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**Meeting:**           **Audit Committee**  
**Date:**             **8 April 2013**  
**Subject:**       **2013-14 Annual Audit Plan, Strategic Audit Plan and Internal audit Strategy**

**Report of:**   **Chief Finance Officer**

**Summary:**     This report presents the 2013-14 Annual Audit Plan and the Strategic Audit Plan for review and approval. The report also summarises the minor revisions made to the Internal Audit Strategy.

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Contact Officer:           Kathy Riches, Head of Internal Audit and Risk  
Public/Exempt:           Public  
Wards Affected:         All  
Function of:               Audit Committee

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The activities of Internal Audit are crucial to the governance arrangements of the organisation and as such are supporting all of the priorities of the Council.

### **Financial:**

1.       None directly from this report.

### **Legal:**

2.       None directly from this report.

### **Risk Management:**

3.       The outcome of developing and implementing the 2013/14 Annual Audit Plan and the Strategic Plan is for the Council to better manage its risk, thereby mitigating the impact from adverse events.

### **Staffing (including Trades Unions):**

4.       None directly from this report.

### **Equalities/Human Rights:**

5.       None directly from this report.

### **Public Health**

6.       None directly from this report.

**Community Safety:**

7. None directly from this report.

**Sustainability:**

8. None directly from this report.

**Procurement:**

9. None directly from this report.

**RECOMMENDATIONS:****The Committee is asked to:**

- 1. Approve the 2013-14 Annual Audit Plan, and the Strategic Audit Plan, and**
- 2. Approve the revisions to the Internal Audit Strategy.**

**Background**

10. The Audit Committee, at its meeting in January 2013, approved the approach to the development of the 2013/14 Annual Audit Plan, and the Strategic Audit Plan.
11. This report sets out the outcome of the work undertaken and seeks approval to both the 2013/14 Annual Audit Plan and the Strategic Audit Plan.
12. The new Public Sector Internal Auditing Standards, effective from 1<sup>st</sup> April 2013, require the Head of Internal Audit to establish risk based plans to determine the priorities of internal audit activity, consistent with the organisation's goals. This should be supported by a documented risk assessment, giving consideration to the input of senior management.

**Internal Audit Strategy**

13. The Internal Audit Strategy is a high level statement of how the Internal Audit Service will be delivered in order to meet the requirement of the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. A strategy was prepared in April 2010 and this has been updated regularly to reflect changes in roles and responsibilities. The strategy remains fit for purpose; however it has been updated for 2013/14. Since the revisions are minor, the detailed strategy has not been represented to the Committee. The following revisions have been made to reflect changes and developments:
  - Reference to the new Public Sector Internal Auditing Standards
  - the introduction of "assurance mapping" of key risks
  - the Fighting Fraud Locally initiative, and
  - the appointment of Ernst and Young as external auditors.

## **2013/14 Annual Audit Plan and Strategic Audit Plan**

14. As reported to the January Audit Committee, Internal Audit has been undertaking an Audit Needs Assessment for future years. This has been informed through:
  - reference to the previous Audit Needs Assessment undertaken during 2009/10
  - consultation with senior management
  - Internal Audit's own analysis of risk areas
  - reference to the strategic and operational risk registers, and
  - the outcome of the assurance mapping exercise on the risks documented within the Strategic Risk Register.
15. In developing the strategic audit plan, consideration has also been given to;
  - Providing assurance on the Council's fundamental systems
  - ICT assurance work
  - Grant claim sign off work
  - Anti Fraud activity, having regard to the National Fraud Authority's (NFA) Fighting Fraud locally initiative
  - System reviews of key service activities
  - Follow up work, where appropriate
  - Consultancy and advice
  - Engagement in key transformation programmes and projects, as appropriate.
  - New Government initiatives, such as Local Welfare Reform
  - Local initiatives, including the Medium Term Plan.
16. It is important to recognise the need for flexibility in the approach to our audit work. The approach adopted recognises that organisational and business transformation changes are still in progress within Central Bedfordshire and acknowledges that, as a result, the control environment is subject to change. A contingency has been included within the plan to ensure that Internal Audit can respond accordingly.
17. The Public Sector Internal Audit Standards only require a detailed audit plan to cover a period of one year. However, a strategic plan has also been produced to demonstrate how the Internal Audit Service plans to provide assurance over the next three years in the key areas listed above. Prior to the start of each year, the plan will be reviewed and updated and expanded to provide more detail of the reviews to be undertaken. The specific work to be carried out will be considered when scoping the audit work.
18. The approach to the delivery of the managed audits will be agreed with Ernst and Young, the Council's external auditors. The external auditors have also been consulted on the overall plan.
19. The plan has been approved by the Corporate Management Team.

## **Available Resources**

20. It is estimated that there will be 1,260 productive audit days available for 2013/14, a reduction of 40 days over the previous year. The reduced number of days reflects the reduction in available audit resources due to the secondment of audit staff to support finance with other areas. This is consistent with an assessment of the relative risks and priorities.

## **Conclusion and Next Steps**

21. Approval by the Audit Committee of the revision to the Internal Audit Strategy, and the 2013-16 Strategic Audit Plan will ensure that Internal Audit can progress its work in line with an agreed approach.
22. The Audit Committee can then use the final plan to monitor the work of internal audit to ensure that appropriate assurance is provided on the Council's systems.

## **Appendices:**

Appendix A – Internal Audit Plan 2013-2016

## **Background Papers:**

None

## **Location of papers:**

N/A