

**REPORT TO:** Business Efficiency Board

**DATE:** 27 February 2013

**REPORTING OFFICER:** Strategic Director - Policy & Resources

**PORTFOLIO:** Resources

**SUBJECT:** Internal Audit Plan - 2013/14

**WARDS:** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

This report provides details of the proposed Internal Audit Plan for 2013/14. The Audit Plan outlines the likely programme of internal audit work for the year.

## **2.0 RECOMMENDATION:**

**The Business Efficiency Board is recommended to consider and approve the proposed Internal Audit Plan for 2013/14.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 The Public Sector Internal Audit Standards require the development of an annual risk-based plan to determine the priorities of internal audit activity. The plan must be consistent with the Council's goals and take into account the Council's risk management and overall assurance framework.
- 3.2 The Audit Plan is designed to provide sufficient coverage across the organisation to enable the Head of Internal Audit to deliver an overall opinion on the Council's risk management, control and governance arrangements.
- 3.3 The Audit Plan for 2013/14 is attached as an appendix to this report. The document provides detail of how the Council's internal audit resources are to be utilised during the year.
- 3.4 In total 1,086 days of audit work is planned. This is based on a forecast staffing resource of 6.5 FTE staff. Planned coverage is reduced slightly from 2012/13 to take account of a maternity leave absence.
- 3.5 The planned level of resources is considered sufficient to deliver a robust annual audit opinion. The audit resource requirement is determined by the need to provide coverage across the Council's financial systems, directorate systems, information systems, procurement activity, governance arrangements, schools and anti-fraud and corruption arrangements.

3.6 As resources are limited, a risk-based approach is adopted to prioritise internal audit coverage. In compiling the programme of work, account is taken of:

- The wider assurance framework and the need to ensure coverage of key risks without duplication of effort;
- The results of consultation with senior management;
- Changes in the operating environment of the Council, (new responsibilities, new or changed systems, changes arising from ongoing budgetary challenges);
- Planned audit reviews from 2012/13 that were deferred;
- Internal Audit's cumulative knowledge of the Council, including the results of previous internal audit work.

3.7 The Audit Plan will be kept under review throughout the year and regular progress reports will be provided to the Business Efficiency Board.

#### **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 Internal audit is a statutory function as detailed in:

- Audit and Accounts Regulations 2006 (England).
- Section 151 of the Local Government Act 1972.

5.2 Internal audit activity supports the Operational Director – Finance in discharging his statutory responsibilities as Section 151 officer in terms of ensuring the proper administration of the Council's financial affairs.

5.3 Internal audit activity 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.

5.4 There are no additional resource implications from this report.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 The Public Sector Internal Audit Standards defines internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

6.2 Internal audit work therefore supports the delivery of all the Council's objectives.

## **7.0 RISK ANALYSIS**

- 7.1 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.
- 7.2 Changes to planned work may be necessary to reflect any changes to risks, priorities, and available resources. Minor amendments to planned work will be agreed with the Operational Director – Finance. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to the Board.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

None identified

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

Public Sector Internal Audit Standards 2012