

ITEM: 7

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY AUDIT COMMITTEE

DATE: 26th APRIL 2018

REPORT TITLE: WECA - INTERNAL AUDIT PLAN (2018/19)

AUTHOR: JEFF WRING – AUDIT WEST (INTERNAL AUDIT)

Purpose of Report

1. To present the indicative Internal Audit Plan for 2018/19 and Internal Audit Charter to the Audit Committee for approval.

Issues for Consideration

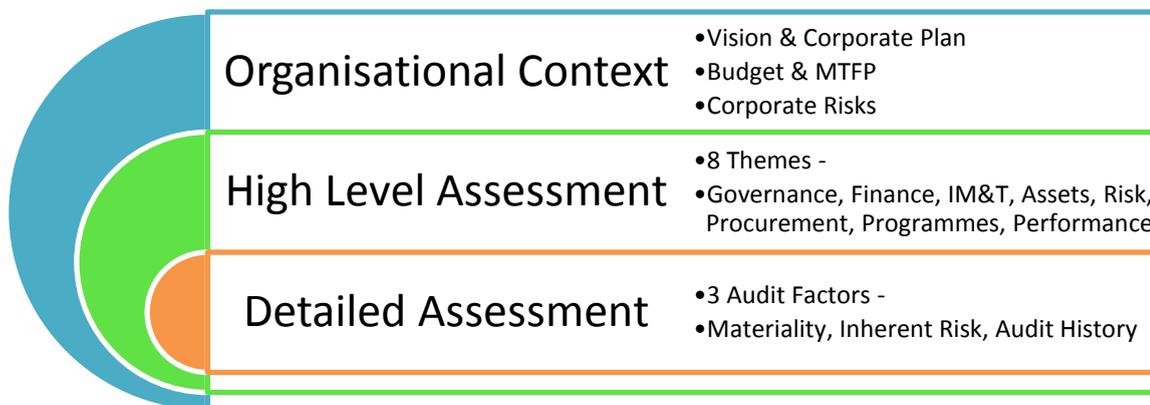
2. To consider the areas included within the Audit Plan in the context of WECA being a new organisation and the core assurances it requires from its audit function on its core systems and governance framework.
3. To ensure that the Audit Committee can rely on the independent assurance given by its Internal Auditor's as laid out within the Audit Charter.

Report Narrative / Main Content

Internal Audit Annual Plan 2018/19 (Appendix 1)

- 4.1 The Public Sector Internal Audit Standards require Internal Audit to prepare a risk-based plan. As this is only the second year of WECA's operation there is limited audit history and risk assessment to rely on and as such the plan attached at Appendix A is based on the current position and could be subject to further change as WECA's organisational requirements become more established.
- 4.2 The Audit Plan will therefore focus on the following main themes –
 - a) Continued Assurance on Core Systems;
 - b) Assurance on Core Governance framework;
 - c) Advice on new financial and grant funded systems and processes;

4.3 The Plan has been subject to consultation with the Director of Investment and Corporate Services (S151 Officer) and WECA's strategic management team. The Internal Audit service (Audit West) use the reasonable assurance model to compile the plan, of which the essential elements are as follows –



4.4 As presented to the last Audit Committee in detail at its last meeting we have used the reasonable assurance model as one of our core assurance processes as well as informing the plan for this year. Notwithstanding the assessment, specific circumstances (such as a significant reputational issue or request of S151 Officer or Senior Management Team may on occasion mean that a new audit area may be included in the Plan.

4.5 Resources available to deliver the Plan will also inform the quantum of the Plan which amounts to approximately 80 days in total plus a contingency sum and the areas indicated in the plan relate to these numbers of days.

4.6 In addition to completing the Internal Audit Reviews, Audit West will -

- Provide support to the Council's risk management framework;
- Provide advice on systems of internal control including WECA policies and procedures. This is particularly important when systems and processes are being developed or changed;
- Provide support to WECA on carrying out investigations in relation to financial irregularities. This may require Audit West staff to take on the Investigating Officer role in compliance with the Council's disciplinary procedures;
- Provide a service to verify the accuracy of specific grant claims and when required provide assurance to the WECA's Chief Executive or other officers who are required to 'sign-off' Claim Certificates.

4.7 The Plan will remain fluid during the year to enable the service to respond to WECA's changing risk environment and the Committee will receive an update on the work undertaken later in the year.

Internal Audit Charter

4.8 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government, Central Government and the NHS. The PSIAS was revised wef 1st April 2017 and are based on the Institute of Internal Auditors' International Standards. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector.

- Set basic principles for carrying out internal audit in the UK public sector.
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.
 - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 4.9 A key requirement of the PSIAS is an Internal Audit Charter which defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes its position within the organisation; the nature of the Chief Audit Executive (CAE's) functional reporting relationship with the Audit Committee; formally records its access to property, records and personnel; and defines the scope of internal audit activities. The CAE must periodically review the Internal Audit Charter and present it to the Audit Committee for approval.
- 4.10 As WECA is a new organisation the Charter attached at Appendix 2 is new and will need to be approved by the Audit Committee.
- 4.11 Each year we will assess ourselves against the required standards and ensure a quality assurance and improvement programme (QA&IP) is in place requiring both internal and external assessment with an external assessment being required at least every 5 years.
- 4.12 We have just been externally assessed and we are pleased to confirm we have received the highest rating – general confirming to standards – and will ensure we keep the Committee appraised on an annual basis of our ongoing compliance.

Consultation:

5. Draft Plan was consulted with Senior Management team and Director of Investment & Corporate Services.

Public Sector Equality Duties:

6. No significant implications

Economic Impact Assessment:

7. No direct implications.

Finance Implications:

8. No direct implications, cost of service within existing budgets

Advice given by: Director of Corporate Services

Legal Implications:

- 9 No direct implications

Advice given by: Director of Corporate Services

Land/Property Implications;

- 10 No direct implications.

Advice given by: Director of Corporate Services

Human Resources Implications:

- 11 No direct implications

Advice given by: Director of Corporate Services

Recommendation:

- 12 To note the report and approve the Internal Audit Plan attached at Appendix 1 and Audit Charter at Appendix 2.

Report Author:

West of England Combined Authority Contact: Tim Richens – Director of Corporate Services

Audit West – Jeff Wring

Background Papers

Any person wishing to inspect the Background Papers, used in the preparation of this Report, should seek the assistance of the Contact Officer for the meeting