

Audit Committee

24th June 2016



Report of: Chief Internal Auditor

Title: Internal Audit Plan 2016/17

Ward: Citywide

Officer Presenting Report: Melanie Henchy-McCarthy/ Alison Mullis,
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Recommendation

The Audit Committee is recommended to approve the Internal Audit Plan for 2016/17 and re-approve the Internal Audit Charter, Terms of Reference and Strategic Statement following its recent update.

Summary

The Audit Committee received and was consulted on the draft Internal Audit Plan at its meeting in April 2016. The attached report presents the Internal Audit Plan for 2016/17 following completion of wider consultation for approval by the Committee. It details the planning process and identifies key areas of focus for the year.

The Audit Committee approved the Internal Audit Charter, Terms of Reference and Strategic Statement at its meeting in June 2015. The Internal Audit Charter, Terms of Reference and Strategic Statement has been reviewed and updated.

This report was shared with the Cabinet Member for Finance, Governance and Performance.

The significant issues in the report are:

- The formulation of the plan (paragraph 2 – 9 of report)
- Key features of the plan (paragraph 10 of report)
- The Internal Audit Plan 2016/17 (Appendix 1)
- The Internal Audit Charter, Terms of Reference and Strategic Statement (Appendix 3).

Policy

1. The Audit Committee Terms of Reference includes overseeing the activity of Internal Audit

Consultation

2. Internal

Strategic Leadership Team, Directorate Leadership Teams, Service Director: Finance, Audit Committee.

3. External

External Audit

Context

Purpose of the Report

4.1 The 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 the key areas that contribute to this framework are operating properly.

4.2 The Council's Internal Audit service is a key component of the assurance framework and the Audit Committee's Terms of Reference includes a requirement to provide independent assurance to the Council in relation to internal audit activity.

4.3 The Audit Committee need to consider if the planned Internal Audit work is appropriate and sufficient to provide the Committee with the assurance it requires and as such to monitor the service's performance against the plan.

4.4 The Internal Audit Charter and Terms of Reference define Internal Audit's purpose, authority and responsibility. The Strategic Statement sets out how Internal Audit will be delivered and developed and how it reflects the Council's objectives and priorities; as such it provides the link between the Charter and Terms of Reference and the audit plan. The Charter, Strategy and Terms of Reference are reviewed annually and have again been updated. They can be seen at Appendix 2 of the

attached report with significant amendments marked for ease of reference

Legal Framework

4.5 The Accounts and Audit Regulations 2015 provide that the Council must ensure it has a sound system of internal control and that there is effective internal audit of its risk management, control and governance processes in accordance with public sector internal auditing standards or guidance.

4.6 Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and 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 assurances to the External Auditor regarding the reliance that can be placed upon these in agreement with working protocols developed with them.

4.7 The Public Sector Internal Audit Standards 2013 include guidance that the Committee should review, assess and approve the Internal Audit work plan.

Internal Audit Plan

4.8 The attached report details the processes undertaken to formulate the audit plan. The plan will be reviewed on a quarterly basis in order to ensure it remains focussed on the key risk areas within the control environment.

4.9 Performance against completion of the plan will be measured via in year updates to the Committee.

Proposal

5. The Audit Committee is recommended to approve the Internal Audit Plan for 2016/17 and re-approve the Internal Audit Charter, Terms of Reference and Strategic Statement following its recent update.

Other Options Considered

6. None necessary

Risk Assessment

7. An adequate and effective internal audit service, as well as a statutory requirement, is an integral part of good governance. A sound Internal Audit planning process minimises the risk of non-compliance with statute and good practice, and at the same time maximises the value that Internal Audit adds to the Council's governance arrangements and internal control environment

Public Sector Equality Duties

8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion

or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

8b) None required for this report.

Legal and Resource Implications

Legal

None sought

(Legal advice provided by N/A)

Financial

(a) Revenue

None required for this report.

(b) Capital

None required for this report.

Land

Not applicable.

Personnel

Not applicable

Appendices:

Appendix A - Audit Plan for Internal Audit 2016/17

Appendix B - Reserve Plan List

Appendix C - Internal Audit Charter, Terms of Reference and Strategic Statement

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Audit planning files

Public Sector Internal Audit Standards 2013

CIPFA/CIIA: Local Government Application Note for the UK Public Sector Internal Audit Standards