

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	18 March 2015
Subject:	Internal Audit Annual Plan 2015/16
Report of:	Graeme Simpson, Policy and Performance Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor Mrs J M Perez
Number of Appendices:	1

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) REF 2010 (Planning) requires that the Chief Audit Executive (CAE) is responsible for developing a risk based plan. Ref 2030 (Resource Management) requires that the CAE must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the plan.

Recommendation:

To APPROVE the Internal Audit Plan 2015/16, as detailed in Appendix 1.

Reasons for Recommendation:

1. The Terms of Reference of the Audit Committee require Members to consider a summary of proposed Internal Audit activity.
2. The PSIAS requires that the CAE reports functionally to the Board, an example of functional reporting is approving the risk based Internal Audit Plan.

Resource Implications:

None.

Legal Implications:

None.

Risk Management Implications:

If an annual Internal Audit Plan is not developed and approved then there will be no steer as to where audit resources should be deployed.

If the plan does not give adequate coverage of the internal control environment then resources will not be deployed effectively to the higher risk areas.

Performance Management Follow-up:

The Audit Committee will receive, on a quarterly basis, a monitoring report on achievement against the plan, and an audit opinion for each individual audit.

Any audit within the plan where recommendations have been made to improve control are subject to a follow-up audit.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 Internal Audit is part of the Policy and Performance Team which reports directly to the Chief Executive. This arrangement demonstrates compliance with PSIAS ref 1110 – organisational independence, as it allows the Policy and Performance Group Manager (delegated as CAE within the audit charter) to report to a level within the organisation that allows the Internal Audit activity to fulfil its responsibilities.

1.2 PSIAS ref 2010 – planning, requires that the CAE is responsible for developing a risk based plan to take into account the requirement to produce an annual Internal Audit opinion. The input of senior management and the Board (Audit Committee) must be considered in the process. The plan has been circulated to Group Managers and was endorsed by Corporate Leadership Team at its meeting held on 4 March 2015.

2.0 PUTTING TOGETHER THE PLAN

2.1 The plan provides a total of 400 productive days and is delivered by 2 full-time equivalent posts. This resource is appropriate, sufficient and will be effectively deployed to achieve the plan. Appropriate refers to the mix of knowledge, skills and other competencies need to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

2.2 The number of days is the net total following allowance for non-working days such as weekends and bank holidays, annual leave, sickness, training etc. This number of days is deemed adequate to ensure there is adequate coverage of the Council's control environment. The plan is divided into key areas as follows:-

2.2.1 Governance

The Council has an assurance framework that helps contributes towards the effectiveness of its overall governance arrangements. On an annual basis, and in compliance with the Accounts and Audit Regulations 2011, the Council must produce an Annual Governance Statement (AGS). The purpose of the statement is to demonstrate the effectiveness of the governance arrangements and, if necessary, identify and take action on any significant governance issues that arise. Internal Audit work therefore supports the completion and integrity of the AGS.

2.2.2 Corporate Improvement

This work supports the traditional assurance work undertaken and aids corporate improvement by identifying key activities that need to be progressed. Corporate

Leadership Team and Group Managers are aware of this pot of days and are encouraged to put forward suggestions where the team may help. Good examples of where the team has helped previously include: procurement, including 'Selling to the Council' guide; Customer Services; Revenues and Benefits improvement programme; tree inspections and playground inspections.

2.2.3 Fundamental Financial Systems

This is the audit review of the key financial systems which inform the year end Statement of Accounts. Although Internal Audit sits within the Chief Executive Unit, it still recognises its responsibility to support the Finance and Asset Management Group Manager to discharge his duties as the Council's Section 151 Officer, one of which is to maintain sound financial control. As reported previously, these are established systems which Internal Audit has concluded to be satisfactorily controlled. On this basis, the financial systems are not always audited on an annual basis. For example, Creditors, Debtors and Cash & Bank were not audited in 2014/15 but have been included within the 2015/16 plan.

2.2.4 Service Areas

These are service activities that have been risk assessed based upon factors such as size of budget, inherent risk, previous audit history and the period since last audit. The main source for identifying these activities is the Council's revenue and capital budgets.

2.2.5 Other Areas

There is an allocation of days under 'consultancy and advice'. This covers representation on corporate groups such as the Health and Safety Group, Procurement Group, Business Continuity Group and Equalities Forum. The days also cover general advice given on an ad hoc basis.

An estimated number of days are allocated for follow-up reviews. This is an important element of audit work to provide assurance as to whether audit recommendations have been successfully implemented.

There is an allocation of days to cover 2014/15 work which is ongoing at 31 March 2015.

The Committee has been informed of the internal audit work undertaken at Tewkesbury Town Council. An allocation of days has been included for 2015/16 work.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Consultation has taken place with Corporate Leadership Team, Group Managers and the Lead Member for Corporate Governance.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Internal Audit Charter.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1 None.
- 8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1 None.
- 9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1 Internal Audit contributes to value for money through its routine audit work and corporate improvement work.
- 10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1 None.

Background Papers: None

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Appendices: Appendix 1 – Internal Audit Plan 2015/16