

North Somerset Council

REPORT TO THE: **AUDIT COMMITTEE**
DATE OF MEETING: **25TH JULY 2019**
SUBJECT OF REPORT: **AUDIT & ASSURANCE PLAN 2019-20**
TOWN OR PARISH: **NONE**
OFFICER/PRESENTING: **JEFF WRING - AUDIT WEST**
KEY DECISION: **NO**

RECOMMENDATIONS:

The Audit Committee approves the Audit & Assurance Plan 2019-20.

1. SUMMARY OF REPORT

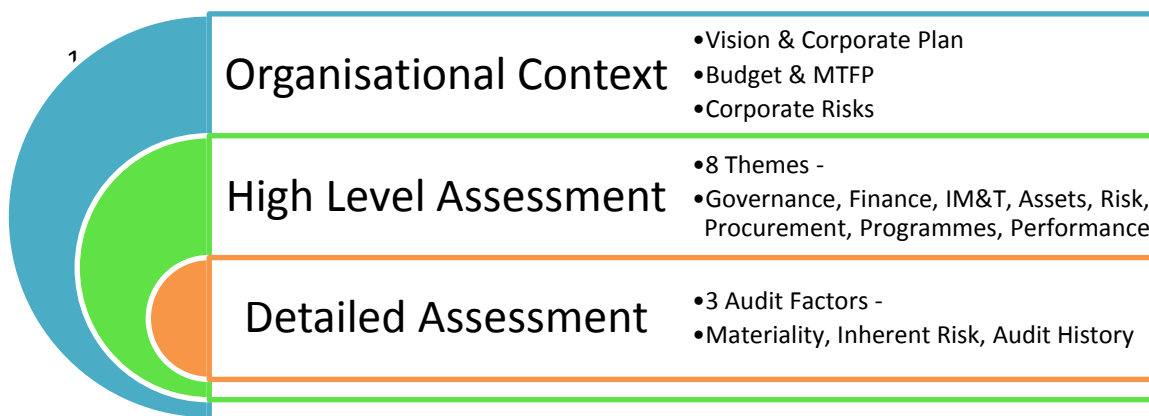
This report outlines the Annual Audit and Assurance Plan 2019-20 which forms the principal work of the Internal Audit Service for 2019-20. The Audit Committee is requested to consider and recommend the plan for approval. Also attached is the Audit Charter for the Internal Audit Service for information.

2. POLICY

The Annual Audit and Assurance Plan forms a key element of the council's corporate governance arrangements. The work provides assurance and improves the council's internal controls to ensure delivery of the council's objectives. The outputs inform the Head of Audit's opinion of the council's governance, risk and control environment as well as informing the Annual Governance Statement.

3. DETAILS

The Public Sector Internal Audit Standards require Internal Audit to prepare a risk-based plan and this is attached at Appendix A. The plan is formulated using the Reasonable Assurance Model the essential elements of the model are as follows –



Notwithstanding the assessment, specific circumstances (such as a significant reputational issue or request of S151 or Corporate Management Team) may on occasion mean that a low scoring topic is nevertheless included in the Plan.

Resources available to deliver the Plan will also inform the quantum of the Plan and as previously detailed the budget reductions during recent years obviously impact on the number of audit days and areas to be reviewed. Some of these reductions have been however mitigated by our partnership arrangements which have given us new efficiency opportunities to reduce the amount of time spent on reviews.

The Plan will remain fluid during the year to enable the service to respond to the council's changing risk environment and the Committee will receive an update on performance during the year.

Internal Audit Charter & Professional Standards

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.

A key requirement of the PSIAS is an Internal Audit Charter which defines the internal audit activities 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.

As part of best practice we always present the Charter annually to the Audit Committee (which you approved last year) so that you are aware of how Internal Audit delivers its services and derives its authority and to re-confirm our independence.

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 once every 5 years.

We were externally assessed in 2018 and are pleased to confirm we have received the highest rating – general confirming to standards – and will ensure we keep the Committee apprised on an annual basis of our ongoing compliance.

4. CONSULTATION

In developing the Audit Plan, the Internal Audit Service drew upon local and national intelligence and reports and consulted with a range of stakeholders. The Service used a risk framework to identify the topics to be included in the draft Plan.

5. FINANCIAL IMPLICATIONS

The costs of delivering the Annual Audit Plan are contained within the budget set aside for the contract with Audit West. If this work identifies weaknesses in the council's control environment, this may result in additional costs. The work may also identify efficiencies and savings in the council's operation.

6. RISK MANAGEMENT

The Plan describes how Internal Audit will take a risk based approach in applying its limited resources to provide a sufficient level of assurance to those charged with governance. This includes a risk assessment tool used to inform the content of the Annual Audit Assurance Plan.

7. EQUALITY IMPLICATIONS

Embedded within the audit process is consideration of compliance with statutory guidance and regulations which includes those relating to equality and diversity.

8. CORPORATE IMPLICATIONS

Failure to agree a sufficient Annual Assurance Plan may result in an inability to provide assurance to officers, members and the public of the soundness of the council's corporate governance

9. OPTIONS CONSIDERED

None as report follows professional standards.

AUTHORS

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BACKGROUND PAPERS

None

ATTACHMENTS

Appendix A Annual Audit & Assurance Plan 2019-20

Appendix B Audit Charter

APPENDIX A

Audit & Assurance Plan 2019/20

Delivering Independent Assurance to Local Government



V



A great place to live, where people, businesses and communities flourish

Modern Efficient Services and a Strong voice for North Somerset

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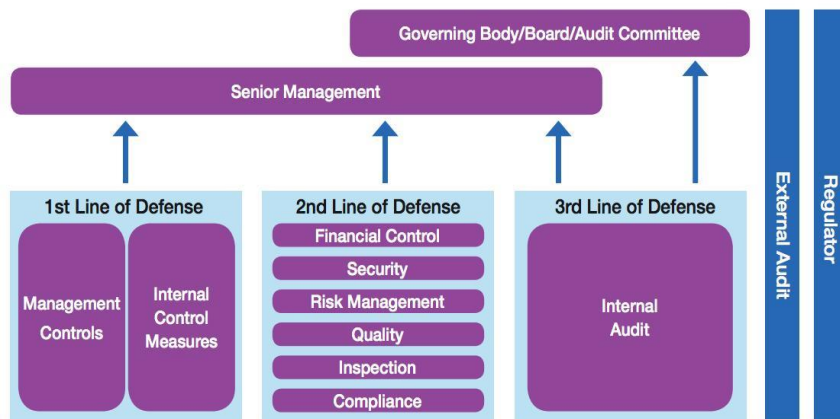
1. Our Role

Introduction

North Somerset Council strives to deliver excellent services to local people and make its area *the* place to live, invest, and visit in the UK. The Council has recognised through its Corporate Plan the importance of excellence in resource management and sound governance as fundamental to achieving its priorities. This will require significant transformation to be a modern, innovative and accessible organisation.

Audit West fully recognizes its need to be flexible and agile in the face of the significant changes affecting the whole of the public sector and meet the needs of its stakeholders. Independent assurance which is strong but supportive can provide a helpful and positive role not just to services but to elected Members and the Community at large by demonstrating that the Council is operating effectively and protecting its assets and resources for the benefit of all its stakeholders.

Three Lines of Defence Model



By being independent of management Audit West maintain the third line of defence and we continue to do this effectively by working with all our stakeholders - especially the Audit Committee, Statutory Officers and Senior Management – to improve the service we offer but also to provide an independent voice in supporting service change and transformation.

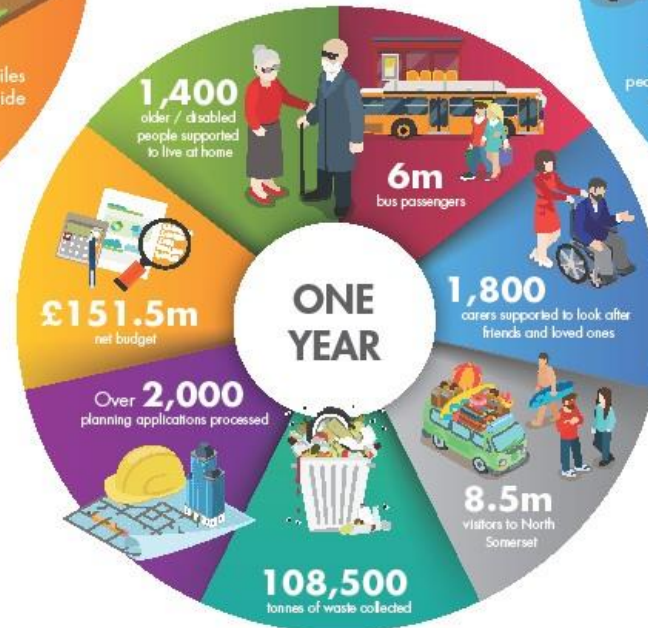
We also aim to offer continued value to all our clients based on the following key priorities –

- **Use of our Reasonable Assurance Model**
- **Maximising Use of Technology**
- **Investment in Skills**
- **Offering complimentary assurance services**
- **Providing Value for Money**

The remainder of this document outlines our approach and also the indicative areas for our audit and assurance plan for 2019/20.



Scope and scale



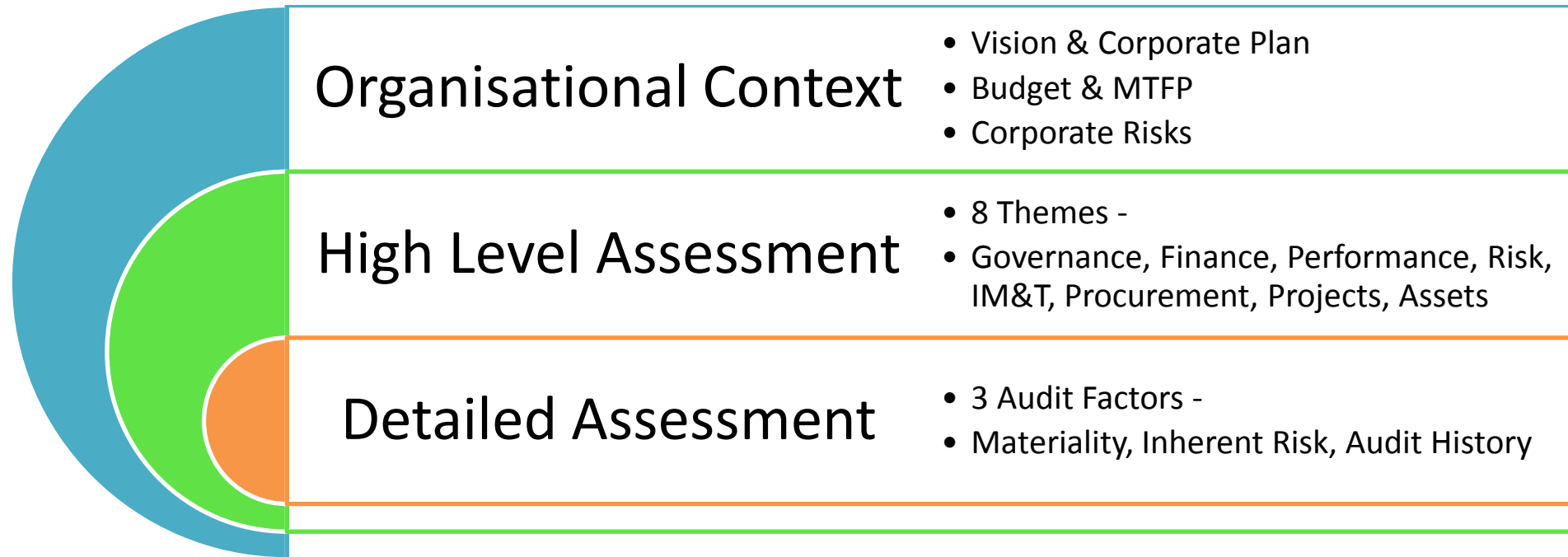
3. Key Priorities for North Somerset

Prosperity & Opportunity	Health & Wellbeing	Quality & Places
<ul style="list-style-type: none"> - Drive growth in the Local economy and create jobs - Ensure that all our Town Centres are thriving - Enable young people to fulfil their potential - Ensure that all our communities share in prosperity and employment growth 	<ul style="list-style-type: none"> - Enable residents to make healthy choices and promote active lifestyles which reduce ill health and increase independence - Support families to give their children the best start in life - Commission or provide quality health and care services, which deliver dignity, safety and choice 	<ul style="list-style-type: none"> - Enable sustainable housing growth which protects our natural and built environment - Build and sustain great places to live and visit which are vibrant, accessible, and safe - Empower local people to contribute to their communities to provide their own solutions
<p>Supported by the following four enablers</p>		

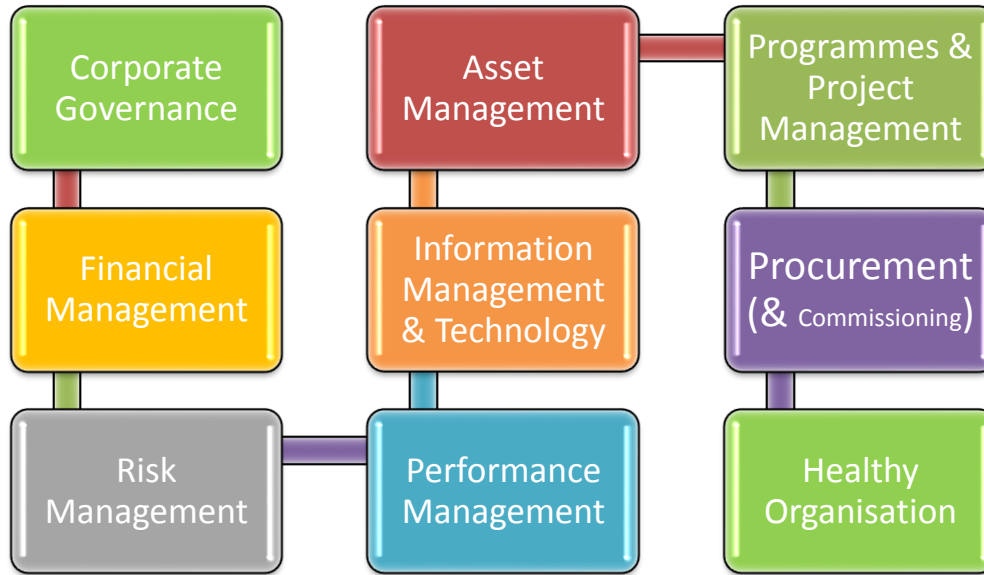


4. Reasonable Assurance Model – Producing the Audit Plan

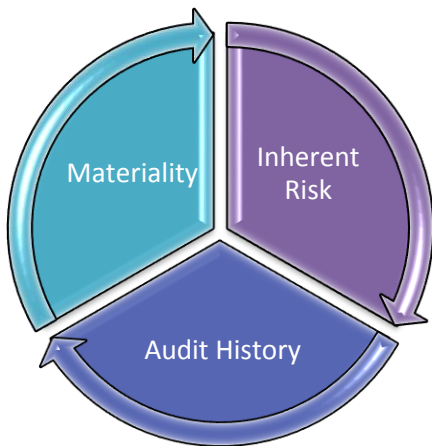
The model is based on the fundamental requirement that the audit plan proposed will deliver sufficient work to enable the Head of Audit to independently assess the internal control framework and give a reasonable assurance opinion at the end of each year. This involves considering current context of the Council, what a 'healthy organisation' requires to operate effectively and then assessing independently against this in a staged process as follows –



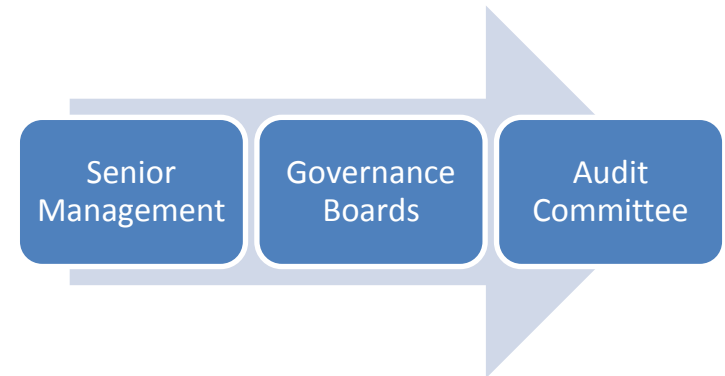
HIGH LEVEL ASSESSMENT AREAS – REASONABLE ASSURANCE



DETAILED ASSESSMENT CRITERIA



CONSULTATION & APPROVAL



Results of our Reasonable Assurance Model Risk Assessment –

LEVEL OF RISK	HIGH		FINANCIAL MANAGEMENT			
	LEVEL OF RISK	CORPORATE GOVERNANCE	ASSET MANAGEMENT	INFORMATION MANAGEMENT & TECHNOLOGY	PROCUREMENT (& Commissioning)	
			PROGRAMME & PROJECT MANAGEMENT			
			PERFORMANCE MANAGEMENT	RISK MANAGEMENT		
LOW	HIGH	LEVEL OF ASSURANCE				LOW

5. Areas for Review

INTERNAL AUDIT PLAN 2019/20

Audit Area	Theme	Directorate	Indicative Start (Q)
Mapping of Financial Approval Levels	Financial Management	ALL	1
Discretionary Housing Payments	Financial Management	CSD	2
Barclays.Net and iPortal	Financial Management	CSD	2
HR/ Payroll	Financial Management	CSD	3
PCI Compliance	Information Management	CSD	2
ICT Cyber Security	Information Management	CSD	2
Counter Fraud	Risk Management	ALL	2
Compliance with Council's Constitution	Corporate Governance	ALL	1
Commercial Activity	Risk and Asset Management	ALL	3
Data Analytics (Rolling Programme of Reviews inc. Creditors, Payroll, Gap Analysis)	Financial Management	CSD	ALL
Annual Governance Review	Corporate Governance	ALL	4
Follow-up Reviews of 18/19 Audits	Corporate Governance	ALL	ALL
Agilisys Contract	Procurement & Commissioning	CSD	3
Reactive and Planned Maintenance Contract	Procurement & Commissioning	CSD	1
Procurement Compliance (Spend Analysis)	Procurement & Commissioning	ALL	1
IR35 – Off Payroll Working Rules	Risk Management	CSD	1
Corporate Performance Reporting	Performance Management	CSD	3
Flexi Time and Leave – Policy Compliance	Corporate Governance	ALL	1
Building Compliance Responsibilities	Risk and Asset Management	CSD	3

Audit Area	Theme	Directorate	Indicative Start (Q)
Special Educational Needs and Disabilities	Risk Management	P&C	2
Children's Direct Payments	Risk Management	P&C	3/4
Contract Management (P&C)	Procurement & Commissioning	P&C	4
School Place Projections	Corporate Governance	P&C	3
Management of Gypsy and Traveller Sites	Procurement & Commissioning	P&C	1
Nursing/ Residential Homes – Establishment Visits	Risk Management	P&C	1
Adult Care – Day Services	Risk Management	P&C	1
Liquid Logic/ ContrOCC/ Agresso - Interface	Programme & Project Mgmt	P&C	3/4
Canteen and Community Meals	Risk Management	P&C	2
Public Health	Risk Management	P&C	4
Schools – Assurance Visits	Corporate Governance	P&C	ALL
Schools Financial Value Standard Certification	Corporate Governance	P&C	4
Parks and Street Scene Contract	Procurement & Commissioning	D&E	1
Highways Contract	Procurement & Commissioning	D&E	2
Cemeteries and Crematorium Contract	Procurement & Commissioning	D&E	3
Waste Contract	Procurement & Commissioning	D&E	4
Integrated Transport Unit	Risk Management	D&E	4
Sea Front Operations	Risk Management	D&E	4
Grant Claims – Internal Audit Sign-Off	Financial Management	ALL	ALL
Follow-Up Reviews	ALL	ALL	ALL

NB – Shaded rows indicate potential for joint working across B&NES

6. Methodology, Approach & Standards

Introduction:

Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment. Scope of Internal Audit activity is not limited to the Council's financial systems and records, but extends to all functions of the Council.

Internal Audit is required to compile each year a Plan of its intended activity for approval by the Council's Audit Committee and to be compliant with the Public Sector Internal Audit Standards and designs its methodologies to ensure it meets these standards and considers all available best practice.

Independence:

A critical element of the performance of Internal Audit is independence from the activities audited. This enables the function to form impartial and effective judgment for the opinions and recommendations made.

To help ensure independence, Internal Audit is delivered through a contractual arrangement with Bath & North East Somerset Council and so is not fettered by any management reporting line restrictions. It also has unrestricted access to Senior Management & Members, particularly, the Leader of the Council, Chair of the Audit Committee, the Chief Executive, Directors, the Council's s151 Officer and the Council's Monitoring Officer. Additionally, the Service Director of One West (responsible for the overall arrangements) reports in his own name and acts as Chief Internal Auditor for North Somerset Council.

Relationship with the Council's External Auditor:

As part of their audit of the Council's financial statements, the Council's external auditor, Grant Thornton, have a dedicated plan from which they carry out specific reviews of the Council's activities. The External Auditors carry out their own risk assessment methodology to assist in agreeing their work plan.

The working relationship between Internal Audit and the External Auditors carrying out their respective functions is important and must take account of their differing roles. The External Auditor has a statutory responsibility to express an opinion on the Council's financial statements, whilst the Internal Audit function is responsible for assessing the adequacy and effectiveness of the internal controls and advising Management accordingly.

The External Auditors whilst not formally required to seek reliance on the work of Internal Audit take into account the outcomes of all audit activity and consider their approach and plans to maximise their effectiveness and there is therefore regular contact between the two parties.

Performance Management

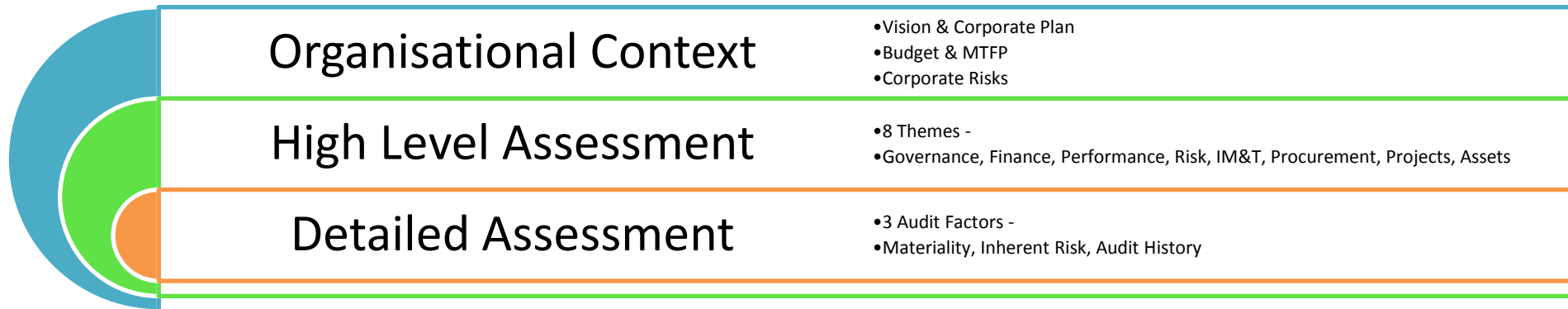
The function recognises the importance of regular and effective performance management to ensure an effective service is being operated. A performance dashboard is produced and reported to each key stakeholders, including the Audit Committee.

Performance Indicators and Measures are set in the following areas –

Completion of the Plan
Audit Recommendations Implemented
Assurance Levels Provided
Productivity
Customer Satisfaction
Numbers of Investigations
Unplanned Work

Preparation of the Annual Plan: Reasonable Assurance Model

Internal Audit has adopted a risk based approach in determining its Annual Plan using the reasonable assurance model.



Unplanned Work

The plan also allows for a contingency for any unplanned work. Unplanned work consists of the investigation of irregularities and prioritised 'consultancy' work. If this contingency number of days is fully utilised and further unplanned work is required it is the intention that planned audit reviews, with the lowest risk rating, will be replaced by the unplanned work activity.

In view of the ever changing environment in which Local Government exists the Plan will be reconsidered at regular intervals to confirm that the remaining work planned is still appropriate. This process will be carried out in consultation with Senior Management and in particular the S151 Officer who acts as the principal client for the function.

Methodology:

Individual Audit Reviews:

At the commencement of each Audit Review, an Audit Brief (**Annex A**) will be prepared and issued to the relevant Head of Service/Director and responsible Manager. This Brief will identify the objectives of the review and areas to be covered.

At the conclusion of each review, an end of review meeting will be held with the Client to discuss the matters arising. Following the conclusion of the audit review work a 'draft' audit report will be issued to Management. The report will provide a graded 'Assurance Level' (see ANNEX B); a summary of identified strengths & weaknesses; and a detailed action plan recording weaknesses and recommendations.

The nominated responsible Manager is required to respond to the audit findings and recommendations and prepare an action implementation plan recording responsible officers and timescale for implementation. The management comments and implementation plan are compiled into a 'final' version of the report. The relevant Director, Chief Executive and the Audit Committee will be informed of the outcome of any work which receives a level 1 rating.

Audit Review 'Follow-Ups':

Internal Audit recommendations are subject to "follow-up" to ensure actions are implemented within the agreed timescales. The process is dependent on the risk classification and for all 'Critical' and 'High' risk recommendations Internal Audit will carry out testing to confirm implementation and report its back to the Client. Where an area has a level 1 rating this may be reported to the Audit Committee.

Investigation of Fraud & Corruption:

Senior Management have the primary responsibility for the prevention and detection of fraud and other financial irregularities. Internal Audit will however ensure it provides a lead in supporting management in this area, including design of appropriate strategies, policies and levels of control and will be alert in all their work to the possibility of theft, fraud, corruption and bribery.

Whistleblowing arrangements set out how Staff & Contractors can report concerns and Internal Audit will respond to any such reports received and conduct all investigations relating to fraud and corruption in accordance with the Council's disciplinary process.

Professional Standards

All Internal Audit functions are required to comply the professional standards set out by the Chartered Institute of Internal Auditors and endorsed by CIPFA. Evidence of this compliance is through a formal external assessment every 5 years and annual self-assessments.

Audit West received a formal external self-assessment in March 2018 and it was confirmed that it was confirming with the standards. Updates will be provided to the Audit Committee of areas for improvement on an annual basis.

AUDIT BRIEF

<ul style="list-style-type: none"> • Title 	{Title}	
<ul style="list-style-type: none"> • Purpose of Review 	To review the risks and internal controls related to the scope of the audit (detailed below) and provide management with an opinion on the adequacy of the framework of internal control.	
<ul style="list-style-type: none"> • Scope of Review 	The audit will review the following key risks/control objectives: <ul style="list-style-type: none"> • Ensure..... • Ensure..... • Ensure..... 	
<ul style="list-style-type: none"> • Key Stages of Review Process 		
<ul style="list-style-type: none"> • Timeframe 	Fieldwork Starts: {Date}	Draft Report: {Date}
<ul style="list-style-type: none"> • Key Contacts 	Lead Auditor: {Name}	Lead Client: {Name}
<ul style="list-style-type: none"> • Service Charter & Professional Standards 	Our customer service charter outlines what you can expect from us and what in turn we need from you to complete this audit. All audit work is reported to and monitored by the Audit Committee. All audit work complies with Public Sector Internal Audit Standards.	

AUDIT OPINIONS

Assurance Level 5 (Excellent)

The systems of internal control are excellent with a number of strengths and reasonable assurance can be provided over all the areas detailed in the Assurance Summary.

• ***Assurance Level 4 (Good)***

The systems of internal control are good and reasonable assurance can be provided. Only minor weaknesses have been identified over the areas detailed in the Assurance Summary.

• ***Assurance Level 3 – (Satisfactory)***

The systems of internal control are satisfactory and reasonable assurance can be provided. However, there are a number of areas detailed in the Assurance Summary which require improvement and specific recommendations are detailed in the Action Plan.

• ***Assurance Level 2 – (Weak)***

The systems of internal control are weak and reasonable assurance could not be provided over a number of areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce risk exposure.

• ***Assurance Level 1 – (Poor)***

The systems of internal control are poor and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure and the issues will be escalated to your Director and the Audit Committee.

CONTACT DETAILS

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APPENDIX B - Internal Audit Charter

This document sets out the purpose, authority and principal responsibilities of the Internal Audit Service for North Somerset Council.

1 Internal Audit's Purpose and Mission

- 1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on its control environment. Internal Audit helps the organisation to achieve its objectives through a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control, processes. Its mission is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight

2 Internal Audit's Statutory Role

- 2.1 The Accounts & Audit Regulations 2015 (Local Government England & Wales) states that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

- 2.2 Section 151 of the Local Government Act 1972 requires the Council to designate an Officer to be responsible for “making arrangements for the proper administration” of the Council’s financial affairs. One of the ways by which this duty is discharged is by maintaining an adequate and effective Internal Audit Service.
- 2.3 The Audit Committee responsibilities are recorded in its’ own Terms of Reference, and are also subject to regular review.

3 Standards for Professional Practice of Internal Auditing

- 3.1 Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head of Audit West will report periodically to the Council's Chief Financial Officer (S151 Officer) and the Audit Committee regarding Internal Audit conformance to the Code of Ethics and the Standards.

4 Management's Responsibilities for Internal Control

- 4.1 Responsibility for internal control rests fully with Management, who shall ensure that arrangements are appropriate and adequate. Management shall establish and maintain an adequate system of internal control to enable them to discharge their responsibilities and to ensure that the Council's resources are properly applied in the manner intended. This includes responsibility for the prevention and detection of fraud.

5 Internal Audit Responsibility & Objectives

- 5.1 Internal Audit is responsible for carrying out an appraisal of all the Council's activities, financial or otherwise, in line with this Internal Audit Charter. Internal Audit will provide an annual opinion to the Council (Audit Committee), and will carry out Audits and other assurance work in order to deliver this opinion. In addition, Internal Audit will report to Management any material facts that may affect the delivery of the opinion.
- 5.2 As stated in Section 3 Internal Audit will be governed and will comply with the Professional Practices Framework, (including the Public Sector Internal Audit Standards), and will complete an annual fully evidenced internal assessment of compliance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The findings and any required actions will be reported to the Council's Audit Committee. Compliance will also be verified through an external review assessment every five years.
- 5.3 Internal Audit and its overall resources and objectives are part of an independent arrangement (Audit West) which is hosted by Bath & North East Somerset Council and delivered through a services contract to North Somerset Council. At a high level its resources and objectives are detailed in the Corporate Services Annual Directorate Statement which support the Council's Corporate Plan.
- 5.4 One of the key service objectives of Internal Audit will be to produce a risk based Annual Audit Assurance Plan for approval by the Council's Audit Committee. The Audit Plan will remain flexible to take account of the Council's changing environment and risk profile.
- 5.5 Completion of all or a significant proportion of the approved Audit Plan will be a key performance measure of the Internal Audit Service.
- 5.6 Internal Audit will directly employ staff and contract as necessary to provide a service to the Council.

6 The Scope of Internal Audit

- 6.1 Internal Audit's work is not limited to the Council's financial systems and records, but extends to all activities of the Council. This enables Internal Audit to give an independent and objective opinion on the adequacy and effectiveness of governance, risk management and the control environment as a source of assurance to management. This will include: reviewing and evaluating compliance with policies, laws and regulations; assessing the reliability and integrity of information; and, safeguarding Council assets. In addition to this core internal audit work, it will undertake, where appropriate, other non-assurance work at the request of management. This may include consultancy and fraud / irregularity related work.
- 6.2 Where appropriate, there may be instances whereby Internal Audit works in partnership to meet objectives and deliver services. In these instances, Internal Audit will decide whether to conduct the work required itself or can place reliance on the work carried out by other Auditors or sources of assurance. If Internal Audit were to carry out the work, then access rights need to be established to all systems and documents. Management should ensure these are established as part of the partnership arrangements.

7 Internal Audit reporting lines

- 7.1 The Head of Audit West fulfills the role of the Council's "Chief Internal Auditor" and is fully independent. In relation to the delivery of the function for North Somerset Council he reports to the S151 Officer who acts as Client. The Head of Audit West has freedom of reporting access without fear or favour to all relevant Members and Officers (including the Leader of the Council, the Chair of the Audit Committee and the Council's Statutory Officers - Chief Executive {Head of Paid Service}; Chief Financial Officer {Section 151} and the Head of Legal & Democratic Services {Monitoring Officer}).
- 7.2 The Council has an Audit Committee whose Terms of Reference include responsibility for monitoring the performance of the Internal Audit Service and approving its Annual Audit Plan. The Head of Audit West reports regularly to the Audit Committee and is required on an annual basis to provide a formal opinion of the adequacy of the Internal Control Framework and systems to manage risk.

8 Internal Audit Independence

- 8.1 A critical element of the performance of Internal Audit is independence from the activities it audits. This enables Internal Audit to form impartial and effective judgment for the opinions and recommendations made. To help ensure independence Internal Audit is allowed unrestricted access to Senior Management & Members, as stated in Section 7.1. The Head of Audit West reports in his own name.
- 8.2 Internal Auditors will be impartial, have an unbiased attitude and avoid any conflict of interest. Auditors will not undertake audit reviews in services where they have previously worked (directly working for the function or carrying out 'consultancy services') in the last two years. In terms of 'consultancy services' this is work which is going beyond providing an opinion on the control environment, i.e. they are designing or developing systems to fulfil an objective.

- 8.3 Internal auditors will disclose any impairments of independence or objectivity, in fact or appearance, to appropriate parties.
- 8.4 Before Internal Audit agrees to carry out consultancy services consideration will be given to any potential conflicts of interest. If it is concluded that the proposed work would compromise delivery of the service's prime function then the work would be declined.
- 8.5 Where the Head of Audit West has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.
- 8.6 The Head of Audit West will confirm to the Audit Committee at least annually of the independence of the internal audit activity.

9 Internal Audit Fraud related work

- 9.1 Internal Audit does not have responsibility for the prevention and detection of fraud. However, Internal Audit staff shall be alert in all their work, to risks and exposures that could allow fraud or corruption. Internal Audit work alone cannot guarantee that fraud and irregularities will be picked up even when work is performed in compliance with the Public Sector Internal Audit Standards.
- 9.2 The main source for Internal Audit to be alerted to possible fraud and irregularities will be through the awareness of Council Officer and Members of the Council's Counter Fraud Strategy and associated policies (Money Laundering Policy; Anti-Bribery Policy and Whistleblowing Policy). Internal Audit maintain the Council's Strategy and Policies and report on this to the Audit Committee.
- 9.3 Internal Audit assist in the detection of fraud by assisting the Council's Chief Financial Officer in taking the key co-ordination role related to the Cabinet Office National Fraud Initiative. Internal Audit assists Council Services in the preparation and submission of data to the Cabinet Officer and then the review and investigation of data matches.
- 9.4 Internal Audit may also be requested by Management to assist with the investigation of potential cases of fraud and financial irregularities. The objective of the Internal Audit Service is to ensure that: 1) the matter is fully investigated and if necessary referred for Police or disciplinary action; and 2) the system of internal control is enhanced to avoid a repeat of the issue. All reported irregularities would be investigated in line with adopted Strategies, Policies and protocols.

10 Internal Audit's Right of Access

- 10.1 The Accounts & Audit Regulations 2015 provides that any Officer of the Council must make available such documents of the Council which relates to its' accounts and other records as appear to be necessary for the purpose of the Audit.
- 10.2 In addition, the Council's Financial Regulations state that The Section 151 Officer and Head of Internal Audit shall have unrestricted access to all records, property, officers or any other resource of the Council and its contractors of any nature and shall be given access immediately it is requested.

11 Relationship with External Audit & other assurance providers

- 11.1 The relationship between Internal Audit and the Council's External Audit should take account their differing roles. The External Auditor has a statutory responsibility to express an opinion on the Council's financial statements, whilst Internal Audit is responsible for assessing the adequacy and evaluate the effectiveness of its risk management, control and governance processes and advising Management accordingly.
- 11.2 Internal Audit will co-operate and co-ordinate with External Audit and other review agents to:
- Ensure that duplication of work is minimised
 - Consider joint delivery where appropriate
 - Determine the level of assurance that can be obtained from their work
 - Review the reliance that can be placed on that assurance as part of Internal Audit's opinion on the control environment
 - To enable access to all Internal Audit records as appropriate.
- 11.3 As part of its drive to secure efficiencies, Internal Audit will use all sources of assurance available to it to inform its opinion.

12 Quality Assurance and Improvement Plan

- 12.1 The Head of Audit West has developed a quality assurance and improvement programme that covers all aspects of the internal audit activity. It has been designed to enable an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the Institute of Internal Auditors Code of Ethics. Identifying opportunities for improvement is a key requirement of the programme.
- 12.2 An annual internal assessment will be carried out using a methodology developed to review compliance with the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework. The results of the internal assessment including any action plans will be reported in the annual report to the Council's Audit Committee.
- 12.3 An external assessment will be carried out at least every five years by a qualified, independent assessor from outside the organisation.
- 12.4 The Head of Audit West will inform the Audit Committee of the form of the external assessment and clarify the qualifications and independence of the external assessor. The results of the external assessment including any action plans will be reported in the relevant annual report to the Audit Committee.
- 12.5 Any non-conformance to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics will be highlighted for consideration for inclusion in the Council's Annual Governance Statement.