



Brent

Audit Committee
5th January 2016

**Report from the Chief Finance
Officer**

For Information

Wards Affected:
ALL

Internal Audit Planning 2016/17 – Outline Approach

1. Summary

- 1.1 As per the requirements of the Public Sector Internal Audit Standards, an annual operational internal audit plan should be prepared for presentation to the Audit Committee for endorsement and approval.
- 1.2 Whilst the draft Internal Audit Plan will be presented to the March 2016 Committee, due to the recent creation of the Audit and Investigation Shared Service, this report provides the Audit Committee with details of the proposed approach for the development of the 2016/17, including details of potential changes in Internal Audit focus, from previous audit plans developed.

2. Recommendations

- 2.1. The Audit Committee is asked to note the proposed approach for the preparation and focus of the 2016/17 Annual Operational Internal Audit Plan.

3. Detail

- 3.1. Consistent with previous years, the 2016/17 annual audit plan will be risk focussed and produced following consideration of the following:
 - Detailed review of the Strategic and Directorate risk registers;
 - Review of Government and other public sector reports outlining emerging public sector risks or key legislative developments;
 - Discussions with the Corporate Management Team, Section 151 Officer and Operational Directors to understand key service developments planned to be delivered in 2016/17;
 - Review of directorate service / business plans, where available;
 - Review of any assurance reports from external inspectorates such as Ofsted etc; and
 - Discussions with External Audit.
- 3.2. An effective Internal Audit function also needs to continue to demonstrate that it continues to add value in the Internal Audit approach and the assurances provided.

This is achieved through the delivery of cross-cutting organisational reviews rather than the traditional delivery of service based Internal Audits. It is therefore the intention that the 2016/17 Internal Audit plan will include an element of focus on corporate / cross-cutting reviews. Examples of this can include, subject of course to the assessment of risk, the following type of reviews:

- Assurance in respect of the delivery of corporate transformation projects, designed to deliver the corporate savings program. The aim of this type of review is to provide assurance that key risks associated with the delivery of this large corporate program are being effectively managed;
- Contracting and Contractor Performance Management, this type of audit is designed to review the corporate arrangements in place to promote the effective management of contracts and extended further to demonstrate appropriate arrangements are in place to enforce management of contractor performance.
- Statutory Compliance, a review to examine the corporate arrangements to provide assurance that the statutory responsibilities placed on the council and key roles are effectively discharged; and
- Corporate Governance to review the adequacy of the policies and codes of practice in place to promote effective governance within the council, including the Financial Procedure Rules.

3.3. In order to deliver these types of reviews, we will also seek to employ a range of internal audit techniques including 'embedded assurance' based reviews. These types of reviews include the incorporation of internal audit resources within projects to provide ongoing assurance at key stages of the project, rather than providing a retrospective assurance opinion.

3.4. In addition to the above, a review of the audit approach within Schools is also being considered including the development of the approach by moving to the delivery of thematic based reviews, rather than the continued delivery of the existing audit program. The types of thematic reviews being considered include:

- Financial Governance and Management;
- Procurement;
- Recruitment including safe recruitment practices.

3.5. It is intended that by completing a thematic approach, each school would receive an individual Internal Audit report, however the findings of the thematic reviews would be consolidated into single reports provided an assurance opinion to Strategic Director Children's, Section 151 Officer and the Audit Committee on the effective management of the thematic risks within Schools.

3.6. Finally, the development of the 2016/17 audit plan for Brent will also take into consideration any learning from the Shared Service in respect of any common risks faced or specific issues identified in the other organisations.

4. Financial Implications

4.1. None.

5. Legal Implications

5.1. None

6. Diversity Implications

6.1. None

7. Background Papers

7.1. None

8. Contact Officer Details

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