

Committee: Performance Select Committee

Agenda Item

Date: 02 February 2010

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Title: Internal Audit Work Plan 2010/11

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Item for
decision

Summary

- 1 The purpose of this report is to present to Members the proposed Internal Audit work plan for 2010/11.

Recommendations

That Members endorse the Internal Audit work plan 2010/11 and note the Internal Audit Strategic Work Plan 2010/11 to 2014/15.

Background Papers

Internal Audit Work Plan 2010/11 and Internal Audit Strategic Work Plan 2010/11 to 2014/15 – appendix A

Impact

Communication/Consultation	The Council's Strategic Management Board has approved the Internal Audit Work Plan. This will also be circulated to Heads of Division once approved by this Committee
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 Annual Governance Statement in the Council's Accounts
Health & Safety	None
Legal implications/ Human Rights	Satisfies the requirements of the Local Government Act, Accounts and Audit Regulations

Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

- 2 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 five year strategic work plan, which ensures that all services are reviewed on a cyclical basis. The frequency with which services are audited within the cycle is dependent on the result of a risk assessment, indications of performance and being reconciled to available audit resource. Senior officers and Members are traditionally consulted about the proposed work plan.

Internal Audit Work Plan 2010/11

- 3 The attached work plan shows the proposed internal audit coverage for 2010/11, it continues to reflect a minimum level of audit assurance. The plan has been drafted to reflect the following changes in 2010/11 which will directly affect the Internal Audit service –
- The reduction in audit days required following the potential Revenues & Benefits Partnership with South Cambridgeshire District Council
 - Anticipated staff changes within Internal Audit by 30 June 2010
- 4 Total planned audit days for 2010/11 have been reduced to 315 days in 2010/11 (from 424 days in 2009/10), covering 13 Corporate and 18 Operational audits (compared to 12 and 23 respectively in 2009/10).
- 5 Time allocated to productive but non-specific audit time e.g. residual 2009/10 audit work; irregularity provision; following-up of audit recommendations etc. has been increased to reflect actual and projected time spent in these areas in 2009/10.
- 6 The plan is subject to review and revision throughout 2010/11. Preliminary discussions are being held with Harlow District Council around a potential shared services arrangement for Internal Audit, which may affect the scope and method of delivery of the plan as the year progresses.

Internal Audit Strategic Audit Plan 2010/11 to 2014/15

- 7 Historically the Council's services have been audited on a five-year cyclical basis. The Strategic Audit Plan 2010/11 to 2014/15 has been drafted to reflect this and is subject to annual review. The forthcoming management

re-organisation, potential administration changes and future partnerships and shared services arrangements will necessitate a full review and revision of the strategic plan from 2011/12.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Council does not provide for an adequate and effective internal audit function	1 = Little or no likelihood Internal Audit function is an integral part of the Council	3 = Significant impact – action required Statutory requirement, adverse Audit Commission Report	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	1 = Little or no likelihood Managed Audit Agreement	3 = Significant impact – action required Financial and reputational risks	Managed audit status and Joint Working Protocol ensure audit coverage is agreed
The Council's audit environment changes and available audit resource is no longer sufficient	2 = Some likelihood No spare capacity if unforeseen long term absence of staff	2 = Some impact – action may be necessary Review of audit plan leading to reduction of audit coverage. Potential shared / joint working agreements with neighbouring authorities	Regular monitoring and highlighting potential shortfall

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.