

ANNUAL INTERNAL AUDIT PLAN 2014/15

Audit Committee – 18 March 2014

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: That members approve the draft Internal Audit Plan for 2014/15

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 Programme for 2014/15, attached as Appendix A 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 2014/15 has 20 key reviews totalling 300 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 resources and working in partnership with Dartford Borough Council to deliver their own separate Internal Audit Plan.

- 6 In addition to the planned reviews, 25 audit days have been set aside for system advice and information, 55 days for fraud irregularity and special projects (Including participating in the National Fraud Initiative (NFI) aimed at protecting the Council against external fraud), 190 days for service development, audit planning, risk management, Audit Committee reporting and general administration. Forty days is also set aside for Audit Management.
- 7 In addition to the programmed reviews set out in Appendix A, a resource plan for Sevenoaks District Council is attached as Appendix B, 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.

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 and regulatory environment, Internal Audit will remain responsive to the needs of the Council during 2014/15. As a result, revisions to the plan may be required should the risk profiles or regulatory requirements affecting the Council changes. Where changes within the environment necessitate revisions to the audit plan, any proposed changes would be agreed with the Chief Executive prior to seeking the approval of the Audit Committee, and before implementation.

Key Implications

Financial

11. Not Applicable.

Legal Implications and Risk Assessment Statement.

12. 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 Impacts

13.

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

Sustainability Checklist

14. Not Applicable.

Conclusions

15. The attached plan incorporates the assurance requirements for 2014/15, 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 2014/15

Appendix B - Resource Plan for Sevenoaks District Council

Background Papers:

Internal Audit Annual Plan for 2013/14

New Public Sector Internal Audit Standards 2013

Audit Committee Report 11 June 2013

Accounts and Audit Regulations 2011

[<http://www.legislation.gov.uk/ukxi/2011/817/contents/made>]

Adrian Rowbotham
Chief Finance Officer