

Cheltenham Borough Council
Audit Committee - 20 March 2013
Annual Internal Audit Plan 2013-14

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 an assurance source supporting the Annual Governance Statement, which forms part of the statutory accounting standards.</p> <p>Following CIPFA's guidance on Audit Committees the Committee this evening should <i>"formally approve (but not direct) the internal audit plan."</i></p>
Recommendations	The Audit Committee approves the Internal Audit Plan for 2013/14

Financial implications	<p>There are no financial implications arising from this report.</p> <p>Contact officer: Mark Sheldon, Director of Resources mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	No comments received
HR implications (including learning and organisational development)	None

Key risks	<p>The audit plan has been derived from consultation with the Senior Leadership Team and through the 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 focused 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 2011/2012 from Internal Audit detailing the work undertaken in relation to the plan.</p>
Corporate and community plan Implications	None
Environmental and climate change implications	None
Property/Asset Implications	None

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 Go Programme impacting on core financial systems, Shared Services impacting 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 carries 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 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 will now be covered within the GO Shared Service Audit Plan. Audit Cotswolds will be delivering this plan which will provide:
- 2.3.1** Assurance to the GO Shared Service Management Team over the controlled delivery of the Service Level Agreements
- 2.3.2** Assurance to Cheltenham Borough Council over the delivery of its services, including its core financial systems
- 2.3.3** The required support to the External Auditor
- 2.4** A summary of the Audit Assurance Plan for 2013/2014 is included at Appendix 1. This lists the risk based assurance work selected by risk from the Audit Universe.
- 2.5** The Audit Universe at Appendix 2 lists the complete potential work for the service by risk. It is not the intention to audit all aspects, but to focus of the key risks identified. The Audit Universe also details consulting activity and other work.
- 2.6** The Assurance Plan outlines a preferred programme of work for 2013/2014 as developed throughout February 2013. 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.

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	1. Audit Assurance Plan 2013/2014 2. Audit Universe 2013/2014
Background information	None