

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

14 April 2014

Report of the Chief Internal Auditor

Part 1- Public

Delegated

1 INTERNAL AUDIT PLAN 2014-15

Summary

This report seeks Members approval of the draft Internal Audit Plan for 2014-15.

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 2014-15 financial year, and is attached at **[Annex 1]** of this report for Member approval.

1.2 Internal Audit Plan 2014-15

1.2.1 The 2014-15 Internal Audit plan has been based upon a risk assessment of the Council's Internal Audit needs. The Audit Needs Assessment:

Identified the authority's business objectives;
identified the authority's business activities to meet those objectives; and
ranked 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 The team consists of two 1.5 full time equivalent auditor posts which is considered sufficient to meet the audit needs of the authority.

1.2.4 A copy of the proposed internal audit plan for 2014-15 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.

- 1.2.5 The plan aims to ensure that sufficient audit work is carried out to enable the Chief Internal Auditor (in his capacity as Chief Audit Executive) to give an opinion regarding the adequacy and effectiveness of the internal control arrangements within the Council as required for the Annual Governance Statement.
- 1.2.6 The plan also includes provision for known consultancy work, where management has requested the assistance of Internal Audit in ensuring that the organisation maintains a sound control environment and pursues effective performance management arrangements and value for money opportunities. 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 number of days allocated to reviews with emphasis on these areas. The plan also incorporates targeted pro-active anti-fraud work intended to assist in ensuring that the Council has appropriate arrangements in place to prevent, as far as possible, fraud from entering our system gateways.
- 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 2014-15; 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 works to the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the Standards.

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 2014-15 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 2014-15 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.