

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

8 April 2013

Report of the Chief Internal Auditor

Part 1- Public

Matters for Decision

1 INTERNAL AUDIT PLAN 2013-14

Summary

This report seeks Members approval of the draft Internal Audit Plan for 2013-14.

1.1 Background

1.1.1 Professional standards for Internal Audit require 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 2013-14 financial year, and is attached at **[Annex 1]** of this report for Member approval.

1.2 Internal Audit Plan 2013-14

1.2.1 The 2013-14 Internal Audit plan has been based upon a risk assessment of the Council's Internal Audit needs. The Audit Needs Assessment is undertaken to:

- 1) Identify the authority's business objectives;
- 2) Identify the authority's business activities to meet those objectives; and
- 3) 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 2013-14 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. As a result, 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.
- 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 workload 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 2013-14; 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." To do so, the Council's Internal Audit team currently works to CIPFA's Code of Practice for Internal Audit in Local Government 2006. From 1st April 2013, the team will be working to a new, common set of Public Sector Internal Audit Standards (PSIAS) for the UK Public Sector.

1.4 Financial and Value for Money Considerations

- 1.4.1 The work of the Internal Audit team is directed by the annual Internal Audit Plan and aims to provide assurance that the council's finances and operations are appropriately controlled while making a positive contribution to economy, efficiency and effectiveness of the Council's services.

1.5 Risk Assessment

- 1.5.1 The Internal Audit Plan is intended to ensure that the work of Internal Audit is effectively directed. For this very reason, the process of preparing the plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit Plan 2013-14 ensures that the status of the plan is maintained.

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 2013-14 and **AGREE** the plan.

Background papers: Internal Audit Working Papers

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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	
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	
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.