

**Subject:** Internal Audit Annual Plan 2009/10    **Status:** For Publication

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**Report to:** Audit and Accounts Committee    **Date:** 30 June 2009

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**Report of:** Head of Internal Audit

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**Portfolio**

**Holder:** Finance and Resources

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**Key Decision:** No

Forward Plan     General Exception     Special Urgency

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**1. PURPOSE OF REPORT**

1.1 The Audit Committee's terms of reference require it to advise the Council on the planned activity and results of internal audit. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 states the audit committee is required to approve, but not direct, the internal audit plan.

**2. CORPORATE PRIORITIES**

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

**3. RISK ASSESSMENT IMPLICATIONS**

3.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:

- Failure to comply with the CIPFA Code of Practice for Internal Audit in Local Government in the production of an annual plan would undermine confidence in the unit and its ability to provide the Authority with the necessary level of assurance in relation to their business risks.
- The plan enables the Leader and Chief Executive to report in the Annual Governance Statement.
- The plan ensures the Council is able to progress in matters of Financial Management and therefore improve its scoring in the Use of Resources assessments and ultimately the Comprehensive Area Assessment.

#### **4. BACKGROUND AND OPTIONS**

- 4.1 Appendix A sets out the plan of work to be undertaken by the Authority's internal audit service for the 2009/10 financial year.
- 4.2 The plan is intended to provide assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement, which is published with the financial statements.
- 4.3 Regulation 4 of the Accounts and Audit Regulations 2003 (amended) requires that:

“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes risk management arrangements.”

The responsibility for maintaining and reviewing the system of internal control and for implementing a system of risk management clearly rests with the Authority. However the process by which the Annual Governance Statement is made includes obtaining assurances on the effectiveness of key controls and, in practice, these will be substantially drawn from the work of internal audit as well other assurances available to the Authority.

#### **COMMENTS FROM STATUTORY OFFICERS:**

#### **5. SECTION 151 OFFICER**

- 5.1 Part of the audit plan will be to review amongst other things the core financial systems and controls in order to test their effectiveness.

#### **6. MONITORING OFFICER**

- 6.1 No legal matters.

#### **7. HEAD OF PEOPLE AND POLICY DEVELOPMENT (ON BEHALF OF THE HEAD OF PAID SERVICE)**

- 7.1 No HR Implications.

#### **8. CONCLUSION**

- 8.1 The plan is therefore largely focused on an assessment of the risks to the achievement of the Authority's objectives, and the provision of assurance that the actions planned to mitigate these risks are adequate and effective.

#### **9. RECOMMENDATION(S)**

- 9.1 Members are asked to approve the internal audit annual plan for the period 1 April 2009 to 31 March 2010.

**10. CONSULTATION CARRIED OUT**

10.1 RBC Senior Management Team, Heads of Service (relevant to the individual audit review), Audit Commission

**11. EQUALITY IMPACT ASSESSMENT**

Is an Equality Impact Assessment required No  
Is an Equality Impact Assessment attached No

**12. BIODIVERSITY IMPACT ASSESSMENT**

Is a Biodiversity Impact Assessment required No  
Is a Biodiversity Impact Assessment attached No

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<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Accounts and Audit Regulations 2003 (amended) – Statutory Instrument	Financial Services
Accounts and Audit Regulations 2003 (amended) – Guidance	Financial Services
Code of Practice for Internal Audit in Local Government in the United Kingdom, CIPFA 2006	Financial Services
Local Government Act 1972 (Section 151)	Financial Services