



**Audit Committee**  
19 March 2014

**Report from the Chief Finance  
Officer**

For Information

Wards Affected:  
ALL

**Internal Audit Plan 2014/15**

**1. Summary**

- 1.1. This report sets out the Draft Internal Audit Plan ("the Plan) for 2014/15 and the basis on which the plan has been formulated.
- 1.2. All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2003 (as amended). The Public Sector Internal Audit Standards (2013) require, "...chief audit executive to establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals".
- 1.3. The final audit plan will be presented for formal approval at the next scheduled meeting of the Audit Committee. This however means that work against the Plan will need to commence from 1<sup>st</sup> April 2014 prior to the formal approval of the final audit plan.

**2. Recommendations**

- 2.1. The Audit Committee note the approach taken to formulate the draft plan for the 2014/15 financial year and the content of the draft plan. This is in line with the Committee's role, as defined in the Constitution: *To consider the strategic and*

*annual audit plans, and consider the level of assurance these can give over the Council's corporate governance and risk management arrangements.*

2.2. The Audit Committee approve the Internal Audit Plan for the 2014/15.

### **3. Detail**

3.1. The Internal Audit Service is delivered through a partnership between the Council's in-house Audit & Investigations Team ('the in-house team') and Mazars Public Sector Internal Audit Limited (previously Deloitte & Touche Public Sector Internal Audit Limited). The total plan days for 2014/15 is to deliver 1,200 days of which 905 are allocated to Mazars and 295 to the in-house team.

3.2. All areas of the Council's operations are potentially subject to internal audit coverage. However, given resource constraints, not all areas can be audited on an annual basis.

3.3. The Public Sector Internal Audit Standards require a risk based plan to take into account the requirement to produce an annual internal audit opinion and requires the plan to indicate the link to the organisational objectives and priorities.

3.4. The Plan has been formulated on the basis of the following:

- Internal Audit knowledge and understanding of key risk areas across the organisation, knowledge of the Council's operations and awareness and experience of risks being faced within other Local Authorities, as well as across the wider public sector;
- Internal Audit knowledge and understanding of key developments taking place across the Council; and
- Discussions with Strategic Directors and Operational Directors across the Council to inform the plan.

3.5. The transfer of responsibility for risk management to the Audit & Investigations Unit has gone some way to assist in the development of a more integrated risk management framework, enabling there to be a clearer link between internal audit activity and the Council's key strategic and operational risks.

3.6. Internal Audit has liaised with the Council's external auditors (KPMG) in developing the plan.

**4. Financial Implications**

- 4.1. The total value of the contract is £300,000 in 2014/15 and is funded within the Audit and Investigations base budget. If the total number of audit days attributable to Mazars is less than the 905 days allocated, then the total amount paid will reduce accordingly.

**5. Legal Implications**

- 5.1. None

**6. Diversity Implications**

- 6.1. None

**7. Background Papers**

- 7.1. None

**8. Contact Officer Details**

Simon Lane, Head of Audit & Investigations, 8th Floor, Civic Centre.  
Telephone – 020 8937 1260

**Conrad Hall**  
**Chief Finance Officer**