

<b>Subject:</b>	<b>Internal Audit and Corporate Fraud Strategy and Plan 2018/19</b>		
<b>Date of Meeting:</b>	<b>27 March 2018</b>		
<b>Report of:</b>	<b>Executive Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Dallen</b>	<b>Tel: 01273 291314</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Audit & Standards Committee is asked to approve the Internal Audit plan for 2018/19.

This includes:

- the proposed programme of internal audit and counter-fraud work for the coming year.
- the Internal Audit Charter which sets out the purpose, authority and responsibilities of the Internal Audit function.
- the Internal Audit Reporting and Escalation Policy.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee approves the Internal Audit and Corporate Fraud Strategy and Annual Plan, including the Internal Audit Charter and Internal Audit Reporting and Escalation Policy.
- 2.2 That the Committee notes the changes to the performance management arrangements for tracking actions resulting from internal audit work.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Regulation 5 of The Accounts and Audit Regulations 2015 requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'. In addition the Public Sector Internal Audit Standards (PSIAS) require "senior management" and "the board" to approve internal audit activity's plans and resource requirements and the Internal Audit Charter.

- 3.2 For Brighton & Hove “senior management” is the Executive Leadership Team (ELT) and the board is the Audit & Standards Committee.
- 3.3 A copy of the Internal Audit and Counter Fraud Strategy and Annual Plan 2018/19 is included as Appendix 1.
- 3.4 The development of the annual plan involves extensive consultation with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and risk focussed. For 2018/19 the plan composes 1,579 days.
- 3.5 The Committee is asked to note the changes to the performance management information on tracking medium priority actions as detailed in paragraph 2.5 of Appendix 1.
- 3.6 The strategy which accompanies the schedule of audits details the priorities for delivering an effective internal audit and counter fraud service together with details of the quality assurance and performance management arrangements for the coming year.
- 3.7 The Internal Audit Charter describes the purpose, authority and responsibilities on internal audit, its statutory basis and the standards which underpin best practice.
- 3.8 The service’s Reporting and Escalation Policy has also been included to explain the framework in place for reporting the results of internal audit work. It also details requirements for reporting to the Audit and Standards Committee and following up on audits when adverse audit opinions have been given.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The 2018/19 audit plan will be delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of the Orbis partnership. A restructure of the service is currently taking place to complete the transition to a unified service. The service will retain a sovereign team of staff based at Brighton & Hove City Council supplemented by two specialist team (ICT and Corporate Fraud) who will undertake audit work across the Orbis partnership.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The process of compiling the Internal Audit Plan has involved substantial consultations with key stakeholders, including with members of ELT, other heads of service and senior management.

#### **6. CONCLUSION**

- 6.1 The Internal Audit and Corporate Fraud Plan, attached at appendix 1, sets out proposals for maintaining an adequate and effective system of internal audit for 2018/19. The Committee is recommended to approve it.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

- 7.1 It is expected that the 2018/19 Internal Audit plan will be delivered within the planned budget for 2018/19 approved at Budget Council.
- 7.2 The strategy and plan and action taken in line with recommendations from audits support the robustness and resilience of the council's practices and procedures and support the council's overall financial position.

*Finance Officer Consulted: James Hengeveld*

*Date: 08/03/2018*

Legal Implications:

- 7.3 This report sets out the council's plan for conforming with Regulation 5 of the Accounts and Audit Regulations 2015. This requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.' It is within the delegated authority of the Audit and Standards Committee to approve the Plan.

*Lawyer Consulted: Victoria Simpson*

*Date: 09/03/18*

Equalities Implications:

- 7.4 Not applicable.

Sustainability Implications:

- 7.5 Not applicable

Any Other Significant Implications:

- 7.6 None.

**SUPPORTING DOCUMENTATION**

**Appendices:**

- 1. Internal Audit and Corporate Fraud Strategy and Plan 2018/19

**Documents in Members' Rooms**

None

**Background Documents**

None

