

 Finance & Audit Scrutiny Committee - 15 April 2014		Agenda Item No. <div style="text-align: right; font-size: 2em;">6</div>
Title	Internal Audit Strategic Plan 2014/15 – 2016/17 and Internal Audit Charter	
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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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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 – 12 March 2013	
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	31/03/14	Chris Elliott
Head of Service	31/03/14	Mike Snow
CMT	29/01/14	CMT
Section 151 Officer	31/03/14	Mike Snow
Monitoring Officer		
Finance	31/03/14	As S151 Officer
Portfolio Holder	31/03/14	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, for Members' consideration and approval, the Internal Audit Strategic Plan 2014/15 – 2016/17 and the Internal Audit Charter for consideration and approval.

2 **RECOMMENDATIONS**

- 2.1 That Members consider and approve the Internal Audit Strategic Plan 2014/15 – 2016/17 and the Internal Audit Charter.

3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 The Internal Audit Strategic 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.
- 3.2 The compilation of the Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards.

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 **RISKS**

- 7.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.
- 7.2 It is difficult to provide a commentary on risks as the report is concerned with the provision of reviews by Internal Audit on other services. Having said that, there are clear risks to the Council in not dealing with issues raised within Internal Audit reports and there is an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

8 **INTERNAL AUDIT STRATEGIC PLAN**

- 8.1 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.

8.2 The Strategic Audit Plan for providing this assurance is set out as the first Appendix (not numbered) to this report. The Internal Audit Charter is set out as Appendix 2.

9 FORMULATION OF THE PLAN

9.1 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.

9.2 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.

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

9.4 Audits are categorised as follows:

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

9.5 It should be noted that 4 audits planned for 2013/14, but not able to be undertaken, are being carried forward. These audits comprise:

- Performance Management
- Equality and Diversity
- Housing Stock Asset Management
- Credit Card Income – Compliance with Data Security Standards

9.6 These audits were not undertaken during 2013/14 due to the need to redirect audit resources to the investigation of significant matters that arose during the year.