

<b>Subject:</b>	Internal Audit annual plan 2016/17	<b>Status:</b>	For Publication
<b>Report to:</b>	Audit and Accounts Committee	<b>Date:</b>	27 <sup>th</sup> September 2016
<b>Report of:</b>	Head of Internal Audit	<b>Portfolio Holder:</b>	Resources and Performance
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	Members are asked to approve the revised internal audit annual plan for 2016/17.

**2. PURPOSE OF REPORT**

2.1 The Audit and Accounts Committee's terms of reference require it to advise the council on the planned activity and results of internal audit.

**3. CORPORATE PRIORITIES**

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
- **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
- **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

**4. RISK ASSESSMENT IMPLICATIONS**

4.1 All the areas raised in this report involve risk considerations as set out below:  
The responsibility for implementing, maintaining and reviewing the system of internal control rests with the council, but the process by which the effectiveness of its system of internal control is reviewed and the governance statement is made includes obtaining assurances on the effectiveness of key controls. In practice, these assurances will be substantially drawn from the work of internal audit.  
The audit plan is therefore focused on providing these assurances to the Chief Executive and Leader of the council who are jointly required to sign the annual governance statement.

## **5. BACKGROUND AND OPTIONS**

- 5.1 On 15 March 2016 the audit committee approved the internal audit plan for Rossendale Borough Council for 2016/17.
- 5.2 A revised audit plan has been developed in conjunction with the council's senior managers. The work set out in the attached report is intended to obtain the evidence required to provide assurance over the council's governance, risk management and control for 2016/17.

### **Definition of internal auditing**

"Internal auditing is 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."

"The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control."

*The Institute of Internal Auditors, and  
Public Sector Internal Audit Standards, 2013*

### **Relevant regulations**

Internal audit: "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance." *Regulation 5. (1)*

Review of internal control system: "A relevant authority must, each financial year (a) conduct a review of the effectiveness of the system of internal control ... and (b) prepare an annual governance statement."

*Regulation 6. (1)  
Accounts and Audit Regulations 2015*

### **The council's annual governance statement**

In addition to setting out a definition of internal auditing, Public Sector Internal Audit Standards require the head of internal audit to "deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement." The annual governance statement will also be informed by other sources including management's own assurances regarding governance, risk management and control.

*Public Sector Internal Audit Standards, 2013*

## **COMMENTS FROM STATUTORY OFFICERS:**

### **6. SECTION 151 OFFICER**

- 6.1 Any financial implications are commented upon in the report.

### **7. MONITORING OFFICER**

- 7.1 Any legal implications are commented upon in the report.

### **8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

- 8.1 Rossendale Borough Council Senior Management Team, relevant Heads of Service.

### **9. CONCLUSION**

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

No background papers