

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

10 April 2012

Report of the Chief Internal Auditor

Part 1- Public

Delegated

1 INTERNAL AUDIT PLAN 2012-13

Summary

This report seeks Members approval of the draft Internal Audit Plan for 2012-13.

1.1 Background

1.1.1 The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 requires the work of the Internal Audit function to be directed by a risk-based audit plan. To fulfil this requirement, a risk-based Internal Audit plan has been prepared for the authority to cover the 2012-13 financial year and is attached at **[Annex 1]** of this report for Member approval.

1.2 Internal Audit Plan 2012-13

1.2.1 The 2012-13 Internal Audit Plan has been based upon a risk assessment of the Council's Internal Audit needs. The Audit Needs Assessment is undertaken to:

- Identify the authority's business objectives,
- identify the authority's business activities to meet those objectives;
- rank these business activities in terms of risk to enable prioritisation of areas for internal audit review.

1.2.2 The Audit Needs Assessment is used to help ensure that Internal Audit resources are directed to the areas where they are considered to be of most effective use to the council in helping to ensure the achievement of its objectives, the improvement of internal control and the efficiency of service delivery.

1.2.3 A copy of the proposed internal audit plan for 2012-13 is attached at **[Annex 1]** of this report. The plan is intended to provide Members with a clear picture of how the Council will make use of its Internal Audit function, reflecting all work to be undertaken by the team during the financial year. Resultantly, the plan contains both assurance work and consultancy work intended to be carried out by the Internal Audit team.

- 1.2.4 As in previous years, the plan aims to ensure that sufficient audit work is carried out to enable the Chief Internal Auditor to give an opinion regarding the adequacy and effectiveness of the internal control arrangements within the Council as required for the Annual Governance Statement (which is elsewhere on this agenda).
- 1.2.5 In addition to the known assurance and consultancy work, the plan also includes contingencies for work relating to ad hoc projects and special investigations which are unknown at this point in time. Such consultancy work is intended to assist management in ensuring that the organisation maintains a sound control environment and pursues effective performance management arrangements and value for money opportunities.
- 1.2.6 As agreed by this Committee in January 2012, the Internal Audit Plan this year reflects the Council's focus on identifying financial savings and opportunities for generating income and efficiencies in services and includes a specific allowance of days allocated to Corporate Consultancy Work directed by Management Team.
- 1.2.7 As in previous years it is intended that the Internal Audit team will remain responsive to the needs of the Council, the Directors and Senior Management during 2012-13; this is reflected through the plan including contingencies for work relating to ad hoc projects and special investigations which are unknown at this point in time. It should be recognised, however, that any requests for additional work which are not covered by the allowances within the annual audit plan will impact on the team's ability to achieve work specified on the plan.
- 1.2.8 The proposed plan has been reviewed and endorsed by the authority's Management Team prior to being presented to this Committee.

1.3 Legal Implications

- 1.3.1 Section 151 of the Local Government Act 1972 requires the Council to "make arrangements for the proper administration of their financial affairs". Further to this, the Accounts & Audit Regulations 2011 require a relevant body 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." Proper practice has been defined as that contained within the CIPFA Code of Practice for Internal Audit in Local Government.

1.4 Financial and Value for Money Considerations

- 1.4.1 An adequate and effective internal audit function provides the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the Council.

1.5 Risk Assessment

1.5.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the council on the adequacy and effectiveness of its internal control arrangements.

1.6 Equality Impact Assessment.

1.6.1 See 'Screening for equality impacts' table at end of report

1.7 Recommendations

1.7.1 Members are asked to **CONSIDER** the Internal Audit Plan for 2012-13 and **AGREE** the plan.

Background papers:

Internal Audit Working Papers

Contact: Katey Durkin
Audit Manager

David Buckley
Chief Internal Auditor

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	Internal Audit work is programmed based on the factors outlined in this report. Any impact on services provided to the community will be to enhance arrangements in agreement with service management and as such could make a positive contribution to promoting equality
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	Yes	Where appropriate the team will review the arrangements in place in individual services and consider, report on and suggest enhancements to the arrangements to promote equality
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.