

Committee: Performance & Audit Committee

Agenda Item

Date: 12 February 2013

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Title: Internal Audit Work Programme 2013/14

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Item for information

Summary

1. The purpose of this report is to present to Members the details of the proposed Internal Audit work areas for 2013/14.

Recommendations

2. That Members note the proposed Internal Audit work areas for 2013/14 and consider any additional areas for Internal Audit work during in 2013/14.

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

The Revised Internal Audit Work Programme 2012/13

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2013/14 referred to in this report has been agreed with Corporate Management Team at its meeting 16 January 2013
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. 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. In 2011/12 we changed from the traditional method of linking audit coverage to a five year strategic work plan to a rolling programme of risk based internal audit work to meet changing requirements and resources during the year.

Internal Audit Work Areas 2013/14

7. The rolling programme of Internal Audit work for 2013/14 will subject to regular review and updating half-yearly and at any other time as necessary.
8. The 2013/14 audit work is risk based ; our priorities for audits are:
 1. Corporate & Divisional Plans / Risk Registers – highest risks areas;
 2. Key Financials – statutory audit areas which will include control testing work on which the External Auditors will be able to place reliance. Precise External Auditor requirements for 2013/14 are unknown at this stage;
 3. Audits carried forward from the 2012/13 plan
 4. Internal Audit identified high risk areas;
 5. Overdue audits from the strategic plan;
 6. Specifically requested risk areas or services.
9. The available audit days have been calculated on the resources of:
 - 1 x Audit Manager
 - 1 x FT Internal Auditor
 - 1 x 0.67 FTE Internal Auditor
10. The corporate and operational areas currently under consideration for audit work throughout 2013/14 are detailed at Appendix A(i).
11. The corporate and operational areas to be included in the Strategic Programme are reviewed annually. The 2013/14 Strategic Programme is reproduced in Appendix A(ii).
12. Once Corporate & Directorate Plan Actions & Risks 2013/14 have been confirmed the Internal Audit work programme for the first 6-months of 2013/14 will be agreed with the Corporate Management team.

13. It is proposed that an agreed 2013/14 Internal Audit work programme for the first 6-months of 2013/14 be presented to the next meeting of this Committee along with the Internal Audit Strategy 2013/14
14. Once External Auditor requirements for 2013/14 are confirmed the programme will be reviewed and revised as necessary. All revisions to the programme will be reported to the Committee through Internal Audit Progress Reports.

Risk Analysis

15.

Risk	Likelihood	Impact	Mitigating actions
The Council does not provide for an adequate and effective internal audit function	1 Internal Audit function is an integral part of the Council	3 Statutory requirement, adverse External Auditor comment	Strategic audit plan approved by Senior Officers and Members, reconciled to available audit resource
The External Auditors are unable to rely on the work of Internal Audit	1 Managed Audit Agreement	3 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 No spare capacity if unforeseen long term absence of staff	2 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.