

<b>26 June 2013</b>		<b>ITEM: 8</b>
<b>Standards &amp; Audit Committee</b>		
<b>Draft Strategy for Internal Audit 2013/14 to 2015/16 and Draft Annual Plan 2013/14</b>		
Report of: Cllr Philip Smith – Portfolio Holder Central Services		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key	
<b>Accountable Head of Service:</b> Chris Harris – Head of Internal Audit		
<b>Accountable Director:</b> Martin Hone – Director of Finance & Corporate Governance		
<b>This report is Public</b>		
<b>Purpose of Report:</b> To receive the Draft Strategy for Internal Audit 2013/14 to 2015/16 and agree the Draft Annual Audit Plan 2013/14		

## **EXECUTIVE SUMMARY**

In October 2006, following a tendering process, the Council’s Internal Audit Service was outsourced to RSM Tenon (formerly RSM Bentley Jennison). As part of the contract, it was agreed that an Audit Needs Assessment (ANA) would be carried out on an annual basis with senior management within the Council. From this ANA process, a three year strategy and an annual audit plan are produced. This report comments on the ANA process for 2013/14.

### **1. RECOMMENDATIONS:**

#### **1.1 That the Standards & Audit Committee**

**Receive the Draft Strategy for Internal Audit 2013/14 to 2015/17 and agree the Draft Annual Audit Plan 2013/14.**

### **2. INTRODUCTION AND BACKGROUND:**

2.1 In November 2010, a comprehensive ANA process involving all Corporate Directors and Heads of Service was carried out and resulted in a three year strategic plan being developed from 2011/12 to 2013/14. This Draft Strategy for Internal Audit 2013/14 to 2015/16 is the third year of this three year plan and has been used to inform the Draft Annual Audit Plan 2013/14. As part of this year’s planning process, Internal Audit also considered a number of other sources including the External Auditor’s Annual Audit and Inspection Letter, the Annual Governance Statement, Annual Governance Report and the issues resulting from the Annual Accounts process. New issues and potential risks

are also used to inform the plan such as the changes in welfare reform, the public health agenda and value for money of contracts etc. We also considered the results of our work in 2012/13, the concerns of the Audit Committee and the Council's Strategic Corporate Risk Register.

It is important to note that the Audit Strategy and plan is designed, in part, to test the control environment surrounding potential risks and key controls.

### **3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:**

- 3.1 As a result of the above, some changes were made to the plan. This included adding newly prioritised work resulting from the sources referred to in 2.1 above, bringing some work forward from future years to the current year and moving some reviews back, or cancelling reviews, as they are no longer applicable.
- 3.2 The plan is being presented in draft form to the Audit Committee and any changes they consider appropriate can be included before the plan is finalised. Directors Board have already been presented with, and made comments on, this draft plan and these changes are reflected in the current plan.

### **4. REASONS FOR RECOMMENDATION:**

- 4.1 For the Standards & Audit Committee to satisfy itself that:
- the Strategy for Internal Audit covers the organisation's key risks as they are recognised by the Standards & Audit Committee.
  - the detailed Internal Audit Plan for the coming financial year reflects the areas that the Standards & Audit Committee believe should be covered as a priority.

### **5. CONSULTATION (including Overview and Scrutiny, if applicable)**

- 5.1 Directors and Heads of Service were contacted as part of the consultation process. A number of interviews were held with senior management to determine whether the draft strategy and annual plan reflected their current priorities. The draft strategy and plan was then presented to the Directors Board on 11<sup>th</sup> June 2013.

### **6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

- 6.1 The achievement of corporate priorities is a key consideration of the senior management and internal audit when they are discussing the areas that need to be included within the annual audit plan.

## **7. IMPLICATIONS**

### **7.1 Financial**

Implications verified by: **Sean Clark**  
 Telephone and email: **01375 652010**  
**sclark@thurrock.gov.uk**

The Annual Audit Plan is within the annually agreed budget for 2013/14.

### **7.2 Legal**

Implications verified by: **David Lawson**  
 Telephone and email: **01375 652087**  
**david.lawson@bdtlegal.org.uk**

The Council has the legal obligation to maintain an adequate and effective system of internal audit and the Council has delegated this responsibility to the Standards & Audit Committee. The report recommends that the Standards & Audit Committee receives the Draft Strategy for Internal Audit 2013/14 to 2015/16 and agree the Draft Annual Audit Plan 2013/14. The Strategy and the Annual Plan will identify how the Section 151 Officer will deliver an effective internal auditing service for the Council, therefore there are no obvious adverse legal implications associated with receiving this report.

### **7.3 Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
 Telephone and email: **01375 652472**  
**sdealyn@thurrock.gov.uk**

There are no direct diversity implications arising from this report.

### **7.4 Other implications**

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's Strategic Risk and Opportunity Register.

## **BACKGROUND PAPERS USED IN PREPARING THIS REPORT:**

- Internal Audit Strategy 2012/13 to 2014/15 and Annual Plan 2012/13
- Accounts and Audit (England) Regulations 2011.
- Public Sector Internal Audit Standards (PSIAS)
- CIPFA – PSIAS Local Government Application Note

## **APPENDICES TO THIS REPORT:**

- Draft Strategy for Internal Audit 2013/14 to 2015/16 and Draft Annual Plan 2013/14

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