

Cheltenham Borough Council
Audit Committee – 25 March 2015
Annual Internal Audit Plan 2015/16

Accountable member	n/a
Accountable officer	Robert Milford, Head of Audit Cotswolds
Ward(s) affected	All
Key Decision	No
Executive summary	<p>The Council must ensure that it has sound systems of internal control which facilitate effective management of all the Council's functions. The work planned by Audit Cotswolds, the Council's Internal Audit service, is one of the control assurance sources to the Audit Committee and Senior Leadership Team and which supports the work of the external auditor. The work is also a key component of the Council's governance framework and as assurance source supporting the Annual Governance Statement, which forms part of the statutory accounting standards.</p> <p>Following CIPFA's guidance on Audit Committee the Committee this evening should "formally approve (but not direct) the Internal Audit plan".</p>
Recommendations	The Audit Committee approves the Internal Audit Plan for 2015/16

Financial implications	<p>The audit plan is a risk based plan which directs audit report towards the higher risk areas. This ensures that valuable audit resource is focused and directed towards ensuring that financial exposure is minimised.</p> <p>Contact officer: Mark Sheldon, Director of Resources mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>No Legal implications</p> <p>Contact officer: Peter Lewis, Head of Legal Services, One Legal, peter.lewis@tewkesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>No HR implications</p> <p>Contact officer: Julie McCarthy, HR Manager julie.mccarthy@cheltenham.gov.uk, 01242 26 4355</p>

<p>Key risks</p>	<p>The audit plan has been derived from consultation with the Senior Leadership Team and through reference to relevant policy, strategy and protocol documents including the risk register. The plan is designed to capture key and emerging risks that this Council faces over the year and therefore the plan will remain as flexible as possible to ensure internal audit resources remain focussed and valued.</p> <p>Internal Audit activity is needed each year to satisfy assurance requirements. For example, internal audit review key financial systems annually because the external auditors may rely on this in their own work on final accounts. In addition, the requirement for the Council to review its system of internal control and governance procedures means that assurance is required on systems and procedures relating to the compilation of the Annual Governance Statement. If this work is not completed by the Internal Audit additional fees from external audit may be incurred.</p> <p>Furthermore, Internal Audit is a statutory function under the Accounts and Audit (England) Regulations 2011.</p> <p>The risk of failure to deliver core elements of the plan will be mitigated through the Partnership Board monitoring process. The representative from Cheltenham BC is Mark Sheldon (Director of Resources).</p> <p>Furthermore, Audit Committee will continue to receive quarterly reports through 2015/16 from Internal Audit detailing the work undertaken in relation to the plan.</p>
<p>Corporate and community plan Implications</p>	<p>None</p>
<p>Environmental and climate change implications</p>	<p>None</p>

1. Background

- 1.1** The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change e.g. the development of the GO Shared Service partnership arrangement for the delivery of core financial systems, Shared Services impacting service delivery arrangements and on core governance arrangements, etc. Therefore, Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. This reinforces the requirement for Internal Audit to follow a more flexible and risk based plan.

2. Reasons for recommendations

- 2.1** The primary role of Internal Audit is to provide assurance that the Council's systems constitute a proper administration of its affairs. To this end, Internal Audit carried out a programme of audits that is agreed annually with Heads of Service and the Management Team.
- 2.2** Due to the new Public Sector Internal Audit Standards (PSIAS) and changes of core systems Audit Cotswolds, as the Internal Audit provider, needs to respond to the changing environment and the areas where the organisation now requires assurances. This reinforces the requirement for Internal Audit to follow a more flexible and risk based plan.
- 2.3** The core financial systems delivered to the Council by the GO Shared Service are covered within the GO Shared Services Audit Plan, this will cover GO and client side activities providing;
- Assurance to the GO Shared Service Management Team and the Client Officer Group over the controls operating for the clients
 - Assurance to the client over the controls operating within GO financials, within the services they provide, and an assurance level for each financial module
 - Assurance to the clients over the controls operating within client side activities for GO
 - Periodic assurance over the other aspects of GO provided services
 - The required support to the External Auditor
- 2.4** A summary of the Annual Internal Audit Plan for 2015/16 is included at Appendix 1. This lists the risk based assurance work.
- 2.5** The Internal Audit Plan outlines a preferred programme of work for 2015/16 as developed throughout February 2015. The Audit Plan presented is not "set in stone" and is intended to evolve in response to issues highlighted through risk and change management and monitoring.
- 2.6** Audit Cotswolds has two further partners, West Oxfordshire DC and Cotswold DC and three further clients, Ubico, GO Shared Services, The Cheltenham Trust and Cheltenham Borough Homes, so co-ordinating and allocating fixed resources across multiple organisations is critical to the success of the Audit Cotswolds Partnership and the delivery of all audit plans.

3. Consultation and Feedback

- 3.1** The Executive Board and other managers were consulted for this plan.

4. Performance management – monitoring and review

4.1 Performance is monitored by both the Audit Committee and the Audit Partnership Board as detailed in the Audit Charter 2013.

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Appendices	<ol style="list-style-type: none">1. Internal Audit Annual Plan 2015/162. Risk Assessment
Background information	None

Appendix 1

Subject	Outline	Days
CORE GOVERNANCE		
Annual Governance Statement	Support and review of the AGS	10
Risk Management	Review of the training for service managers	5
Performance Management	Focus on performance of projects and programmes and in particular the role and responsibilities of SLT and Cabinet.	10
Governance Compliance	Policy application by service managers: <ul style="list-style-type: none"> • Recruitment & Selection including induction • Capability, Grievance and Disciplinary • Training schemes 	20
ICT	Application audits Shared service support and review	40
CORE FINANCIALS		
NNDR	Year 2 module of 3 year programme	10
Benefits	Year 2 module of 3 year programme	15
Council Tax	Year 2 module of 3 year programme	10
GOSS	Separate plan but encompasses Finance, Procurement, Payroll and HR aspects delivered by GOSS	N/A
RISK BASED		
Ubico Client Function	Follow-up to the 2013 audit review with the addition of an examination of client side cost covering the client services provided by the Gloucestershire Waste Partnership	15
Business Continuity Management	Overall plans, service plans and service manager engagement	20
Accommodation strategy and property management	Review of strategy and property management	10
Security	Review of buildings and personnel security	15
Audit Committee	Review of the Audit Committee against appropriate	10

Effectiveness	guidance and standards	
Contract management	Review of key contracts including tender processes. Plus review of contractor use	20
Task force review	Review of the processes and procedures used in the Cheltenham Development Taskforce project	20
Safeguarding Adults and Children	Support the Safeguarding peer review and audit.	15
CONSULTANCY		
REST project support	Support and ongoing advice regarding the REST project	10
20:20 vision	Support and ongoing advice regarding the 20:20 project	40
Other change projects	Support for other projects	20
Other Audit Work		
Management	Audit Committee, governance and risk groups, high level programmes, etc	
Follow-ups	Assessment of recommendation implementation	
Contingency	7% operational contingency	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
Aud1	Without the audit plan in place there is the risk of insufficient audit work being completed to provide a reasonable assurance to stakeholders that there is an effective control framework in place, adequately mitigating risks to the authority's risk appetite.	Director of Resources		3	3	9	Reduce	The Audit Committee approval of the annual plan	31/03/2014	Head of Audit Cotswolds	