

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

Subject: Internal Audit Plan 2015/16

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's Corporate Governance arrangements.
2. The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion and report that can be used by the council to inform its governance statement. The standards also refer to the need for a risk-based plan to take into account the requirement to produce an annual internal audit opinion which includes input from management and the Corporate Governance and Audit Committee.¹
3. This report therefore provides members with the proposed Internal Audit Plan for 2015/16.

Recommendations

4. The Corporate Governance and Audit Committee is asked to consider and comment upon the Internal Audit Operational Plan for 2015/16.

¹ The Corporate Governance and Audit Committee within LCC is the 'Board' as defined in the Public Sector Internal Audit Standards. *The Board is the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes an independent group of directors. 'Board' may refer to an audit committee to which the governing body has delegated certain functions.*

1 Purpose of this report

- 1.1 The purpose of this report is to provide the proposed Internal Audit Plan for 2015/16 along with a summary of the basis for the plan. This has been developed in consultation with senior management including the Chief Officer (Financial Services) and the Deputy Chief Executive.

2 Background information

- 2.1 The Corporate Governance and Audit Committee ('the Committee') has responsibility for reviewing the adequacy of the Council's Corporate Governance arrangements.
- 2.2 From April 2013 CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) to be adopted across the public sector. The PSIAS set out the standards for Internal Audit.
- 2.3 The principles in the PSIAS are consistent with the previous CIPFA Code of Practice for Internal Audit that applied across local government. They include the need for risk based plans to be developed for internal audit and for plans to receive input from management and the Corporate Governance and Audit Committee.
- 2.4 The Deputy Chief Executive, as the council's Section 151 Officer, is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. The work of Internal Audit therefore has direct relevance to these responsibilities.

3 Main issues

- 3.1 The report provides the proposed Internal Audit Plan for 2015/16.
- 3.2 The PSIAS require that the Head of Internal Audit² '*must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.*' Furthermore, the standards state that the risk-based plan should take into account the requirement to produce an annual internal audit opinion.
- 3.3 The report outlines the planning process undertaken to produce the proposed Internal Audit Plan for 2015/16.
- 3.4 The number of days allocated to specifically provide the Head of Internal Audit with the evidence for the opinion on the control environment is 3,980 days (4,178 for 2014/15.) The level of resources required to provide internal audit services for external clients is 237 days and 135 days have also been included in the plan for

² The Head of Internal Audit within LCC is the '*Chief Audit Executive*' as defined in the Public Sector Internal Audit Standards. *The Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the 'Definition of Internal Auditing', the 'Code of Ethics' and the 'Standards.'* (PSIAS.)

staff to be seconded to meet other priorities across the Council. The total Internal Audit plan for 2015/16 is therefore 4,352 days.

- 3.5 Progress against the plan will be monitored throughout the year and key issues reported to the Corporate Governance and Audit Committee, the Deputy Chief Executive and the Chief Officer (Financial Services).

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report did not highlight any consultation and engagement considerations.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and City Priorities

- 4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the Council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee.

4.4 Resources and value for money

- 4.4.1 In relation to resources and value for money, the Internal Audit work plan includes a number of value for money reviews and a number of initiatives in line with the council's value of spending money wisely. These will be included in the regular update reports to the Committee.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 None.

4.6 Risk Management

- 4.6.1 The Internal Audit plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.

5 Conclusions

- 5.1 The 2015/16 Internal Audit plan has, as a base, used the tried and tested risk-based approach to prioritising internal audit work and includes sufficient coverage to ensure an evidence based assurance opinion on the control environment can be provided at the end of the year.

5.2 The plan is responsive in nature and all efforts will be made to maximise coverage to provide the most effective and agile internal audit service that focuses on those key risks facing the organisation throughout the year.

6 Recommendations

6.1 The Corporate Governance and Audit Committee is asked to consider and comment upon the Internal Audit Operational Plan for 2015/16.

7 Background documents

7.1 None.