

**COMMITTEE: AUDIT AND GOVERNANCE REF NO: AG/15/20**

**DATE: 1 MARCH 2016**

**SUBJECT: ANNUAL INTERNAL AUDIT PLAN 2016-17**

**PORTFOLIO HOLDER: COUNCILLOR MARTIN COOK**

**HEAD OF SERVICE: RUSSELL WILLIAMS**

***Short description of report content and the decision requested:***

This report presents the proposed Internal Audit Plan for 2016-17 as agreed with the Corporate Management Team. The construction of the Plan involves many factors and drivers and a diagram is incorporated within the Plan which illustrates the overall methodology.

This report is being presented to the Audit and Governance Committee in accordance with the Committee's terms of reference which stipulates that it has responsibility for 'agreeing the strategic and annual audit plans', and 'To commission work from internal....audit'.

Internal Audit Services operates in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) and Public Sector Internal Audit Standards.

***Ward(s) affected:*** All

***List of Appendices included in this report:***

*Appendix 1: Internal Audit – Annual Audit Plan 2016-17*

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***This report was prepared after consultation with:***

*Internal consultees: Corporate Management Team, S151 Officer.*

*External consultees: EY (External Audit).*

***The following policies form a context to this report:***

*(all relevant policies must also be referred to in the body of the report)*

**LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(papers relied on to write the report but which are not published and do not contain exempt information)*

1. Internal Audit – Risk Based Mapping Assurances for each Service
2. Corporate Risk Register
3. Corporate Projects
4. CIPFA Public Sector Internal Audit Standards (2013)

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## **1. Introduction**

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- 1.1 The Council is required under the Accounts and Audit Regulations to maintain an adequate and effective Internal Audit Service. This is achieved through the delivery of the Annual Audit Plan and an appraisal of the Internal Audit function.
- 1.2 This report is being presented to the Audit and Governance Committee in accordance with the Committee's terms of reference which stipulates that it has responsibility for '.....agreeing the strategic and annual audit plans', and 'To commission work from internal....audit.'

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## **2. Internal Audit Plan 2016-17**

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- 2.1 The Annual Audit Plan 2016-17 is attached at **Appendix 1**.
- 2.2 Internal Audit reviews are designed to give management assurance that the control and governance environment is working effectively and efficiently.
- 2.3 The Internal Audit Service continues to transform and evolve with the implementation of new style audit reports, a new audit recommendation follow up system and alignment with the requirements set out in the Public Sector Internal Audit Standards.
- 2.4 The Internal Audit team consists of 8 posts, equating to 6.2 full time equivalents (fte), with two fte posts currently vacant. The Head of Internal Audit (Audit Partnerships Manager) and the Audit Manager included within the 6.2 fte, are contracted from Suffolk Coastal District Council. Excluding strategic management and the vacant posts there are 428 audit days available to cover this year's work plan. However, plans are in place to recruit to one of these posts which will provide a total of 603 audit days to cover the proposed plan.

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## **3. Relevant Policies**

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- 3.1 In accordance with the Council's Finance Strategy and the legislative framework within which Internal Audit operates (including the Accounts and Audit Regulations 2015) there is a requirement for the Council to provide an adequate and effective Internal Audit Service.

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## **4. Options Considered / Under Consideration**

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- 4.1 Not relevant in the context of this report.

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## **5. Consultations**

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- 5.1 Consultation has taken place with the Corporate Management Team, the S151 Officer and the Council's External Auditors, EY.

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## **6. Risk Management**

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- 6.1 The Internal Audit reports presented to this Committee set out the main risks associated with the scope and objectives of that individual audit. A mechanism exists including meetings between the Audit Partnerships Manager and the Corporate Management Team, to ensure that any remaining uncovered risks are fed back into the Audit risk model to ensure these are covered within the Audit Strategy.
- 6.2 The importance of these risks is detailed within full reports (and associated working papers). Any significant findings within individual reports will clearly state the associated risk that the Council is then exposing itself to.
- 6.3 A crucial element within the Council's risk environment is the implementation of the recommendations put forward by Internal Audit and agreed by Management.

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## **7. Environmental Impact Assessment**

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- 7.1 There are no known direct/indirect environmental impacts arising from this report.

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## **8. Equalities and Diversity Implications**

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- 8.1 There are no known Equality and Diversity implications arising from this report.

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## **9. Financial Considerations**

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- 9.1 This is not applicable in the context of this report other than reports may examine aspects of accounting functions.

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## **10. Legal Considerations**

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- 10.1 There are no known legal considerations arising from this report.

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## **11. Performance Monitoring**

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- 11.1 Internal Audit monitors progress against the Annual Audit Plan on a continuous basis. Formal progress reports are periodically presented to the Audit and Governance Committee.

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## **12. Conclusions**

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- 12.1 The Annual Audit Plan for 2016-17 aims to meet all Professional Standards relating to Internal Audit in Public Sector and should be viewed as a working document, subject to amendment as necessary to reflect changing corporate conditions or demands as well as reflecting any changes or refinement in the Council's Corporate Risk Register.

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**13. Recommendations**

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- 13.1 That the Audit and Governance Committee approves the Internal Audit Plan for 2016-17 attached at Appendix 1.**