

Internal Audit Plan: 2014/15

Audit Committee

Date: 15th April 2014

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present the draft Internal Audit Annual Plan (2014/15) for approval by the Audit Committee.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

2. Recommendations

The Committee is recommended to:

- 2.1 Approve the draft Internal Audit Plan for 2014/15.

3. Detail

Legal Framework

- 3.1 Internal Audit is a statutory requirement for local government under the Accounts and Audit Regulations 2011.
 - (a) Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. Internal Audit supports the role of the Section 151 Officer by assessing the financial controls of the Council, in particular in relation to the main financial systems and provides assurance to the External Auditor regarding the reliance that can be placed upon these.
 - (b) Section 6 of the Accounts and Audit Regulations 2011 states that 'a relevant body shall maintain an adequate and effective system of internal control in accordance with proper internal audit practices'. These regulations emphasise the much wider role for Internal Audit and the need to consider all internal control arrangements, not just financial, and places

Internal Audit Plan: 2014/15

Audit Committee

Date: 15th April 2014

more emphasis on the risk management arrangements and the need to consider the key risks to the Council's objectives.

Annual Internal Audit plan 2014/15

- 3.2 The Head of Internal Audit has put together a draft risk-based Internal audit plan for 2014/15 (see Appendix 1). The plan has been produced on the basis of:
- Ensuring that there is adequate coverage of the Council's governance arrangements and key systems of internal control in order to provide assurance to the Leader and Chief Executive when certifying the Annual Governance Statement, and to the Council's Audit Committee.
 - Ensuring that the Director of Finance's Section 151 (Local Government Act 1972) requirements are met.
 - Ensuring compliance with the requirements of the Accounts and Audit Regulations 2011.
 - Risks identified to the Council meeting its key objectives identified in the Corporate Risk register are covered.
 - The requirements of External Audit, in particular in relation to the audit of the Council's main financial systems.
 - Group Director/Director/Heads of Service priorities.
 - Priorities identified by Internal Audit.
 - Additional Corporate Governance issues including anti-fraud and corruption work.
 - Certification work including the Carbon Reduction Commitment Scheme, Highways Grant audits etc.
 - A contingency has also been allowed for investigation work, follow-up work and advice and consultancy.
- 3.3 Meetings with the Chief Executive, all Board Directors and tier two officers were held in order to identify their priorities for Internal Audit over the coming financial year. All senior management teams were also consulted.
- 3.4 Attached as Appendix 1 is the draft plan, split along service areas.
- 3.5 The initial resource required to meet all of the audits listed exceeds the resources available i.e. the number of audit days available are 1,246. This is after allowing time for advice, assistance a contingency for investigations etc. The 1,246 days is 54 days less than what would be required if all the must do's and high priority audits were to be completed and 386 days short if all the medium priority audits were to be completed during 2013/14.

Internal Audit Plan: 2014/15

Audit Committee

Date: 15th April 2014

Category	No. of days in category	Cumulative days
Must do's/Critical	319	319
High	981	1,300
Medium / Low	332	1,632

- 3.6 As the difference between the days needed for the high and critical audits and those available is only 54 days it is recommended that these audits form the basis of the audit plan which, as in previous years, will be reviewed quarterly with senior management teams to ensure that audits planned for the forthcoming quarter are still a priority.
- 3.7 Due to the on-going OFSTED inspection it has not been possible to finalise the priorities of audits within the Commissioning pillar. These will be agreed at the Commissioning Leadership team on 19th April. Any significant changes to the plan will be reported to Audit Committee at the June meeting.
- 3.8 Audit Committee are therefore requested to agree the audit plan and that those rated as medium or low are left out of the audit plan unless priorities or resources change (Appendix 2 provides details of these audits).
- 3.9 The plan and priorities have been agreed by Corporate Board.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2011. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Internal Audit Plan: 2014/15

Audit Committee

Date: 15th April 2014

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Effective systems of internal control within the Council will help to ensure that the objectives set out in One Swindon are achieved.

Diversity Impact Assessment

- 5.5 None

Risk Management

- 5.6 Not applicable

6. Consultees

- 6.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 The Chief Executive, Corporate Board and all tier one and two officers and Heads of Finance have been consulted when putting the internal audit plan together.

7. Background Papers

- 7.1 None

8. Appendices

Appendix 1 – Draft Internal Audit Plan 2014/15

Appendix 2 – Audits left out of the 2014/15 plan