

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY AUDIT COMMITTEE**

**DATE: 31<sup>st</sup> JULY 2019**

**REPORT TITLE: WECA - INTERNAL AUDIT PLAN (2019/20)**

**AUTHOR: JEFF WRING – AUDIT WEST (INTERNAL AUDIT)**

**Purpose of Report**

1. To present the Internal Audit Plan for 2019/20 for approval.

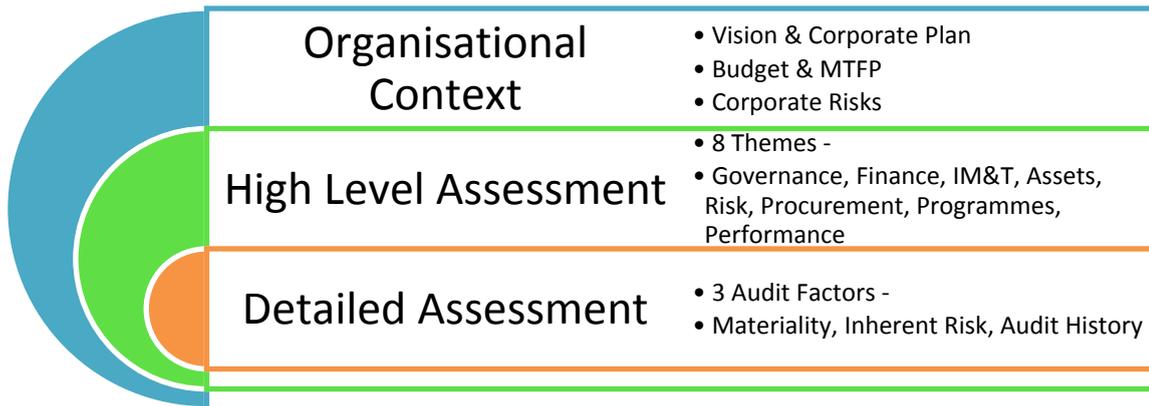
**Issues for Consideration**

2. To consider the areas included within the Audit Plan 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 2019/20 (Appendix 1)**

- 4.1 The Public Sector Internal Audit Standards require Internal Audit to prepare a risk-based plan. This is the third year of WECA's operation and most of the key foundations of good governance are now in place and have been reviewed as part of our planned activities.
- 4.2 However following changes in Senior Management during the year and decisions of existing service providers some core financial and corporate governance activities will change during 2019/20 as certain functions are insourced or are replaced with a different provider. The Audit Plan attached reflects this along with an assessment of our assurances and risk facing WECA as outlined in detail at the last Audit Committee meeting.
- 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 90 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 advice on request on WECA'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 WECA'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 & Professional Standards

4.8 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1<sup>st</sup> 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 1<sup>st</sup> 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 part of best practice we always present the Charter annually to the Audit Committee (which you approved last year) so that they are aware of how Internal Audit delivers its services and derives its authority and to re-confirm our independence.
- 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 once every 5 years.
- 4.12 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 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.

**Report Author:**

**West of England Combined Authority Contact: Malcolm Coe – Director of Corporate Services**

**Audit West – Jeff Wring**

**Background Papers**

**West of England Combined Authority Contact:**

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: [democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)