

Internal Audit work plan 2006/07

Performance Select Committee

Committee: Performance Select Committee

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Title: Internal Audit work plan 2006/07

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Agenda Item

3

Item for decision

Summary

The purpose of this report is to advise Members about the internal audit work plan 2006/07. Members of the Committee are also asked to highlight their preferred option for receiving feedback on internal audits completed during 2006/07.

Recommendations

- a) Members note the Internal Audit work plan for 2006/07.
- b) Members highlight their preferred option for receiving feedback on internal audits completed during 2006/07.

Background Papers

Internal audit work plan (attached as appendix).

Impact

Communication/Consultation	The Council's Executive Management Team have previously approved the strategic audit plan
Community Safety	None
Equalities	None
Finance	Part of the Council's corporate governance framework. The Audit Commission needs to rely on the work of internal audit. Internal audit work contributes to the Statement of Internal Control in the Council's Accounts
Human Rights	None
Legal implications	Satisfies the requirements of the Local Government Act, Accounts and Audit Regulations
Ward-specific impacts	None
Workforce/Workplace	None

Internal Audit work plan 2006/07

Performance Select Committee

Internal Audit coverage

Internal audit is part of the Council's corporate governance framework. Corporate governance is defined as the system by which local authorities direct and control their functions. The requirement for adequate and effective internal audit is statutory for all local authorities.

Annual audit coverage is traditionally linked to a strategic work plan. The plan will ensure all services are reviewed on a cyclical basis. The frequency with which services are audited within the cycle is dependant on the result of a risk assessment, and being reconciled to available audit resource.

Senior officers and Members are traditionally consulted about the proposed work plan. Once approved it will form the basis of work for The Stevenage & Uttlesford Audit Partnership during 2006/07.

The Council receives positive external audit opinion because it traditionally manages the risk of error, misadministration, or fraud very well. As part of reaching this opinion the Audit Commission review internal audit coverage and work on an annual basis. Internal audit coverage has historically been set to provide a minimum level of audit assurance over a five-year period.

The attached work plan shows previously agreed internal audit coverage for 2006/07. It continues to reflect a minimum level of audit assurance.

Member feedback

Members have previously received feedback on the work of internal audit. Most recently a scrutiny committee was the vehicle for such matters. The terms of reference for this select committee allow Members to continue this best practice in a form consistent with that of an audit committee. It can therefore receive any or all of:

- a) An annual internal audit report and audit opinion. This overview report typically lists audits carried out, overall progress with addressing matters identified and a statement about the Council's control environment that partly informs the Statement of Internal Control contained in the Accounts. It does not include full or summary audit reports.
- b) An interim report during the autumn highlighting progress with the current audit work plan and progress with addressing matters raised during previous internal audits. It may contain summary feedback about particular audits on an exception basis.
- c) A selection of full internal audit reports and managements response to them. Members have an opportunity to scrutinise the detail and call in management to answer questions. It is helpful if Members select the preferred reports in advance.
- d) All full internal audit reports and managements response to them. Members would again have an opportunity to scrutinise the detail and call in management to answer questions.

Internal Audit work plan 2006/07

Performance Select Committee

Members of this Performance Select Committee are therefore requested to recommend their preferred method of feedback. Other local authorities have typically adopted combinations of all of the above as recognised good practice.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Council does not provide for an adequate and effective internal audit function	Low	High	Strategic audit plan approved by Senior Officers and Members, reconciled to available audit resource
The Audit Commission are unable to rely on the work of Internal Audit	Low	High	Managed audit status ensures audit coverage is agreed
The Council's audit environment changes and available audit resource is no longer sufficient	Medium	Medium	Regular monitoring and highlighting potential shortfall
Members role in relation to internal audit matters is not clear	Medium	Medium	A training event will be provided