

Audit Committee

24 March 2016



Title	Annual Internal Audit Plan 2016/17		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar,		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	The Audit Committee is asked to note the Internal Audit Plan (2016/17).		

1. Key issues

- 1.1 This report sets out the work planned by Audit Services during 2016/17 in order to fulfil its statutory and professional requirements.
- 1.2 Accounts and Audit Regulations require local authorities '*to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices*'.
- 1.3 Internal Audit is defined as "*An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*" (Public Sector Internal Audit Standards).
- 1.4 The audit planning process is set out below:
 - All auditable areas are identified (known as the 'Audit Universe'). These include:
 - Significant risks included in the Corporate Risk Register.
 - Financial risks and systems across the authority
 - Other risks identified within functions/Services
 - Information governance and information security
 - Procurement processes
 - ICT Security
 - Key Council projects
 - Fraud risks

- The Annual Internal Audit plan for 2016/17 will be delivered with a lower level of resource following the Head of Audit's departure in July 2015. Therefore greater reliance will need to be placed on other sources of assurance where possible (see below). Internal Audit have/will be commissioning some audit resource from Surrey County Council which enables sharing of knowledge, skills and best practice.
- In establishing the internal audit resource requirement and priorities for 2016/17 consideration has been given to existing sources of assurance. These include existing management controls (first line of defence), corporate review and monitoring processes (second line of defence) and independent sources of assurance such as Internal Audit (third line of defence). This assurance mapping process helps to identify and focus internal audit resource requirements.
- During 2015/16 Internal Audit have encouraged Managers to provide assurance that controls in their functions/services are operating effectively, which contributes to a more efficient way of working as well as promoting Management ownership of risks and controls.
- Audit work is prioritised and time allocated to each area which will be related to factors such as the value/volume of transactions, known system weaknesses, any change in personnel, likelihood and impact of risks.
- The Annual Plan is flexible and is reviewed periodically to allow priorities to be changed according to perceived risks.

A copy of the Annual Internal Audit Plan Summary (2016/17) is attached at Appendix 1.

- 1.5 The Council's Management Team and other senior officers have been consulted during the audit planning process.

2. Options analysis and proposal

- 2.1 There are no options

3. Financial implications

- 3.1 N/A

4. Other considerations

- 4.1 There are no further considerations

5. Timetable for implementation

- 5.1 The Annual Audit Plan sets out work to be undertaken during 2016/17.

Background papers:

There are none

Appendices:

Appendix 1 - Annual Internal Audit Plan – 2016/17.