
REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	6th April 2011	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	TONY STAMPER (595706)	DOC:
SUBJECT:	Internal Audit Annual Work Plan 2011/12	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

1.1 Members are asked to agree the annual work plan for 2011/12.

2.0 Purpose of Report

2.1 To provide Members with details of the annual work plan for the forthcoming year 2011/12.

2.2 The annual work plan for 2011/12 is attached at Appendix A for Members' approval.

3.0 Detail

3.1 Internal audit is an assurance function that primarily provides the organisation with an independent and objective opinion on the degree to which the control and governance environment supports and promotes the achievement of the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources.

3.2 The work of Internal Audit is planned in advance to ensure that there is reasonable coverage of all Council activities. With the resources available it is not possible to cover all activities within one year and therefore a strategic planning process is used.

3.3 The strategic audit planning process comprises needs, risk and resource assessments which culminate in the development of a long-term plan.

3.4 The Audit Sub Committee approved the current strategic audit plan (2010-15) in February 2010.

3.5 The strategic plan is flexible, primarily by its rolling nature, and each year there is a re-assessment in risk and content terms.

- 3.6 Each year a work plan is produced and progress is monitored on a quarterly basis.
- 3.7 The annual work plan is derived from the strategic plan adjusted for slippage, investigation work, changing priorities or specific management requests.
- 3.8 The Corporate Management Team and the Heads of Service are consulted on the annual plan. The Head of Corporate Services, as the Council's Chief Finance Officer, agrees the plan.
- 3.9 Joint working arrangements exist between Internal Audit and our external auditors, Grant Thornton.
- 3.10 The annual plan contains time allocations, which are used either for system/probity audits or for audit work to be specified as necessary.
- 3.11 There are times when the team does not have the capacity or specialist expertise to undertake certain audits. In such a case the Head of Corporate Services will consider additional budget coverage to buy in resources. This is also an option if investigation work, sickness or vacancies occur in any significant manner.
- 3.12 New systems are being implemented during 2011/12, in particular Agresso's major upgrade for the Ledger, Creditors and Debtors system. This will see a major change in the way that the Council orders and pays for its goods and services by implementing greater electronic processing. In addition, a new Payroll System has just been implemented where processing is within an offsite shared services centre. Finally, the Cash Management system is due to be upgraded in July 2011. These systems will be seen as high risk until their internal control status has been evaluated during 2011/12 and consequently, additional days have been included in the proposed plan.
- 3.13 An allocation has been included to undertake specialist computer audit. This involves employing specialists to examine our operating systems but is subject to availability of funds.

4.0 Financial Implications

- 4.1 None stemming directly from this report.

5.0 Conclusions

- 5.1 Internal Audit reporting is a key process in ensuring the Council's internal control framework has effective systems to safeguard both the services and finances of the Council.

6.0 Background Papers

- 6.1 None