

Report of the Executive Manager - Finance and Corporate Services

1. Summary

- 1.1 The rolling internal audit strategy for the years 2017/18 and 2019/20 was approved by this Group at the meeting on 11 May 2017. It was based on discussions with officers and the Chairman of the Corporate Governance Group.
- 1.2 On an annual basis members of the Internal Audit team examine the underlying risks facing the Council and update this strategy and the resultant audit plan with senior officers.
- 1.3 The detailed audit strategy and audit plan is appended to this report. A member of the internal audit team will attend the meeting to present the report and be available to answer questions.

2. Recommendation

It is RECOMMENDED that Members approve the updated Internal Audit Strategy and detailed Audit Plan 2018/19 to 2020/21, including the proposed amendment detailed in 4.4.

3. Reasons for Recommendation

- 3.1 To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1 Each year the Council's Internal Auditors RSM Risk Assurance Services LLP, in consultation with senior officers, produce the audit strategy and audit plan. As part of the audit strategy the Council's Internal Auditors have outlined four questions to assist Members in their consideration of the audit plan. These are:
 - Is the Corporate Governance Group satisfied that sufficient assurances are being received within their annual plan (as set out at **Appendix A** of the Strategy) to monitor the Council's risk profile effectively?

- Does the strategy for internal audit (as set out at **Appendix B of the Strategy**) cover the Council's key risks as they are recognised by the Corporate Governance Group?
- Are the areas selected for coverage this coming year appropriate?
- Is the Corporate Governance Group content that the standards within the charter (**as set out in Appendix C of the Strategy**) are appropriate to monitor the performance of internal audit?

4.2 RSM Risk Assurance Services LLP has been challenged to continue to provide value for money with their audit fee. RSM has confirmed that the audit fee for the 2018/19 is £47,250. This compares to a budget of £46,810 (in 2017/18) and £47,100 (in 2016/17). The fees continue to reflect a lower risk profile for the Council.

4.3 On the assumption Members believe the 4 previous questions (at paragraph 4.1) are positively answered then the level of resource should be adequate. It should also be noted there are 10 contingency days to deal with any additional items of work or where further days are required if, for example, any issues arise from an audit resulting in the need for further resources. If the days are not utilised then there will be a budget underspend.

4.4 It is recognised that it is good practice to produce an annual fraud report. This is currently not included within the plan for 2018/19 and it is therefore proposed that 2-3 days be allocated from the 10 days contingency for its production with a view to it being considered by the Corporate Governance Group at its meeting in July 2018.

5. Other Options Considered

5.1 Not Applicable

6. Risk and Uncertainties

6.1 There are no risks directly attributable to the report although the nature of the internal audit service and the audit plan helps manage risk. The audit fees are always subject to risk in terms of if an internal control weakness is identified fees can potentially exceed the budget or work may take less time than planned (ie there is both upside and downside risk).

5. Implications

5.1 Finance

The audit fee relating to the costs of the audit work is included within existing budgets.

5.2 Legal

Not applicable

5.3 Corporate Priorities

Not applicable

5.4 Other Implications

None

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Background papers Available for Inspection:	None
List of appendices (if any):	Appendix A – Internal Audit Strategy 2018/19 to 2020/21