

By: Neeta Major, Interim Head of Internal Audit
To: Governance and Audit Committee – 18 April 2012
Subject: **Internal Audit Strategy and Annual Audit Plan 2012 – 2013**
Classification: Unrestricted

Summary: This report details the Internal Audit Strategy and Annual Audit Plan for 2012-13.

FOR DECISION

Introduction

1. This report sets out the Internal Audit Strategy and Annual Audit Plan for 2012/13 detailing a breakdown of audits and an analysis of available days. The Audit Strategy is a requirement of the Code of Practice for Internal Audit in Local Government (2006) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
2. The Audit Strategy sets out the contribution that Internal Audit makes to the Council and includes sections on:
 - Internal Audit objectives and outcomes
 - Annual opinion to support the Annual Governance Statement
 - Addressing Local and National Risks
 - How the service is provided
 - Resources and skills required
3. The annual internal audit plan which supports the strategy has three main components:

The main audit programme – including core assurance (authority wide), financial assurance, risk based assurance and contract compliance reviews.

Fraud work – including pro active fraud work, fraud awareness and reactive work (i.e. investigations of potential irregularities).

Other productive work – such as advice and information, general liaison and following up the implementation of recommendations made.

Development of Audit Plan

4. The annual audit plan for 2012-13 was developed through a risk based planning process that incorporated the following elements:

- work to provide assurance to the Corporate Director of Finance and Procurement that controls are in place and are operating effectively for key financial systems;
 - work to evaluate the Corporate Governance Framework which contributes to the Head of Internal Audit's overall assurance on corporate governance arrangements in the Council which in turn informs the Annual Governance Statement;
 - work to provide assurance that ongoing contract management controls are robust;
 - work to provide assurance over areas identified as priority or high risk based on audit cumulative knowledge and experience, the corporate risk register and directorate interviews;
 - management requests – for assurance over new and developing systems and processes.
5. The draft annual audit plan has been discussed and agreed with Directorates through meetings with Corporate Directors, Portfolio Holders and presentation to CMT.
 6. In March 2012 the specialist IT audit contract was retendered and Deloitte LLP have been awarded the contract. As the contract has only recently been awarded, the IT audit plan presently shows the total number of days with indicative suggestions as to the detailed content of this plan. The detail of the plan will be determined based on:
 - an IT risk assessment
 - discussions with directorates
 - a review of previous audit reports and assurance opinions provided.

Resources

7. The plan is resourced by a mixture of 2600 days from the Internal Audit in house team and an additional 275 days of ICT audit work provided by Deloitte LLP.

Additional Assurance – Schools compliance

8. In many County Councils schools' compliance services fall within the programme of Internal Audit. Members of the Committee should be aware that for 2012/2013 this assurance will continue to be provided by a compliance unit within the Schools Financial Services team. This team carry out compliance visits to schools which cover a number of areas including finance, Health and Safety and pre employment checks.
9. For the year ended 31 March 2012, 116 compliance visits will be completed. A compliance visit takes on average one day to complete.

Recommendation

10. Members are asked to agree the proposed Internal Audit Strategy and Annual Plan for 2012/13 attached to this report.

Neeta Major
Interim Head of Internal Audit
Ext : 4644