

 Finance & Audit Scrutiny Committee - 12 March 2013		Agenda Item No. <div style="text-align: right; font-size: 2em;">6</div>
Title	Internal Audit Strategy and Plan 2013/14 – 2015/16	
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Service Area	Finance	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee – 13 March 2012	
Background Papers	Internal Audit risk assessment file; SMT minutes	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	27 Feb 2012	Andrew Jones
Head of Service	27 Feb 2012	Mike Snow
CMT		
Section 151 Officer	27 Feb 2012	Mike Snow
Monitoring Officer		
Finance	27 Feb 2012	As S151 Officer
Portfolio Holder	27 Feb 2012	Councillor Mobbs
Consultation Undertaken		
Not applicable		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1 **SUMMARY**

- 1.1 The report presents the Internal Audit Strategy and Plan for 2013/14 – 2015/16 for consideration and approval.

2 **RECOMMENDATIONS**

- 2.1 That Members consider and approve the Internal Audit Strategy and Plan for the period 2013/14 to 2015/16.

3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 The Internal Audit Strategy and Plan is an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

4 **ALTERNATIVE OPTION(S) CONSIDERED**

- 4.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

5 **BUDGETARY FRAMEWORK**

- 5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 **POLICY FRAMEWORK**

- 6.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance including the Council's policies.

7 **INTERNAL AUDIT STRATEGY AND PLAN**

- 7.1 Internal Audit provides an independent opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 7.2 The proposed strategy for delivering this assurance over the next three years is set out as Appendix 1 and the planned individual reviews to be undertaken over this period are set out as Appendix 2.

8 **FORMULATION OF PLAN**

- 8.1 To produce the audit plan, the following has been taken into consideration:
- The strategic objectives of the organisation and the specific risks associated with those objectives;
 - the content of risk registers and assurance frameworks to understand the risks faced, and the controls that the organisation places reliance on to manage those risks;

- areas of concern or requests for coverage from management;
- areas where the external auditors will wish to place reliance on the testing performed by Internal Audit;
- other sources of assurance available to the organisation;
- any recent significant changes within the organisation and its operations;
- regulatory requirements for internal audit coverage;
- emerging issues, including any additional risks that do not appear on the risk profile but may merit internal audit coverage;
- the timing for each internal audit review to maximise the benefit of assurance provided; and
- results of previous internal audit coverage.

8.2 A risk-based approach has been applied, strengthened by placing reliance on the risk registers to identify priority areas. An exercise to link the audit plan to the risk registers also highlighted some new areas that required audit coverage. A good example of this is climate change where it is now proposed to include an audit of the Authority's preparations for responding to climate change.

8.3 Consultation on the Plan has taken place with the Council's Senior Management Team and, through them, service management teams. The agreed Plan will also be shared with the Council's external auditors to avoid duplication of coverage.

8.4 Audits are categorised as follows:

- Risk-based coverage
- Coverage for external audit reliance or to meet regulatory requirements
- Other internal audit coverage