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BRISTOL INTERNAL AUDIT

Information Classification: Level 1 Due care

INTERNAL AUDIT: PLAN REPORT 2016/17

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1. Purpose of this Annual Plan Report

1.1 This report provides an overview of Internal Audit's proposed work plan for 2016/17. Its purpose is to:

- ❖ Provide the Audit Committee with a summary view of the planned Audit coverage for 2016/17
- ❖ Provide details of the methodology used to formulate the plan
- ❖ Draw attention to key areas within the proposed plan
- ❖ Provide details on the plan monitoring process, together with the follow-up and escalation process.

2. Formulation of the 2016/17 Audit Plan

2.1 The Internal Audit planning process reflects the requirements of the Public Sector Internal Audit Standards 2013 (PIAS) and supporting Local Government Application Note produced by CIPFA/CIIA. It results in a risk based audit plan which is sufficiently flexible to reflect the changing risks and priorities of the Council. The plan links to the Internal Audit Charter, Terms of Reference and Strategic Statement which set Internal Audit's purpose, authority and responsibility and describe how Internal Audit will be delivered and developed.

2.2 In planning our work, our aims are to:

- ❖ Ensure we complete a programme of work which will enable us to provide an evidence based opinion on the whole risk, governance and control environment in support of the Annual Governance Statement (AGS)
- ❖ Help the Council meet high standards of service delivery, conduct and governance by examining, evaluating and reporting on the risk management, governance and internal control environment
- ❖ Ensure we are in a position to deliver other elements of work that we do on behalf of the Council which also support our year-end opinion.

2.3 The level of Internal Audit resources required to examine all Council activities far exceeds those available each year. It is therefore important to ensure our work is planned to ensure the maximum benefit is achieved in respect of the above aims and that our work is risk based. In preparing our plan we look to provide reasonable assurance to Audit Committee, SLT and other stakeholders regarding all key areas within the Council risk, governance and control environment as follows:



- 2.4 In developing the plan, we have undertaken a desk top review of the potential risk areas for Audit review. In doing so we have considered:
- ❖ The risks and mitigations recorded in the Corporate Risk Register and in Directorate Risk Registers to ensure we can provide independent assurance regarding the management of those risks
 - ❖ The Council's and national fraud risk registers that are specific to local authority operations
 - ❖ The areas identified by the Council's Annual Governance Review process as potential governance issues
 - ❖ The overall assurance framework in place across the Council
 - ❖ The results of our work last year to determine where follow up reviews are required.
 - ❖ Our own documented risk assessment of all processes and operations across the Council. This risk assessment is based largely on the corporate impact of the process/area for review and our understanding of the strength of the control framework which is in place to mitigate the likelihood of loss or error in that area. The latter also takes into considered the length of time since the area last received audit attention.
- 2.5 Additionally, we have consulted with officers and Member groups to ensure:
- ❖ We have correctly assessed and understood the risks to achievement of the Council's objectives
 - ❖ We understand other sources of assurance and where we can rely on these
 - ❖ The plan focuses on areas that our main stakeholders feel would benefit from audit attention.
- 2.6 As such, in finalising our plan, we have consulted the following staff/Members:
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| <ul style="list-style-type: none">• City Director• Strategic Directors• Directorate Leadership Teams• Directorate Managers• S151 Officer | <ul style="list-style-type: none">• The Information Security Lead and Senior Information Risk Owner• Finance Managers and Finance Business Partners• External Audit• Audit Committee at their meeting in April 2016• Deputy Mayor |
|--|---|
- 2.7 Internal Audit also has responsibility on behalf of the Council for facilitation of developments in the following areas and this work is also included in the work plan:
- ❖ Strategic risk management facilitation and best practice development
 - ❖ Co-ordination of assurances around corporate governance and compilation of the Annual Governance Statement

❖ Ensuring robust counter fraud arrangements are in place across the Council.

- 2.8 The outcome of the above process is the draft plan at Appendix A. The plan sets out a work programme that will enable us to form an opinion on the whole of the Council’s risk management, internal control and governance arrangements based on sampling risk management strategies and control/governance systems.
- 2.9 Appendix B - Reserve Plan List - provides details of reviews identified for completion for which it is anticipated there will not be sufficient resource to complete. However, the plan is flexible and recognising that the Council continues its ambition to deliver change to service design and delivery, there will be a need to review and re-assess the plan throughout the year as new risks emerge and control environments change. Items in Appendix B will also be reconsidered as part of this quarterly review process or as and when resource becomes available. Relevant amendments will be made where necessary in discussion with senior managers across the Council after each quarterly review. Areas are prioritised for review in accordance with risk and available resources.

3. Resources

- 3.1 The level of resources available to Internal Audit during 2016/17 is sufficient to enable us to provide reasonable assurance as detailed above. The Team is at full strength going into 2016/17 and whilst we will lose one member of staff on maternity cover early in the year, a temporary replacement is already being sought.
- 3.2 The table below provides the Committee with a summary view of the proposed coverage for 2016/17, split by audit type and providing indicative days, with full details of the Audit reviews provided in Appendix 1.

Area of Work	Indicative Days
Assurance:	
• Strategic Risk Management	145
• Core Governance Systems (incl AGS)	115
• Financial Control Systems	305
• Procurement and Commissioning	70
• Asset Management	80
• Information Security	100
• Operational Risk Management	155
• Schools Assurance Programme	111

Area of Work	Indicative Days
• Grant Certification	165
• Consultancy and Advice (incl Risk)	212
Total Assurance Agenda	1458
Fraud/VfM Agenda:	
• Fraud Prevention	102
• Fraud Detection	345
• Fraud Responsive Work	310
• Tenancy Fraud Work	675
• VfM Work (Specific Exercises)	80
Total Fraud/VfM Days	1512
Development Agenda	130
Traded Assurance Programme	74
Total Available Productive Days	3174

3.3 The above demonstrates that resource levels allocated to both assurance and fraud agendas are similar. This is partly due to the fact that less resource is generally required to review systems of internal control than that taken to pro-actively target fraud risk areas or to thoroughly investigate allegations of fraud. However, additionally:

- ❖ Two investigations trained staff from the Council's former Benefit Fraud Investigation Team remained with Internal Audit's Investigations team to secure robust coverage in two key fraud risk areas:
 - following the transfer of responsibility for investigation of benefit fraud to the DWP from April 2015, obligations remain with the Council to provide the DWP with information regarding benefit claims to enable them to investigate
 - obligations to ensure that fraud against the Council's Council Tax Reduction Scheme is properly dealt with remains a Council responsibility. Previously Council Tax Benefit was dealt with as part of the same investigation as housing benefit
- ❖ A Housing advisor has been seconded to the investigations team to work with us on tenancy fraud. This resource is also included in the above analysis.

3.4 Regarding the resource required in respect of Housing Benefit and Council Tax Reduction fraud, this arrangement has now been in place for a full year. As such, we have reviewed work levels and our approach and redirected the resource of half of one FTE posts to provide additional resource to tackle tenancy fraud. The tenancy fraud programmes is moving from strength to strength and this will allow us to focus in this high fraud risk area and work proactively to both prevent and detect this type of fraud.

- 3.5 Whilst Value for Money (VfM) work represents a small percentage of the overall Audit plan, VfM is integral to all of our work and is considered at each audit assignment as a matter of course. This small allocation relates to specific and targeted VfM work we aim to complete which is not specifically covered elsewhere in the plan. Additionally our proactive fraud and irregularity work often identifies significant VfM opportunities.
- 3.6 A flexible contingency allowance has been incorporated into the plan to allow for fraud responsive work, however should responsive work not materialise, this resource will be used to complete pro-active fraud work, further VfM exercises or other assurance work as detailed in appendix B or in areas which emerge throughout the year.
- 3.7 To ensure the section continues to meet the requirements of legislation, relevant Codes of Practice, and remains up to date, the plan includes a resource to allow for research and development of new methodologies. This is particularly important during the current time when all services are undergoing redesign to deliver a better service with less resource.

4. The Audit Plan – Key Features

- 4.1 The plan reflects the highest risk areas to the Council and is designed to ensure that our assurance is targeted effectively to enable us to provide an opinion on the whole governance, risk and control framework. Significantly, this year, our resource is currently focussed in the following areas:
- ❖ **Strategic Reviews** - The plan includes reviews of key processes in place which contribute to the management of corporate risks to ensure the mitigations remain effective
 - ❖ **Corporate Governance** – Review of key elements of the Council’s governance framework to inform the Annual Governance Statement. In particular, reviews of transparency culture and compliance with the new Transparency Code of Practice are included along with other core governance processes such as schemes of delegation and staff declarations of interest
 - ❖ **Financial Governance** - The plan retains a significant focus on financial control as the financial systems and structures continue to bed in. This is an area of increasing risk in the Corporate Risk Register as budget pressures continue across the Council and as such strong financial control is paramount to ensure the Council’s financial resilience is secured
 - ❖ **Procurement** – This area continues to be considered high risk and vulnerable to fraud. It represents a significant element of the Council’s operations and spends and as such poor controls and non-compliance with best practice is likely to result in poor value for money for the Council. The need for a robust procurement framework is critical and our reviews in this area support that goal
 - ❖ **Consultancy and Risk Management** – The Plan incorporates a comprehensive consultancy programme in order to allow Internal Audit to be involved at the initial stages of a project/programme to ensure the control framework is in place from the start. The Plan also allows for interaction with Members and our external partners and work to facilitate and develop risk management arrangements across the Council will continue following a decision last year that this work will remain with Internal Audit
 - ❖ **Fraud** – A significant proportion of the plan is devoted to ensuring the Council has robust approaches to fraud. The plan includes focus on specific fraud prevention work as well as maintaining a focus on proactive fraud detection, investigation and awareness

- ❖ **Information Security Governance** – The Plan includes consideration of the security arrangements in place following the roll out of agile working for many staff. Additionally, given the move to ensure services are delivered digitally as far as possible, work is planned to review the resilience and security of our web platform
- ❖ **Grant Certification** – the Plan incorporates an extensive grant certification programme which ensures maximisation of the Council's grant income. A small contingency has been built in for grants which may arise during the year
- ❖ **Follow up** – the timely implementations of audit recommendations remain critical for the Council. Where high levels of risk are identified by our work, our follow up programme will continue to highlight and escalate to senior management and the Audit Committee those areas where timely improvements are not made. We will however continue to make use of interim reporting for areas where 'quick win' implementation can be achieved for an improved final report opinion.

5. Plan Monitoring

- 5.1 Performance against completion of the annual plan will be measured and reported on a quarterly basis. The Audit Committee will be kept updated on the progress of the planned coverage and of how the service is progressing towards its set targets. Where issues arise which would significantly affect the service's ability to provide sufficient audit coverage to inform the annual opinion, the Committee will be updated at the earliest Committee meeting or off-line should the need arise.

6. Follow Up and Escalation

- 6.1 Follow-up audits are included in the plan with any arising in-year follow-up to be considered as part of the quarterly review of planned work.
- 6.2 Details of Audit follow up work will be reported to the Committee as part of in year updates and annual report, with ad-hoc reports brought to the Committee should the need arise. Directorates/Services that fail to implement High/Medium recommendations within the agreed timescale will be brought to the attention of the Committee.
- 6.3 The Escalation Procedure includes escalating issues of concern through the management structure and ultimately to the Audit Committee. Members are encouraged to require relevant Strategic Directors or Service Directors/Managers to explain any failure to satisfactorily implement improvement recommendations or to confirm their acceptance of the risks associated with non- implementation of recommendations.

7. Context

- 7.1 The Audit Committee's Terms of Reference includes a strategic requirement to ensure that the Council's internal control and assurance framework is operating effectively. To enable them to do so, the Committee needs to ensure it seeks assurance that key areas that contribute to this framework are robust. The work of Internal Audit is a key component of the assurance provided to the Committee in fulfilling this role.
- 7.2 The Public Sector Internal Audit Standards 2013 guidance on the role of Audit Committees in relation to Internal Audit suggests that it should involve reviewing, assessing and approving the Internal Audit work plan and strategy for delivery of the Audit Service. Whilst this report will enable the Committee's input to the work plan, the higher level Strategic Statement has also been reviewed and is attached at Appendix C together with the Internal Audit Charter and Terms of Reference for the Committee's consideration and approval.
- 7.3 The standards also include the requirement that Internal Audit must be operationally independent. The Internal Audit Charter and Terms of Reference detail the arrangements in place regarding the team's operational independence including details of the Chief Internal Auditor's reporting lines. There are two areas of work that the team does deal with operationally on behalf of the Council; facilitating the Corporate Risk Management Arrangements and facilitating the preparation and review of the Annual Governance Statement.
- 7.4 There are synergies between these areas of work and that of risk based internal audit reviews of control and governance and they are well aligned to the assurances that Internal Audit seek to provide. However, to ensure compliance with best practice, an external independent review is to be commissioned during 2016/17 to provide an independent external third party review of the Council's strategic risk management arrangements. Additionally, the External Auditor reviews the Annual Governance Statement to ensure it has been prepared to properly reflect the governance activities that have operated at the Council in respect of 2016/17.

Internal Audit Plan 2016/17

Type	Source and or CRR/DRR Risk Ref	Directorate	Sub section	Control and Governance System/ Assignment
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Planned Assurance ProgrammeStrategic Risk Management

Assurance	DRR9	BC	Strategic	Bristol Workplace Programme - Governance, Financial Impact and other
Assurance	CRR11	CORP	Strategic	Council Companies - Compliance with Code
Assurance	CRR9	CORP	Strategic	Devolution Project Governance - Watching Brief
Assurance		CORP	Strategic	Audit of Corporate Risk Management Arrangements
Assurance	DRR2	NH	Strategic	Waste Management - Monitoring delivery of agreed outcomes
Assurance	CRR1	PE	Strategic	Safeguarding (Children's)
Assurance	CRR1	PE	Strategic	Safeguarding (Adults)
Assurance		CORP	Risk	Assurance Mapping - Governance Framework including Corporate Risk Register
Assurance	CRR3	CORP	Partnership	LEP and City Deal Audit Work (including Economic Growth data review and joint audit programme)

Core Governance Systems

Assurance		CORP	Governance	Annual Governance Review and Statement
Assurance	CRR4/CF	CORP	Governance	Capital Programme and Capital Programme Board
Assurance	CRR2	CORP	Governance	Customer Complaints System
Assurance	CRR6	CORP	Governance	Schemes of Delegation
Assurance	CF	CORP	Governance	Hospitality Registers and Declarations of Interest
Assurance	Audit Committee	CORP	Governance	Members' Declarations of Interest
Follow Up	CRR4/FU	CORP	Governance	Business Continuity Planning/Disaster Recovery
Assurance		CORP	Governance	Whistleblowing Arrangements Review (including an assessment of employee confidence in arrangements)
Assurance		CORP	Governance	Partnership Governance - Corporate Approach

Financial Control Systems

Assurance		NH	Financial Controls	NNDR - Collection processes, monitoring and management information
Assurance		BC	Financial Controls	Payroll/HR System - Control and governance in new system
Assurance		BC	Financial Controls	Financial Systems Interfaces with ABW (Agresso Business World)
Assurance	Ext audit	BC	Financial Controls	General Ledger Journal Movements - Control over journals and virement
Assurance	CF	NH	Financial Controls	Housing Benefits - including follow up of external audit concerns following 2014/15 grant claim
Assurance		BC	Financial Controls	Accounts payable - request for payments (payments by spreadsheet)
Assurance		BC	Financial Controls	Accounts Receivable
Assurance		BC	Financial Controls	E' Returns Income
Assurance	CF	BC	Financial Controls	ABW - Bank Reconciliation & Income Manager
Assurance		PL	Financial Controls	Security Services/Cash in Transit
Assurance		NH	Financial Controls	Budgetary Control and Forecasting
Assurance		BC	Financial Controls	Budgetary Control and Forecasting
Assurance		PL	Financial Controls	Budgetary Control and Forecasting

Assurance		PE	Financial Controls	Payments to Private Day Centres/Residential Care Homes – Payments for services against contractual arrangements
Assurance		PE	Financial Controls	Liquid Logic/ConTRocc - interfacing of IT system and financial processes
Assurance		PL	Financial Controls	Parking – Income
Assurance	CF	CORP	Financial Controls	Purchase Card Review
Follow Up	CRR3/FU	CORP	Financial Controls	Non-pay panel follow up
Follow Up	FU	PE	Financial Controls	Budgetary Control and Forecasting - Follow Up
Assurance	FMT	CORP	Financial Controls	Grant certification process - ensuring early understanding by involved staff of the grant conditions and level of evidence (Including EU grants)
Assurance	FMT	CORP	Financial Controls	Loans to external organisations
Assurance	FMT	CORP	Financial Controls	Benefits Realisation - Governance and monitoring processes around business cases for change which should result in financial savings.
Assurance	FMT	CORP	Financial Controls	Financial decision making in context of budget and policy framework
Assurance	W/B	PE	Financial Controls	Billing of care services to those in homes - deep dive
Assurance	Ext audit	PE	Financial Controls	Pearsons System for Schools Finance

Procurement and Commissioning Control Reviews

Assurance		CORP	Procurement	Procurement - Analytical Review of Variations
Assurance		CORP	Procurement	Strategic Commissioning - Analytical review to gain an understanding of changing approach
Assurance		NH	Procurement	Sports Centres Contracts - Monitoring/Commissioning
Assurance		PE	Procurement	Children's Service Contracts - Monitoring/Commissioning
Assurance	CRR1	PE	Procurement	Electronic Monitoring System Contracts – Monitoring of providers
Assurance		PE	Partnerships	Joint Commissioning Children - Health Partnerships

Asset Management Control Reviews

Assurance		PL	Assets	Asset Transfer - Effectiveness of policy, community transfer
Assurance		PL	Assets	Sale and Disposal of Council Assets
Assurance	NH DRR1	PL	Assets	Fleet Maintenance and Management
Assurance	FMT	PL	Assets	Investment Property Portfolio - Return on Investment/Alignment with Strategy
Assurance	External Audit	PL	Assets	Asset Valuation Processes

Information Security Control Reviews

Assurance		CORP	ICT Systems	Network/Desktop Security Review - including user access admin controls & Firewall/PSN Compliance
Assurance		CORP	ICT Systems	E Procurement System
Assurance		CORP	ICT Systems	ICT Resilience and Cyber Security
Assurance		PE	ICT Systems	Children's Systems - Project Implementation
Assurance	CRR3	PE	Partnership	Information Sharing Protocols and Working Together
Assurance		BC	ICT Systems	ICT Commissioning and Supplier Relationship Management

Operational Risk Management:

Assurance		NH	Operational	Cemeteries and Crematoria (including a review of control around paupers burials)
Assurance		BC	Operational	Employment Status (Right to work and references etc)
Assurance		NH	Operational	Housing Response Repairs - approach and processes regarding reported repairs required
Assurance	DRR1	NH	Operational	Housing Planned Maintenance Programme
Assurance		NH	Operational	Housing Voids - processes to ensure efficient relet of housing stock
Assurance		NH	Operational	Licensing
Assurance		PE	Operational	Home to School Transport (Analytical Review to determine audit work required)
Assurance		PE	Operational	Aids & Adaptions
Assurance	Required	PE	Operational	Bristol Community Links 3 Hubs

Assurance		PE	Operational	Foster Care Payments
Assurance		PE	Operational	Grants to Voluntary Organisations (Avoidance of procurement regulations)
Assurance		PE	Operational	Community Financial Support Projects (looking after service users personal affairs)

Schools Assurance Programme

Assurance		PE	Schools	Sample of Primary Schools (10) (including a sample who have opted out of payroll services)
Assurance		PE	Schools	Sample of Nurseries & Children's Centres (3)
Assurance		PE	Schools	Sample of Special Schools (1)
Assurance		PE	Schools	Sample of Secondary Schools (1)
Assurance		PE	Schools	School Fund Audit Certificates
Assurance		PE	Schools	Collating SFVS Returns

Grant Certification

Grant		BC	Certification	Gigabit Grant
Grant		BC	Certification	Other grant (provision for ad hoc grant certifications received)
Grant		CD	Certification	Carbon Efficiency Grant
Grant		CD	Certification	DECC Grant Spend/Warm up Bristol
Grant		NH	Certification	Scambuster Grant Audit
Grant		NH	Certification	Disability Facilities Grant
Grant	DRR5	PE	Certification	Troubled Families Initiative Grant Certification Process – Complex criteria, June Certification
Grant	DRR5	PE	Certification	Troubled Families Initiative Grant Certification Process – Complex criteria, January Certification
Grant	DRR5	PE	Certification	Troubled Families Initiative Grant Certification Process – Complex criteria, April Certification process
Grant		PL	Certification	Cycle Ambition Fund 2
Grant		PL	Certification	LSTF West
Grant		PL	Certification	LSTF Key Component
Grant		PL	Certification	Better Bus Area Fund 2
Grant	PLT	PL	Certification	ELENA Grant
Grant	PLT	PL	Certification	Office of Low Emission Vehicles Grant
Grant	FBP	PL	Certification	Pothole Action Fund 2016/17 (Advising in advance of certification)

Value for Money Reviews

VFM		BC	VFM	Benefit - Change of Circumstance Review
VFM		CORP	VFM and Controls	Consultants (Analytical review of spend and delivery of agreed outcomes)
VFM		CORP	VFM	Re-charging of Council services
VFM	FU	CORP	VFM	Telephone Review (Ceased number, charging)
VFM	CF	CORP	VFM	Debtors to Creditors Analysis
VFM	CF	PE	VFM	Approach to debt recovery in care services (foster care, meals service)
Fraud - Tenancy		NH	VFM	Pay to Stay (Higher Rent for > £30k capital)

Consultancy and Advice

Consultancy		BC	Advice	Applied Programme/Cohort 4 - Advising on risk and control re process changes
Consultancy		CORP	Advice	Financial Regulations Development
Audit Committee		CORP	Audit Committee	Audit Committee Support
Consultancy		CORP	Governance	Code of Governance update
Consultancy	CRR3	CORP	Risk	Corporate Risk Register Review and Directorate Risk Register Oversight
Consultancy		CORP	Risk	Risk Management Guidance (Webpage review)
Consultancy		CORP	Risk	Risk Management Overview and Reporting
Consultancy		CORP	Risk	Risk Management Integration and Automation

Consultancy		CORP	Risk	Risk Management Benchmarking/Best Practice
Consultancy		CORP	Consultancy	General Liaison and Advice

Proactive and Responsive Fraud Agenda

Fraud Prevention Work

Fraud - Prevention		CORP	Policy	Fraud Risk Register Review and Maintenance
Fraud - Prevention		CORP	Policy	Bribery and Corruption Review
Fraud - Prevention		CORP	Awareness	Fraud Loss Profile Tool - research
Fraud - Reporting		CORP	Awareness	Annual Fraud Update Report
Fraud - Reporting		CORP	Compliance	Transparency Code Data Reporting
Fraud - Strategic		CORP	Awareness	Annual Fraud Surveys
Fraud - Prevention		CORP	Awareness	Fraud awareness at induction and generally
Fraud - Prevention		CORP	Awareness	Fraud and warning bulletins - responding to alerts/bulletins
Fraud - Prevention		CORP	Awareness	Fraud web pages review and maintenance
Fraud - Prevention		PE	Awareness	Fraud Awareness Training - Schools
Fraud - Prevention	CF	PE	Awareness	Schools Fraud Healthcheck
Fraud - Prevention		PE	Awareness	Social Worker - Fraud Prevention Training
Fraud - Tenancy		NH	Awareness	Tenancy Fraud awareness training
Fraud - Prevention		BC	Controls Testing	Money Laundering - Testing of controls over refunds
Follow up		PE	Controls Testing	Homelessness - follow up
Follow up		PE	Controls Testing	Direct payment Fraud Prevention - Follow up
Follow up		CORP	Follow up	St George S106 Follow up
Fraud - Prevention		CORP	General	Business Case - National Fraud Initiative Application Checker
Fraud - Prevention		CORP	General	Business Case - ID Validation
Fraud - Tenancy		NH	Tenancy	Business Case/Research Ilatch System

Fraud Responsive Work

Consultancy		CORP	Fraud Responsive	Gain Enquiries
Consultancy		CORP	Fraud Responsive	Responsive Investigations - contingency

Fraud Detection Programme based on Fraud Risk Assessment:

Fraud Risk Area

Fraud - Detection		NH	Benefits	Benefit Fraud - Liaison and Monitoring SLA with DWP
Fraud - Detection		NH	Benefits	Benefit Fraud - Information Exchange with DWP
Fraud - Detection	FRR/PPP	NH	Benefits	Landlords to Benefit Claimants data match
Fraud - Prevention	CF	NH	Benefits	Residual BFIT Prosecutions
Fraud - Tenancy	FRR/PPP	NH	Tenancy	Tenancy Fraud casework
Fraud - Tenancy	FRR/PPP	NH	Tenancy	Tenancy Fraud prosecutions
Fraud - Tenancy	FRR/PPP	NH	Tenancy	Tenancy NFI
Fraud - Tenancy	FRR/PPP	NH	Tenancy	Tenancy Fraud Advertising and marketing
Fraud - Detection		CORP	Various	National Fraud Initiative 2016-17
Fraud - Detection		CORP	Various	National Fraud Initiative - Household Composition Pilot
Fraud - Detection	FRR/PPP	NH	Ltax	NNDR Fraud or Evasion
Fraud - Detection	FRR/PPP	NH	Ltax	Single Persons Discounts/Council Tax Reduction Review plus NFI out put review
Fraud - Detection	FRR/PPP	NH	Ltax	Council Tax Reduction - Case work and fines
Fraud - Detection	FRR	PL	Parking	Car Parking Income
Fraud - Detection		CORP	Payment	Fiscal Fraud Module
Fraud - Detection	FRR/PPP	BC	Procurement	Procurement intelligence and analysis
Fraud - Detection	FU	PE	Emergency Funds	No Recourse to Public Funds - proactive work

Fraud - Detection		CORP	General	Fraud Hotline
Fraud - Detection	CF	CORP	General	Tied Properties

Audit Service Development

Development		CORP	Development	Service Benchmarking
Development		CORP	Development	Workforce strategy and training plan
Development		CORP	Development	Sale of Services
Development		CORP	Development	Fraud Management System implementation and development, testing
Development		CORP	Development	Fraud Team - Review of Investigation Templates
Development		CORP	Development	Networking Groups
Development		CORP	Development	Audit Automation Business Case
Development		CORP	Development	Best Practice Development

Key to Source

CRR	Corporate Risk Register
DRR	Directorate Risk Register
FRR	Fraud Risk Register
FU	Follow Up of Previous Recommendations Made
CF	Carried forward from previous year
FMT	Finance Management Team
W/B	Whistleblower
Required	Requested
PPP	Protecting the Public Purse - National Fraud Risk Assessment

Key to Directorate

CORP	Corporate or Cross Cutting Issues
BC	Business Change
NH	Neighbourhoods
PE	People
PL	Place

Internal Audit Plan 2016/17Reserve Plan List

Type	Source and or CRR/DRR Risk Ref	Directorate	Sub section	Subject
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Strategic Risk Management

Assurance	DRR11	BC	Strategic	Service Income Generation
Assurance	CRR2	CORP	strategic	Digital Service/strategy
Assurance	CRR1	PE	strategic	Homelessness - Review of new strategy
Assurance	DRR1	PL	Strategic	Place Programme Management
Assurance	DRR 6	PE	Strategic	Learning City

Core Governance Systems

Assurance		CORP	Governance	Enforcement Activity
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Financial Control Systems

Assurance	External audit	BC	Financial Controls	End of year closure procedure
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Information Security Control Reviews

Assurance		PL	ICT Systems	Corporate Property - Agresso Business Works
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Operational Risk Management:

Assurance		PE	Operational	Area Social Work Teams
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Fraud Prevention Work

Fraud			Various	Continuous Data Matching - Fraud Prevention
Fraud	FRR/PPP		Procurement	Fraud Awareness - Contractors and Customers
Fraud			Licensing	Licensing Fraud controls

Fraud Detection Programme based on Fraud Risk Assessment:**Fraud Risk Area**

Fraud	FRR/PPP		Blue Badge	Blue Badge Enforcement Exercise
Fraud			VFM	Planned Programme and frequency of refurbishment works
Fraud	FRR/PPP		Procurement	Procurement organised fraud check
Fraud			Asset	Small holdings
Fraud			Corruption	Declaration of Interests - Fraud Testing
Fraud	FRR/PPP		Social Care	Direct Payments Fraud Testing
Fraud	FRR/PPP		Housing	New Homes Bonus
Fraud	FRR/PPP		Social Care	Social Care - Data Matching exercises

INTERNAL AUDIT CHARTER, TERMS OF REFERENCE AND STRATEGIC STATEMENT

1. Purpose and Statutory Requirements

1.1 The purpose of the Internal Audit Charter, Terms of Reference and Strategic Statement is to define the purpose, authority, scope and responsibility of Internal Audit. It complies with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Application Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). It also meets the PSIAS requirement for internal audit's risk-based plan to incorporate or link to a strategic or high-level statement.

1.2 Internal audit is an independent, objective assurance and consulting function that is designed to add value and improve an organisation's objectives. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating, reporting on and recommending improvements where necessary to secure effective risk management, control and governance processes.

1.3 Internal audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which state in respect of internal audit 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".

1.4 Internal audit must comply with the PSIAS which became mandatory across the UK public sector from the 1 April 2013. The purpose of the PSIAS is to define the nature of internal auditing within the UK public sector, set basic principles for carrying out internal audit, establish a framework for providing internal audit services and establish the basis for the evaluation of internal audit performance and to drive improvement planning.

1.5 The work of internal audit forms an essential part of the assurance framework in place which informs management when considering and compiling the Annual Governance Statement. However, the existence of internal audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

2. Scope

2.1 The scope for Internal Audit work includes the whole control environment comprising risk management, internal control and governance. This effectively means that Internal Audit has independent oversight of all of the Council's operations, resources, services and processes in place to:

- Establish and monitor the achievement of Council objectives
- Identify, assess and manage the risks to achieving the Council's objectives
- Facilitate policy and decision making
- Ensure the economical, effective and efficient use of resources
- Ensure compliance with established policies, procedures, laws and regulations

- Safeguard assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.

2.2 Where the scope of the internal audit work extends to services provided through partnership arrangements, the Chief Internal Auditor will decide, in consultation with all parties, whether Internal Audit staff conduct the work to derive the required assurance themselves or rely on the assurances provided by other auditors. Where necessary the Chief Internal Auditor will agree the appropriate access rights in order to obtain the necessary assurances.

2.3 Where the Chief Internal Auditor considers that the scope of audit work is being restricted, the s151 Officer and the Audit Committee will be advised of this.

3. Authority

3.1 Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free and unrestricted access to any and all Council records (whether manual or computerised systems), personnel, cash, stores, other assets and premises, including those of partner organisations, where appropriate and have authority to obtain such information and explanations as considered necessary to fulfil Internal Audit responsibilities.

3.2 The Accounts and Audit Regulations (England) 2015 provide that:

Any officer or member of that body must, if the body requires:

- make available such documents and records as appear to that body to be necessary for the purposes of the audit; and
- supply the body with such information and explanation as that body considers necessary for that purpose.

3.3 All Directorates of the Council, or partners/agents contracted to provide services on its behalf, are required to give complete co-operation to Internal Audit staff for the expedient fulfilment of the audit process.

4. Definitions and Responsibilities of Officers and the Council in Relation to Internal Audit

4.1 For the purpose of this Charter, Terms of Reference and Strategic Statement the following definitions apply:

- The Board is the Audit Committee - those charged with independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of financial reporting arrangements. This includes oversight of Internal Audit and its activity

- Head of Paid Service is the City Director - who has responsibility for the corporate and strategic management of the authority **and is responsible for ensuring good governance, risk management and internal control arrangements exist and operate**
- Senior Management is the Strategic Leadership Team (SLT) - those responsible for the leadership and the direction of the Council. Senior Management are also responsible for ensuring that internal control, risk management, and governance arrangements are sufficient to address the risks facing their Directorates and Services including the risk of fraud and corruption
- Section 151 Officer is the Service Director - Finance - the s151 Officer is responsible for: ensuring lawfulness and financial prudence of decision making; providing financial advice; internal control; risk management; setting financial standards; and ensuring key financial controls are in place to secure sound financial management; ensuring there is an adequate and effective Internal Audit service
- Monitoring Officer is The Head of Legal Services – responsible for maintaining the Constitution; ensuring lawfulness and fairness of decision making; providing legal advice; and conducting investigations. **As such the Monitoring officer works closely with Internal Audit on governance matters.**

4.2 Internal Audit responsibilities include:

- Formulation and delivery of a risk based annual internal audit plan which will enable the Chief Internal Auditor to provide management and the Audit Committee with the required objective opinion on the internal control, governance and risk management arrangements in place across the Council to inform the Annual Governance Statement
- Reporting significant risk exposures and control issues identified to management and the Audit Committee, including fraud risks, governance issues, and other matters and making recommendations for improvement.
- Ensuring the Council has a robust and proactive approach to fraud identification and investigation, investigating alleged frauds and other irregularities
- The review and certification of grant/funding claims as required
- Providing reports to the Audit Committee to enable it to discharge its duties
- Driving, embedding and supporting effective risk management arrangements across the Council on behalf of SLT and the Mayor
- Collating assurances in support of the Annual Governance Statement, drafting the Statement and facilitating management review
- Raising awareness of internal control, risk management and governance across the Council.

5. Accountability

5.1 Internal Audit is located within the Business Change Directorate. The Chief Internal Auditor is line managed by the Service Director - Finance who monitors the performance of the Chief Internal Auditor and the Internal Audit service. **The Service Director – Finance is not an SLT member in their own right but reports to the Director of Business Change. These management arrangements do not meet the CIPFA expectation that the Chief Internal Auditor should be line managed by a member of SLT.**

5.2 **This arrangement is counterbalanced by the Chief Internal Auditor having direct and unfettered access to the City Director and SLT. The City Director and Audit Committee also have input into the Chief Internal Auditor's annual appraisal.**

5.3 The Chief Internal Auditor reports functionally to the Audit Committee in terms of approving the Internal Audit Charter, Strategy and Terms of Reference and risk based plan; reviewing Internal Audit's performance and effectiveness and receiving the Chief Internal Auditor's Annual Report and other reports.

5.4 The Chief Internal Auditor has direct access to the Chair of Audit Committee and has the opportunity to meet with the Audit Committee in private.

6 Independence and Objectivity

6.1 Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management. The Chief Internal Auditor reports to the Audit Committee, at least annually, on the organisational independence of the Internal Audit service.

6.2 Internal Audit operates within a framework that allows unrestricted access to senior management and Council, particularly the Mayor, the Chair of the Audit Committee, the City Director and SLT. The Chief Internal Auditor reports in their own name to SLT and the Audit Committee.

6.3 As far as practicable, Internal Audit does not participate in the day to day operation of any systems without agreement of the Audit Committee. However, in strict emergency situations only, Internal Audit staff may be called upon to carry out operational work.

6.4 Where non-audit work, or consultancy work, is requested or required, the Chief Internal Auditor ensures that there are no conflicts of interest arising from undertaking the non-audit work, or consultancy work and if necessary makes alternative arrangements for internal audit review of any area where such a conflict exists.

6.5 Where staff join Internal Audit from a different part of the Council, they do not complete audit work in their previous area of responsibility for a period of at least 1 year.

6.6 **Internal Audit has responsibility for collating assurances in support of the Council's Annual Governance Statement; for drafting the Statement and for facilitating management review. The Chief Internal Auditor does not have line management responsibility for those staff involved in governance processes and does not consider that the responsibilities in respect of the Annual Governance Statement restrict the ability to report objectively on**

governance. Additionally the External Auditor reviews the Annual Governance Statement for consistency with the financial statements.

6.7 The Chief Internal Auditor has line management responsibility for the staff that administer the Council's Corporate Risk Register and provide support and guidance to Council staff on risk management. This provides a potential conflict of interest in Internal Audit reporting objectively on the existence and operation of risk management in the Council. To counterbalance this, the Chief Internal Auditor will commission periodic assurance reviews over risk management from an independent external third party.

7. Ethics

7.1 To enhance the environment of trust between Internal Audit and management, all staff involved in the delivery of Internal Audit services comply with the Code of Ethics laid down in the PSIAS. Staff induction and training ensures all staff are aware of this requirement. Additionally, many Internal Audit staff are bound by the ethical codes of the professional bodies they have qualified with and all are bound by the Council's own Code of Conduct for employees. Fundamentally, the following ethical standards are observed:

- Integrity - performing work with honesty, diligence and responsibility
- Objectivity - making a balanced assessment of all the relevant circumstances, not unduly influenced by personal interests or by others in forming judgements
- Confidentiality - respecting the value and ownership of information obtained and not disclosing information without appropriate authority, unless there is a legal or professional obligation to do so
- Competence and due professional care - applying the knowledge, skills and experience needed in the performance of work.

7.2 Internal Auditors are required to complete a Declaration of Interest every two years to ensure that any interests are known by management and safeguards can be put in place as required. Additionally, they are required to declare any potential conflicts of interest at the start of an audit assignment.

8 Internal Audit Activities

Internal Audit Plan

8.1 The primary task of Internal Audit is to review the systems of governance, risk management and internal control operating throughout the Council and in this a predominantly risk based approach to assessing controls is adopted.

8.2 A risk based plan of internal audit work is prepared annually and reviewed quarterly. The plan is derived from a documented risk assessment which is informed by the views of management, the Council's risk registers, performance management reports and the assurance framework.

8.3 The internal audit plan is discussed with SLT and the s151 Officer before review and approval by the Audit Committee. The City Director is provided with details of the annual plan for information. The annual plan is reviewed quarterly to ensure that it reflects current

risks. Any significant changes to the agreed plan are reported to the Audit Committee through the periodic activity reporting process.

Internal Audit and Assurance Reviews

8.4 For each internal audit assignment within the annual internal audit plan, a 'Terms of Reference' is drawn up and shared with the relevant managers. The Terms of Reference identifies the key risks to the achievement of Council objectives and identifies the scope of the work being carried out.

8.5 During the course of the audit, key issues are brought to the attention of the relevant manager to enable them to take corrective action. On completion of the audit, Internal Auditors communicate the results of the audit to the relevant Service Manager.

8.6 The completion of each planned assignment leads to individual reports to Service Managers, Service Directors and Strategic Directors and these include an opinion on the control framework in place to manage the risks in the area reviewed. These opinions, together with knowledge of issues identified in other audit work, assist the Chief Internal Auditor in providing an overall opinion on the control environment to management for the Annual Governance Statement.

Fraud and Irregularity work

8.7 Internal Auditors plan and evaluate their work to have a reasonable chance of detecting fraud; however the managing of the risk of fraud and corruption is the responsibility of management.

8.8 The Council's Anti-Fraud, Bribery and Corruption Policy requires the Chief Internal Auditor to be informed of all suspected or detected fraud. A fraud risk assessment is performed on all suspected or detected fraud which determines whether the irregularity is investigated by Internal Audit or by the relevant directorate with support from Internal Audit where required.

8.9 Investigation of fraud and corruption is carried out in compliance with statutory requirements and the fraud investigation protocol, by staff with the necessary skills to do so.

8.10 In addition to determining the extent of the fraud, attention is given to correction of any control failures to prevent recurrence of the fraud.

8.11 As well as responding to incidents of fraud and corruption, Internal Audit staff maintain and deliver a programme of pro-active fraud prevention and detection work including national initiatives to prevent and detect fraud and testing of priority fraud risk areas.

8.12 The Chief Internal Auditor has also been nominated as the Council's 'reporting officer' under the Money Laundering Act 2007.

Risk Management and Governance Work

8.13 A programme of work is undertaken to enhance understanding of effective risk management across the Council and embed a culture of appropriate risk taking.

8.14 As well as reviews of governance processes included in the risk based plan, Internal Audit lead on the Annual Governance Review across the Council including the gathering of assurances and the preparation of the Annual Governance Statement.

Consultancy Reviews as Requested/Required

8.15 Internal Audit provides both statutory and discretionary services. Discretionary services provided by Internal Audit are a form of consultancy. These services may be on request by management or the Council, or recommended by Internal Audit. Each of these reviews has a clearly defined and agreed Terms of Reference with agreed timescales for completion of the work and agreed reporting format.

8.16 In addition to planned audit reviews, Internal Audit advise on the internal control implications of new systems being implemented across the Council. Internal Audit are involved in change programmes from the outset and consulted as required.

8.17 The Chief Internal Auditor ensures that no conflicts of interest arise from undertaking any consultancy work **by reviewing the scope of the work to be undertaken and maintaining Internal Audit's independence from management functions.**

8.18 Where significant consultancy reviews are commissioned in year, outside of the approved plan, then Audit Committee approval is sought in advance.

External Clients

8.19 Internal Audit provides internal audit services and assurances to a number of public sector clients including the Avon Fire & Rescue Services and Academies. Further assurance and consultancy work has also arisen from the Trading with Schools function.

9. Resources and Skills

9.1 In order to ensure an adequate and effective internal audit function is maintained, Internal Audit must have adequate budgetary resources to maintain organisational independence and be appropriately staffed in terms of numbers and skills. The Chief Internal Auditor is responsible for ensuring that resources and skills in the audit team are in place. Where resources available are felt to be insufficient to deliver the annual audit plan, the Chief Internal Auditor will advise the s151 Officer and the Audit Committee of this.

9.2 The staffing structure of Internal Audit is divided into three key areas:

- Assurance – dedicated to delivering the planned and unplanned assurance work
- Fraud and Value for Money – dedicated to both pro-active anti-fraud risk work and responding to fraud and irregularity reported to Internal Audit
- Risk, Governance and Service Development – leading on risk management, governance including the preparation of the Annual Governance Statement and driving the Internal Audit service development.

9.3 Internal Audit staff comprise a mixture of qualified accountants, auditors and fraud investigators as well as a number of trainees. These include general audit skills in respect of

reviews of internal control, risk and governance and appropriate specialism in areas such as computer audit, contract audit and investigation of fraud.

9.4 Where audits require access to specialist expertise and knowledge that is not available within the audit team, the advice of specialist experts from within the Council, or, as necessary, externally is sought.

9.5 A continuous review of training and development required for all Internal Audit staff is undertaken as part of the Corporate 'My Performance' framework. These requirements are developed into a Training Strategy with a specific resource for training and development determined annually.

10. Reporting, Follow Up and Escalation Procedures

10.1 Following the completion of all audit assignments an internal audit report is issued containing an opinion on the control environment. The report identifies concerns and prioritises recommended improvement actions based on the level of risk resulting from the control weakness. The appropriate Service Manager, Service Director and/or Strategic Director is asked to respond to the report agreeing, or otherwise, to implement the recommendations and assigning responsibility and time-scales for doing so.

10.2 Where the overall level of risk to the Council is significant, and in agreement with management, an early and 'Interim' report is issued. This occurs when it is considered that recommendations can be implemented quickly and retested by Internal Audit as part of the audit work programme to enable a stronger control environment to be achieved in a timely way. The audit opinion will then take into consideration the levels of risk after the early implementation of recommendations if this is confirmed.

10.3 Where the overall level of risk to the Council remains significant, whether 'Interim' reporting occurred or otherwise, the implementation of recommendations is followed up in line with the follow up and escalation procedure established by the Chief Internal Auditor.

10.4 Under the escalation element of this procedure, any significant recommendations which are either not accepted or not implemented may be reported to SLT and the Audit Committee, who may call the appropriate manager to account for failure to correct the control environment.

10.5 The Chief Internal Auditor routinely reports to the Audit Committee providing periodic reports and an annual report of Internal Audit activity with details of significant control issues identified by audit work. The annual report provided by the Chief Internal Auditor includes the required opinion on the risk management and control arrangements in place and as such is an essential assurance to management in making their Annual Governance Statement.

11. Performance

11.1 The PSIAS require the Chief Internal Auditor to have a performance management and quality assurance framework in place to demonstrate that the Internal Audit Service

- Meets its aims and objectives
- Meets internal quality standards

- Is effective, efficient and continuously improving
- Is adding value and assisting the organisation in achieving its objectives.

11.2 The performance, quality and effectiveness of Internal Audit is measured in a suite of performance indicators which are maintained locally and reported to the Audit Committee. These include qualitative targets concerning auditee feedback in the form of Quality Assurance Questionnaire scores which are issued to auditees following the completion of each audit.

11.3 Internal audit operates a system of close supervision of audit work and management review of audit files to ensure each audit has been completed to standard. Internal Audit reports are signed off by the Chief Internal Auditor prior to issue.

11.4 Internal Audit continually self-assesses its performance against achievement of its aims and objectives. It also benchmarks key elements of its service. The PSIAS requires Internal Audit to put in place a Quality Assurance and Improvement Programme (QAIP) including periodic self-assessments and externally validated self-assessments against compliance with the PSIAS. A formal action plan is prepared following each self-assessment.

11.5 The external validation of Internal Audit's self-assessment against PSIAS is undertaken through a peer review programme with Core City Local Authorities. This provides assurance over the effectiveness of Internal Audit and also an opportunity to benchmark and share good practice across comparable services.

11.6 The outcomes of self-assessments and external validations are reported to the Audit Committee.

12. Collaboration and Liaison with Other Auditors

12.1 The External Auditor has a statutory duty to express an opinion on the Council's financial statements and a Value for Money opinion on its arrangements for securing economy, efficiency and effectiveness. In doing so, there is potential for duplication of work completed by Internal Audit, particularly now that International Standards for Auditing (which apply to External Auditors) require a more detailed understanding of systems. Wherever possible, the Chief Internal Auditor seeks to co-ordinate the work of Internal Audit with that of the External Auditor through sharing of plans and quarterly liaison meetings.

12.2 The Chief Internal Auditor also liaises with equivalents in neighbouring local authorities where services are shared or delivered jointly. Liaison is also ongoing with equivalents in Core City Local Authorities.

13 Strategic Statement

13.1 The PSIAS require internal audit's risk-based plan to incorporate or link to a strategic or high-level statement of:

- How the Internal Audit service will be delivered
- How the Internal Audit service will be developed

- How the Internal Audit service links to organisational objectives and priorities.

13.2 Following the 2016 Council elections and change of administration the Council is developing revised strategic objectives and corporate plans for the next 4 years. The Council continues to face significant financial challenge through changes to the central funding regime.

13.3 Internal Audit will contribute to the achievement of the Council's objectives by:

- Providing objective assurance on the Council's internal control, governance and risk management arrangements
- Identifying and reporting significant risk exposures and control issues and making recommendations for improvement
- Promoting a robust and proactive approach to fraud identification and investigation
- Promoting effective internal control risk management and governance arrangements across the Council
- Supporting the development of Council services through appropriate consultancy work and advice
- Mapping the assurances available from management and external sources over key governance systems and processes
- Focussing on monitoring compliance with statutory requirements and Council systems to ensure consistency in the use of Council resources
- Focussing in all its work on the identification of opportunities for improving value for money in the delivery of Council services
- Working in constructive partnership with the new Mayor, the new Audit Committee and Council management.

13.4 Internal Audit services will be delivered through its core staff, drawing in additional expertise from within the Council and externally as needed.

13.5 Reliance will be placed where appropriate on other sources of assurance, both internal and external. External sources of assurance will include Government Inspectorates, the Council's External Auditor and the Internal Audit Services of neighbouring local authorities where services are shared or delivered jointly.

13.6 The Internal Audit service will be developed through:

- Keeping its plans under close review so it can respond flexibly to changes in the City Council's priorities and risks
- Feedback from users of the service including management, the Audit Committee and the External Auditor

- The QAIP and internal self-assessment of compliance with the PSIAS with periodic external validation of the self-assessment
- Sharing of good practice and benchmarking with the Internal Audit services of the Core Cities Local Authorities and liaison with Internal Audit Services of neighbouring local authorities
- Having due regard to other sources of good practice such as CIPFA and the CIIA
- Training and development for staff identified through the Council's 'My Performance' staff performance management scheme, through management supervision and by Internal Audit staff themselves
- Responding to opportunities to work more efficiently, taking advantage of developments in 'agile working' and new technology
- Marketing of services to expand the client base to which Internal Audit provides services.

13.7 As the Council develops and implements its strategy for 2016/17 to 2019/20 so Internal Audit will develop this strategic statement into a formal strategy covering the same period.

14. Review of the Internal Audit Charter, Terms of Reference and Strategic Statement

14.1 In accordance with the PSIAS, the Internal Audit Charter, Terms of Reference and Strategic Statement is reviewed annually and presented to the Audit Committee for reconsideration and approval.

Chief Internal Auditor

Reviewed: June 2016

Approved by Audit Committee 24 June 2016