/2021.

## 2. Recommendation(s)

That the Governance and Ethics Committee discuss and approve the Proposed Audit Plan, the Internal Audit Charter and associated documents.

## 3. Implications

- |     |                         |   |
|-----|-------------------------|---|
| 3.1 | <b>Financial:</b>       | n/a   |
| 3.2 | <b>Policy:</b>          | n/a   |
| 3.3 | <b>Personnel:</b>       | n/a   |
| 3.4 | <b>Legal:</b>           | n/a   |
| 3.5 | <b>Risk Management:</b> | Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and procedures and making recommendations to provide mitigation and improve service delivery processes. |
| 3.6 | <b>Property:</b>        | n/a   |
| 3.7 | <b>Other:</b>           | n/a   |

## 4. Other options considered

None, the Public Sector Internal Audit Standards (PSIAS) require the Council's Audit Plan and Internal Audit Charter to be approved by the Governance and Ethics Committee.

## Executive Summary

### 5. Introduction / Background

- 5.1 The purpose of this report is to set out a risk based plan of work for Internal Audit (IA) that will provide assurance to the Governance and Ethics Committee on the operation of the Council's internal control framework and support the Committee's review of the Annual Governance Statement.
- 5.2 The objectives for IA are set out in West Berkshire Council's Internal Audit Charter. This year there has been a significant re-write of the document to ensure that it fully complies with the requirements of the PSIAS. One of the key changes is the production of quarterly monitoring reports rather than half yearly. The revised Charter is attached at Appendix C.
- 5.3 The work programme for IA for the period 2018-2021 is attached at Appendix Di. The plan analyses the different areas of Council activity that IA have assessed as needing to be audited. Appendix Dii shows indicative timings of the audits for 2018/2019 to assist with planning the audit process.
- 5.4 The work of IA forms the basis of the opinion given by the Audit Manager on the Council's internal control framework. The work of IA is regulated by the PSIAS, these set out the standards and methods that should be applied in carrying out audit work. At an operational level there is an Audit Manual which sets out in detail how work is to be undertaken, recorded and managed. In addition, an Audit Reporting Protocol is published to all Heads of Service setting out the communication process for each audit. A copy of this is at Appendix E.
- 5.5 The Audit Team consists of four staff; the Audit Manager, two senior auditors and one auditor post.
- 5.6 The risk categorisation is used to determine a reasonable baseline for the frequency of coverage. The reduction of the team over the last few years to four members of staff has resulted in a longer timeframe between audit reviews. The current frequencies used are:-

Risk Level	Frequency (years)
High	5
Medium	7
Low	10
Schools	6

- 5.7 As this change in frequency has only occurred over the last couple of years, there is still a high proportion of audits that have recent coverage, this however will not be the case going forward. The level of risk increases where there is a lack of coverage, as the previous audit opinion may no longer be relevant where there are changes to key personnel or processes. Also, the possible 'deterrent factor' can be lost where there is infrequent or no coverage.

## **6. Proposal**

- 6.1 That the Governance and Ethics Committee approve the planned work programme for IA, together with the content of the revised Internal Audit Charter.

## **7. Conclusion**

- 7.1 This report sets out the proposed work for IA over the next three years. In order for an informed decision to be made regarding the work programme, this report sets out the role of IA together with supporting information as to how the plan is compiled.

## **8. Appendices**

- 8.1 Appendix A - Equalities Impact Assessment
- 8.2 Appendix B - Supporting Information
- 8.3 Appendix C - Internal Audit Charter
- 8.4 Appendix Di - Draft Audit Plan
- 8.5 Appendix Dii - Indicative Timings for Audit Work in 2018-19
- 8.6 Appendix E - Internal Audit Reporting Protocol

## Appendix A

### Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:**
    - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
    - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

<b>What is the proposed decision that you are asking the Executive to make:</b>	
<b>Summary of relevant legislation:</b>	
<b>Does the proposed decision conflict with any of the Council's key strategy priorities?</b>	
<b>Name of assessor:</b>	
<b>Date of assessment:</b>	

<b>Is this a:</b>		<b>Is this:</b>	
<b>Policy</b>	<b>Yes/No</b>	<b>New or proposed</b>	<b>Yes/No</b>
<b>Strategy</b>	<b>Yes/No</b>	<b>Already exists and is being reviewed</b>	<b>Yes/No</b>
<b>Function</b>	<b>Yes/No</b>	<b>Is changing</b>	<b>Yes/No</b>
<b>Service</b>	<b>Yes/No</b>		

<b>1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?</b>	
<b>Aims:</b>	
<b>Objectives:</b>	
<b>Outcomes:</b>	
<b>Benefits:</b>	

<b>2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.</b>  (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
<b>Group Affected</b>	<b>What might be the effect?</b>	<b>Information to support this</b>
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
<b>Further Comments relating to the item:</b>		

<b>3 Result</b>	
<b>Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?</b>	<b>Yes/No</b>
Please provide an explanation for your answer:	
<b>Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?</b>	<b>Yes/No</b>
Please provide an explanation for your answer:	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

<b>4 Identify next steps as appropriate:</b>	
<b>Stage Two required</b>	
<b>Owner of Stage Two assessment:</b>	
<b>Timescale for Stage Two assessment:</b>	

Name:

Date:

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) ([rachel.craggs@westberks.gov.uk](mailto:rachel.craggs@westberks.gov.uk)), for publication on the WBC website.