

Local Members Interest
N/A

Audit and Standards Committee – 30th June 2015

Proposed Internal Audit Strategy & Plan 2015/16

Recommendations

1. To review the proposed content and coverage of the Internal Audit Strategy and Plan 2015/16.
2. To recommend approval of the Internal Audit Plan for 2015/16 to the Director of Finance and Resources.

Report of the Director of Finance and Resources

3. The proposed Audit Plan is attached at Appendix 1 and will be supported by a PowerPoint presentation. The plan has been discussed with members of the Senior Leadership Team (SLT) during June and is presented to Members for final endorsement.
4. The Audit Plan has been prepared in line with the Audit Strategy detailed in the report on page 3. All potential reviews have been allocated a risk score, which has been calculated using the risk model and the specific methodology outlined in the report at Appendix D. In general, only the high-level risk areas have been included in the summary plan. Furthermore as part of the agreement process for this year's plan, detailed discussions were held with the Commissioners to highlight the Internal Audit work proposed; complimented and added value to the process. Consequently, this allows greater certainty regarding delivery of these audits within 2015/16.
5. Certain elements of the plan must be done regardless of risk score, mainly surrounding the work undertaken to meet the requirements of the External Auditor. Increased emphasis will be placed on fraud and corruption work, particularly in relation to developing the proactive elements of the plan and the work of the North West Staffordshire Fraud Hub. Compliance work within Schools will continue to focus on the key risk areas of income, procurement and community facilities.
6. A general level of contingency time has been included, which is lower than in previous years. It is recognised that the Audit Plan needs to be continuously reviewed and remains sufficiently flexible to ensure that it is fully focused on the principal risks and hence may change throughout the year. Any major revisions will be reported to future meetings of the Audit & Standards Committee.
7. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed as being:

- Care Act Requirements
- Staffordshire and Stoke on Trent Partnership Trust - Transformation Programme
- Staffordshire and Stoke on Trent Partnership Trust - Contract Monitoring and Performance.
- Better Care Fund – Governance Arrangements
- Infrastructure Plus – Payment Mechanism
- HR Transformation Project
- SAP Replacement including Core +
- Economic Regeneration
- European Structural & Investment Funding Project
- Care Director – ICT application review
- Child Safety & Exploitation
- Strategic Property Procurement Partner

8. CIPFA's Audit Committees – Practical Guidance for Local Authorities 2013 includes the following core functions around Internal Audit relevant to the annual plan approval process:

- to ensure that the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Internal Audit opinion.
- to confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risk and priorities during the year.
- to ensure that there are sufficient resources within Internal Audit to deliver the plan.

Equalities Implications/ Legal Implications/ Risk Implications

9. There are no direct equalities implications arising from this report.
10. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 specifically require that a relevant body 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'.
11. Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Resource and Value for Money Implications

12. The net budget of the Internal Audit Section is estimated at £575,200 of which £64,400 relates to payments to external providers.

Climate Change Implications

13. There are no direct implications arising from this report.

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