

## **ANNUAL INTERNAL AUDIT PLAN 2015/16**

### **Audit Committee – 17 March 2015**

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

---

**This report supports the Key Aim of Effective Management of Council Resources**

**Portfolio Holder** Cllr. Ramsay

**Contact Officer(s)** Bami Cole, ext.7236

---

**Recommendation to Audit Committee:** It be RESOLVED that Members:

Approve the draft Internal Audit Plan for 2015/16

---

**Reason for recommendation:** The Internal Annual Audit Plan is required to be approved by the Audit Committee prior to implementation.

---

### **Introduction**

- 1 This report incorporates the Annual Internal Audit Plan and Programmed Reviews for 2015/16, attached as an Appendix to this report. The objective of the plan is to ensure that Internal Audit delivers reasonable assurance to the Council regarding the effectiveness of internal control, governance and risk management processes in fulfilment of the Council's statutory responsibilities.
- 2 The plan has been prepared in accordance with professional guidance, including the new Public Sector Internal Audit Standards 2013 and regulatory requirements, in particular the Accounts and Audit Regulations 2011.
- 3 The Audit Committee is required by its terms of reference, to approve the Annual Internal Audit Plan prior to its implementation.
- 4 The programmed work of Internal Audit is informed by an assessment of the audit environment consisting of all the activities within the Council. This took account of changes within the Council over the last 12 months, incorporating audit priorities on a risk assessed basis, in consultation with senior management. This methodology has been used to help ensure that audit resources are targeted to the areas where the work of Internal Audit would be most effective in improving internal controls, the efficiency of service delivery, and to facilitate the effective management of identified risks.

### **Summary of Issues in the Audit Plan:**

- 5 The proposed Audit Plan for 2015/16 has 23 key reviews totalling 335 direct audit days, which cut across the whole Council and includes key financial systems. This would enable sufficient audit work to be carried out within the limits of existing Internal Audit establishment, which implies that the two existing vacancies will be filled, or temporary agency staff will be used in the interim and that the partnership with Dartford Borough Council will continue.
- 6 In addition to the planned reviews, 20 audit days have been set aside for system advice and information, 30 days for fraud irregularity and special projects (Including participating in the National Fraud Initiative (NFI) aimed at protecting the Council against external fraud), 209 days for service development, audit planning, risk management, Audit Committee reporting and general administration. Thirty five days is also set aside for Audit Management and Supervision.
- 7 In addition to the programmed reviews set out in Annex 1 to the Appendix, a resource plan for Sevenoaks District Council is attached as Annex 2 to the Appendix, showing the resource available for the year and how it has been allocated.
- 8 All work undertaken during the year and any proposals for amendment of the plan will be reported to the Audit Committee through the routine monitoring arrangement of progress against the Audit Plan by the Audit Committee.

### **Liaison and Co-operation with External Audit**

- 9 During the course of the year, Internal Audit will work closely with the External Auditors, Grant Thornton, within the terms of an agreed protocol, to ensure an effective and efficient delivery of the assurance requirements for the Council and to minimise duplication.

### **Revisions of the Audit Plan**

- 10 In view of the changing and dynamic nature of the current economic, political and regulatory environment, Internal Audit will remain responsive to the needs of the Council during 2015/16. As a result, revisions to the plan may be required should the risk profiles, or regulatory requirements affecting the Council changes, or in the event of a change in Council policy following the May elections. Where changes within the environment necessitate revisions to the audit plan, any proposed changes would be agreed with Senior Management prior to seeking the approval of the Audit Committee, and before implementation.

### **Key Implications**

#### Financial

8. Not Applicable.

## Legal Implications and Risk Assessment Statement.

9. No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2011.

The Council is required to comply with the requirements of the Accounts and Audit Regulations 2011, regarding its "arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The report indicates that the Council has effective arrangements in place as required by regulatory requirements and professional standards.

## Equality Assessment

11. The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **Conclusions**

12. The attached plan incorporates the assurance requirements for 2015/16, and is in accordance with relevant professional and regulatory requirements. The Committee is therefore requested to approve the plan.

**Appendices** Appendix A – Draft Internal Audit Plan for 2015/16

Annex 1 – Details of Programmed Reviews 2015/16

Annex 2 - Resource Plan 2015/16

Annex 3 – Audit Opinions Matrix

**Background Papers:** Internal Audit Annual Plan for 2015/16

New Public Sector Internal Audit Standards 2013

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Audit Committee Report 11 June 2014

<http://cds.sevenoaks.gov.uk/documents/g1753/Public%20reports%20pack%2010th-Jun-2014%2019.00%20Audit%20Committee.pdf?T=10>

Accounts and Audit Regulations 2011

<http://www.legislation.gov.uk/uksi/2011/817/contents/made>

**Adrian Rowbotham**

**Chief Finance Officer**