

REPORT TO: Business Efficiency Board

DATE: 10 March 2010

REPORTING OFFICER: Operational Director – Financial Services

SUBJECT: Internal Audit Plan for 2010/11

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 This report provides details of the proposed Internal Audit Plan for 2010/11. The Audit Plan outlines the likely programme of work to be completed by Internal Audit during the year.
- 1.2 The Code of Practice for Internal Audit in Local Government requires that the annual Audit Plan is considered and approved by the Council's Audit Committee.

2.0 RECOMMENDATION: That the Business Efficiency Board is recommended to approve the proposed Internal Audit Plan for 2010/11.

3.0 SUPPORTING INFORMATION

- 3.1 In order to comply with best professional practice, Internal Audit is required to produce a programme of work (the Audit Plan) which outlines the likely areas of activity for the coming year.
- 3.2 The Audit Plan should be designed to provide sufficient coverage across the organisation to enable Internal Audit to deliver an overall opinion on the Council's risk management, control and governance arrangements. The work of Internal Audit therefore assists the Operational Director – Financial Services in discharging his statutory responsibilities as s151 officer in terms of ensuring the proper administration of the Council's financial affairs.
- 3.3 The work undertaken by Internal Audit also provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.
- 3.4 The Council's Internal Audit Strategy was approved by the Business Efficiency Board in February 2009. The 2010/11 plan has been developed in accordance with that strategy.

- 3.5 The draft 2010/11 Internal Audit Plan is attached at Appendix A. This document provides a summary of how the Council's internal audit resources are to be utilised during the year.
- 3.6 The implementation of phase one of the Council's Efficiency Programme should not have a material impact on the coverage provided by Internal Audit. For information, the key developments affecting Internal Audit are:
- The number of operational audit staff has reduced to 7.52 FTEs from 9.0 FTEs. However, the posts that have been deleted have been vacant for over 12 months. Therefore, the total number of audit days to be delivered in 2010/11 is broadly consistent with that planned in 2009/10.
 - A new post of Divisional Manager – Audit & Operational Finance will assume responsibility for managing the internal audit service.
- 3.7 Appendix B to this report set out how the Council's arrangements for providing its internal audit service comply with the CIPFA Code of Practice for Internal Audit in Local Government in the UK.
- 3.8 As internal audit resources are not sufficient to provide assurance over all areas of Council activity, a risk-based approach is adopted to prioritise coverage. In compiling the programme of work for 2010/11, account has therefore been taken of:
- The need to provide a robust annual opinion on the Council's risk management, control and governance arrangements;
 - The need to comply with CIPFA guidance;
 - The results of consultation with Strategic Directors and the s151 officer;
 - A review of the Council's corporate and directorate risk registers;
 - Changes in the operating environment of the Council, in particular, the changes arising from the Efficiency Programme;
 - Internal Audit's cumulative knowledge of the Council; and
 - The results of previous internal audit work.
- 3.9 The Council's external auditors have also been consulted as part of the planning process to minimise any potential for duplication and to maximise the benefit the Council receives from the total audit resource.
- 3.10 The Audit Plan will be kept under review throughout the year and quarterly progress reports will be provided to the Business Efficiency Board. Changes to planned work may be necessary to reflect the Council's changing risks and priorities. Minor amendments to planned work will be agreed with the Operational Director – Financial Services. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to members.

4.0 POLICY IMPLICATIONS

One of the responsibilities of Internal Audit is to provide assurance that policies and procedures established by management are complied with, are appropriate in the current circumstances, and are not wasteful.

5.0 OTHER IMPLICATIONS

5.1 The Council is required to 'maintain an adequate and effective system of internal audit' under Regulation 6 of the Accounts and Audit Regulations 2006. This responsibility is delegated to the Operational Director – Financial Services.

5.2 There are no additional resource implications arising from this report.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 CIPFA defines Internal Audit as being 'an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives'.

6.2 Internal Audit therefore supports the Council in achieving all the aims and objectives set out in the Sustainable Community Strategy and the Corporate Plan.

7.0 RISK ANALYSIS

The work of Internal Audit forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

8.0 EQUALITY AND DIVERSITY ISSUES

None

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

CIPFA Code of Practice for Internal Audit in Local Government in the UK
- 2006