



Brent

Audit Committee
23 March 2016

**Report from the Chief
Finance Officer**

For Information

Wards Affected:
ALL

Report Title: Draft Internal Audit Plan 2016/17

1. Summary

- 1.1. This report sets out the Draft Internal Audit Plan (“the Plan) for 2016/17 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 (PSIAS) require, “...chief audit executive to establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”.

2. Purpose of the Report

- 2.1 In accordance with the terms of reference for the committee and in accordance with Standard 2000 – Managing the Internal Audit Activity as outlined within the PSIAS, the Audit Committee is asked to review and approve the proposed plan. The plan has been based on the assessment of risk and has been designed to demonstrate that the Authority has an effective Internal Audit service, which provides assurance with regards to the design and application of its systems of internal control.

3. Recommendations

- 3.1. The Audit Committee note the approach taken to formulate the draft plan for the 2016/17 financial year and approve the content of the 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.*

4. Detail

- 4.1. The Internal Audit service is delivered by the Audit & Investigations Shared Service which is hosted by the London Borough of Ealing. This arrangement has been in place since October 2015.
- 4.2. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The role of Internal Audit is to advise the Council as to whether these arrangements are in place and whether they are operating effectively. The Council's response to Internal Audit activity should lead to a strengthening of the control environment and therefore contribute to the overall achievement of the Council's resources.
- 4.3. As outlined within the Public Sector Internal Audit Standards 2450, the Chief Audit Executive must deliver an annual internal audit opinion and report to the Audit Committee, timed to support the Annual Governance Statement, which must conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control.
- 4.4. Consistent with previous years, the 2016/17 annual audit plan is risk focused 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 including Ofsted and CQC; and
- Discussions with External Audit
- Areas which have been the subject of fraud/irregularities.

4.5. In addition the plan has also been designed to take into account the shared service approach to ensure the delivery of an efficient and effective service.

4.6. The plan is based on the delivery of a total of 1,010 days, which is a slight increase on the previous years achieved by increasing the productivity of the current in-house provision. The plan will be delivered through a mixture of in-house provision and days bought in from the outsourced Strategic Partner.

4.7. The BHP Audit Committee has already confirmed that it requires the same level of audit coverage as the previous year.

5. Financial Implications

5.1. The proposed Internal Audit Plan for 2016/17 will be delivered in accordance within the existing approved budget.

6. Legal Implications

6.1. All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and Accounts and Audit Regulations 2011 (as amended). The Public Sector Internal Audit Standards 2013, also require proper planning of audit work.

7. Diversity Implications

7.1. None

8. Background Papers

8.1. None

9. Contact Officer Details

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