

**REPORT OF:    AUDIT AND PERFORMANCE MANAGER**

**TO:                ACCOUNTS & AUDIT COMMITTEE**

**DATES:            22ND MARCH 2016**

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## **INTERNAL AUDIT PLAN 2016/17**

### **PURPOSE OF REPORT**

The purpose of this report is to seek the approval of the Accounts & Audit Committee to the Internal Audit Plan for 2016/17.

### **RECOMMENDATION**

It is recommended that the Accounts & Audit Committee approve the Internal Audit Plan 2016/17 as shown at Appendix A.

### **REASON FOR RECOMMENDATION**

Approval of the Annual Audit Plan will permit Internal Audit to fulfil its role as outlined in the Internal Audit Strategy.

### **Background**

1. The Accounts and Audit Regulations 2011 require the Council to '*undertake an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control*'. The guidance accompanying the legislation states that proper internal control practices for Internal Audit are those contained in the Code of Practice for Internal Audit. The revised Accounts and Audit Regulations, which came into force on 1<sup>st</sup> April 2015 state that "*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.*"
2. The new Public Sector Internal Standards, which came into force on 1<sup>st</sup> April 2013 and were adopted by the Accounts and Audit Committee in that year, is the way in which the Internal Audit Service should be established and undertake its functions. Included within the standards, is a requirement under the Performance Standards to produce an annual Internal Audit plan.

3. The purpose of the annual Internal Audit Plan is to outline the audit assignments that will be undertaken in the forthcoming financial year, the priorities for Internal Audit and the estimated resources required to deliver the plan.

### **Annual Internal Audit Plan 2016/17**

4. The proposed Internal Audit Plan for 2016/17 is provided at [Appendix A](#). The Plan provides for 422 chargeable audit days, which is maintained from 2015/16 with no staff changes during the year.
5. In accordance with the Internal Audit Strategy and Planning Standards, the audit plan has been prepared using a risk based approach and largely reflects the Strategic Audit Plan 2014/17 which was agreed at the Accounts and Audit Committee. The risk status of each audit area is identified by Significance Bands rated between 1 and 5 and the planned number of days for the assignment is shown. In compliance with the Audit Strategy, the risk coverage is in excess of 60% of audit risks identified.
6. The Accounts & Audit Committee will appreciate that the planned audit days for each audit assignment is an estimate based on the anticipated scope of the audit work required. The detailed scope and objective of each assignment and the exact dates of fieldwork, will normally be agreed with the relevant Manager prior to the commencement of each audit.
7. In order to maximise the benefit from the Council's Internal and External Audit Services, the proposed Annual Plan will be discussed with the Council's External Auditor, Grant Thornton. The intention will be to ensure that there is no duplication and where Internal Audit can support the work of External Audit as part of their managed audit approach, this will be pursued.
8. Management and delivery of the Audit Plan will be a matter for the Audit and Performance Manager. Given the nature of any plan, there may be a need to redirect resources during the year subject to events that may arise; this will be a matter for agreement between the Audit and Performance Manager and the Financial Services Manager, but will be reported to the Accounts and Audit Committee as part of the regular monitoring reports.

### **IMPLICATIONS**

#### **Policy**

9. There are no policy implications arising from the contents of this report.

#### **Financial**

10. There are no financial implications arising from the contents of this report.

#### **Legal**

11. There are no legal implications arising from the contents of this report. However, the provision of an Internal Audit Service is a statutory requirement as per the Accounts and Audit Regulations 2015.

#### **Risk Management**

12. There are no risk management issues arising directly from the contents of this report. It should be noted, however, that the development of the Internal Audit Plan has been undertaken using a risk based approach to resource allocation.

**Health and Safety:**

13. There are no Health and Safety implications arising directly from the contents of this report.

**Climate Change:**

14. There are no climate change implications arising directly from this report.

**Community Safety:**

15. There are no community safety issues arising directly from the contents of this report.

**Equality and Diversity:**

16. There are no equality and diversity issues arising from the contents of this report.

**APPENDICES**

Appendix A – Annual Internal Audit Plan 2016/17

**LIST OF BACKGROUND PAPERS**

Strategic Audit Plan for 2014/17

Internal Audit Strategy

Significant Audit Needs Analysis Questionnaires (circulated and completed by all Service Managers for the Strategic Plan 2014/17)