

7th APRIL 2016

REPORT OF HEAD OF WELLAND INTERNAL AUDIT CONSORTIUM

INTERNAL AUDIT PLAN 2016/17

1.0 PURPOSE OF REPORT

1.1 To provide Members with a copy of the draft Internal Audit Plan for 2016/17 for review and formal approval, in line with the requirements of the Public Sector Internal Audit Standards.

2.0 RECOMMENDATIONS

2.1 **That Members review and approve the Internal Audit Plan for 2016/17.**

2.2 **That delegated authority is given to the Head of Central Services in consultation with the Chair and Councillor Holmes being the political groups' nominated consultees for the Governance committee to agree amendments to the Plan during the financial year, if required.**

2.3 **That the Policy, Finance and Administration committee approve a supplementary estimate of £4,500 to cover the additional work required to deliver the approved annual audit plan.**

3.0 INTERNAL AUDIT PLAN 2016/17

3.1 In order to ensure that the Audit Plan for 2016/17 addresses the Council's key risks and adds value, the Head of Internal Audit has identified and prioritised the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
- Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Workshop and training with the Governance Committee to discuss the planning process and areas where Members require assurances from Internal Audit during 2016/17; and
- Meeting with members of Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

3.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from the Councils within the Welland Internal Audit Consortium.

3.3 Following this consultation and review, a Draft Internal Audit Plan has been compiled and is provided in Table 1 of Appendix A. Also provided, in Table 2 of Appendix A, is a reserve list of audit assignments which were considered for inclusion in the plan but,

following consultation with management, it has been agreed that these are lower risk or would be of greater value in 2017/18. If the risk environment changes during 2015/16, the Audit Plan can be amended and these assignments can be re-assessed for possible coverage.

3.4 Appendix A to this report provides further detail on the development of the 2015/16 Audit Plan and a copy of the draft Internal Audit Plan.

3.5 The draft Audit Plan includes assignments required for the Internal Audit opinion, Management Team priority requests and areas where the committee requires assurance. However, in order to deliver all of the Management Team and committee proposals this will require 15 more days than the annual 235 days which have been commissioned and therefore there will need to be an additional charge if all assignments are to be delivered. The additional days would cost £300 per day. All efforts would be made to make use of savings on other assignments, where possible, to reduce the additional requirements.

4.0 **ONGOING REVIEW OF AUDIT PLAN**

4.1 To ensure that the Internal Audit activities are consistently focused upon the Council's key risks, the plan will remain subject to ongoing review by the Head of Internal Audit throughout the year and will be subject to regular consultation with senior management. To enable the Internal Audit team to be responsive and amend the planned activities to address any new or emerging risk areas as required, it is recommended that a mechanism be agreed to allow for changes to the Audit Plan between Governance Committee meetings. Any such amendments could be subject to formal approval by the Head of Central Services in consultation with the political groups' nominated consultees for the Governance committee and any such amendments would be reported at the subsequent Governance Committee meeting.

5.0 **POLICY AND CORPORATE IMPLICATIONS**

5.1 The report allows the Committee to develop independent assurance about the quality of the Council's internal control framework.

6.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

6.1 There are no financial or resource implications arising from this report, other than those set out above.

7.0 **LEGAL IMPLICATIONS/POWERS**

7.1 There are no legal implications arising directly from this report

8.0 **COMMUNITY SAFETY**

8.1 There are no community safety implications arising directly from this report.

9.0 **EQUALITIES**

9.1 There are no equalities implications arising directly from this report.

10.0 **RISKS**

10.1 If the Consortium does not deliver a risk based Audit Plan with appropriate coverage of key risk areas the assurance that it can provide about the Council's control framework would be compromised.

11.0 **CLIMATE CHANGE**

11.1 There are no climate change implications arising directly from this report.

12.0 **CONSULTATION**

12.1 N/A

13.0 **WARDS AFFECTED**

13.1 All wards are indirectly affected by the report.

Contact Officer Rachel Ashley-Caunt
Date: 07/04/2016

Appendices : A – Internal Audit Plan 2016/17