

Open Report on behalf of Executive Director, Resources & Community Safety

Report to:	Audit Committee
Date:	23 April 2012
Subject:	Draft Internal Audit Plan 2012/13

Summary:

This report presents the draft Internal Audit plan 2012/13 for approval. The plan has been developed through our understanding of Council business, reference to the risk management arrangements of the Council and in consultation with Senior Management.

Recommendation(s):

The Committee approve the draft internal audit plan, subject to any comments it wishes the Head of Audit to consider.

Background

- 1.1 This plan sets out the proposed work of Internal Audit for 2012/13. The plan is based on our Internal Audit Strategy which has been agreed with the Management Board and the Audit Committee, of which the key elements are provided below.
- 1.2 In developing the plan we have consulted with Executive Directors and their management teams. Reference has also been made to the Council's risk management and assurance arrangements.

Our role

- 1.3 Our primary objective is an *assurance function* that provides an *independent and objective* opinion on the councils control environment - we focus our work on the Councils strategic risks, critical systems and key priorities.
- 1.4 Delivery of the Internal Audit work plan enables the Head of Audit to produce the annual audit opinion which objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

- 1.5 As part of approving the plan the Committee is asked to consider whether the focus on these areas is appropriate. To help consider this please refer to the attached CIPFA good practice guide in appendix B.

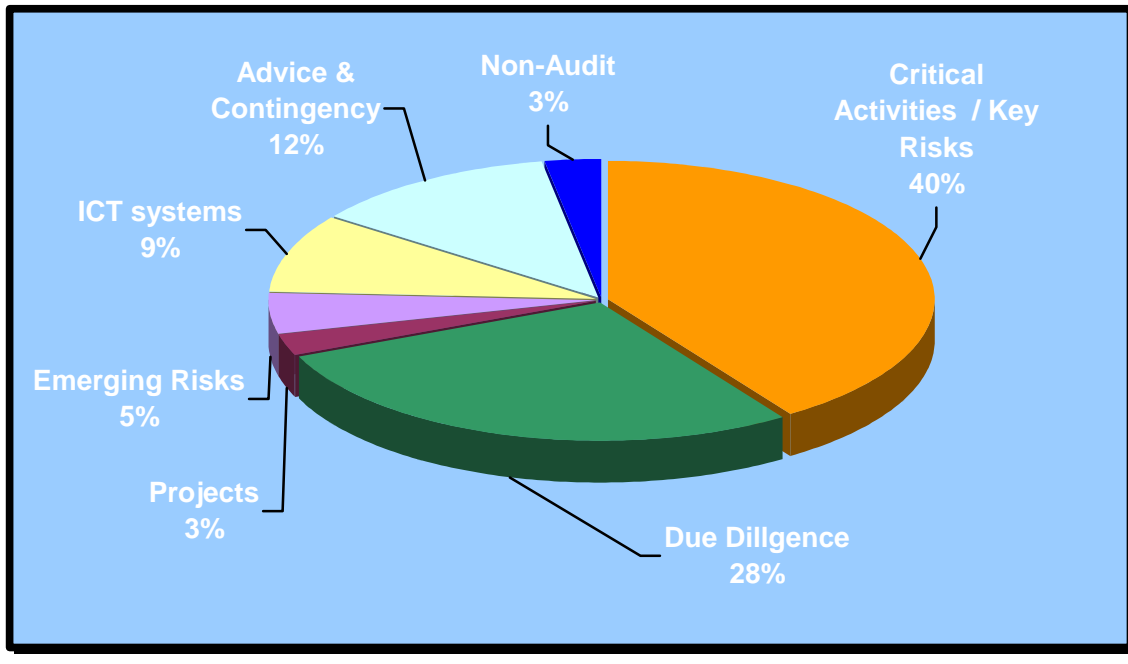
How we chose what to look at (Audit Strategy)

- 1.6 Our Internal Audit strategy has been developed to demonstrate how assurance statements can be given on:
- The critical systems of the Council - Those key service activities whose failure could result in significant damage to the Council's reputation, material financial loss, significant impact on members of the public, significant impact on the successful delivery of Council priorities or failure to comply with service legal requirements.
 - Due diligence activities – Key processes that support the running of the business and ensure compliance with corporate policies and legal requirements. Our work also supports the Councils Section 151 Officer's objective of ensuring sound resource management of the council's affairs. How often Internal Audit review these activities depends on previous assurance opinions, when we last examined the activity and if there has been any significant changes to the system or senior management.
 - Strategic Risks – Any risk recorded within the Strategic Risk Register or a risk considered by Senior Management that should be considered for inclusion.
 - Emerging risks - Risks that are created by a new activity or business strategy, a change programme or changes to an existing activity and whose failure could result in significant damage to the Council's reputation, material financial loss, significant impact on members of the public or failure to comply with service legal requirements.
 - Key transformation programmes and projects. Those supporting delivery of a corporate objective / priority.
 - ICT Assurance. An ICT Audit plan focussed on the critical IT applications and activities that support delivery of the Councils' key functions. This is based on an impact assessment.
- 1.7 To help us focus our work plans we are developing a combined assurance model for the Council which will be a record of assurances against our critical activities and risks. It will give an overview of assurance provided across the whole Council – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance 'gaps'. Once this work has been completed it may mean that the focus of our work may change.
- 1.8 The outcome of the combined assurance work will be presented to the Committee at the September meeting.

Internal Audit Plan 2012/13

1.9 The type of areas included in the plan for 2012/13 is shown in figure 1 with the detailed projects in Appendix A. A schedule of audits for the year will be developed with management.

Figure 1: Analysis of Annual Plan 2012/13



1.10 A schedule of audits will be developed with management and this will be shared with the committee at its next meeting. We provide the Committee with quarterly updates on delivery of the plan and outcomes of our work.

1.11 The plan includes some days for *contingency* to help us to respond to any issues highlighted by council during consultation and the year. It will also enable us to respond to any areas identified in the Assurance Map where it is more appropriate to seek independent assurance.

Our Performance

1.12 Our performance is monitored the Governance Group, which includes the Section 151 Officer and the Audit Committee. Our performance measures are set out below for information:

Performance Indicator	Target
Percentage of plan completed.	100% (revised plan)
Percentage of key financial systems completed.	100%
Percentage of recommendations agreed.	100%

Performance Indicator	Target
Percentage of recommendations implemented.	100%
Timescales	<ul style="list-style-type: none"> ■ Draft report issued within 10 working days of completing audit. ■ Final report issued within 5 working days of closure meeting / receipt of management responses. ■ Period taken to complete audit – by exception
Client Feedback on Audit (average)	Good to excellent

Conclusion

Our plan as been developed to enable us to provide independent assurance to the Council on its critical activities and key risks. It will also enable the Head of Audit to produce the annual audit opinion for 2013.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Internal Audit Plan - 2012/13
Appendix B	CIPFA good practice guide

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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