



Governance & Audit Committee – 3 December 2014

Welland Internal Audit Consortium – Internal Audit Planning Process 2015/16

Purpose of report:

This report provides Members with information on the proposed internal audit planning process for 2015/16.

Attachment(s)

Appendix A – Internal Audit Planning Process 2015/16

1.0 Background

- 1.1 Following the retirement of the previous Head of Consortium on 31st August 2014, Local Government Shared Services (LGSS) were appointed to manage the consortium on an interim basis until 31st March 2015.
- 1.2 The Public Sector Internal Audit Standards state that 'The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process'. The Governance & Audit Committee is responsible for discharging any responsibilities that the Standards require of the 'board'.

2.0 Internal Audit Planning Process 2015/16

- 2.1 Appendix A sets out the approach proposed by LGSS for the preparation of the 2015/16 internal audit plan.

3.0 Key Issues

- 3.1 The Committee is asked to endorse the proposed risk-based approach to developing the Plan and to identify any specific assurance requirements that should be considered during the development of the 2015/16 internal audit plan.

4.0 Equality and Diversity Implications

- 4.1 There are no equality and diversity implications arising from the report.

5.0 Legal Implications

- 5.1 There are no legal implications arising from the report.

6.0 Risk Management

- 6.1 There are no significant risks arising from the report.

7.0 Financial Implications

- 7.1 There are no financial implications arising from the report.

8.0 Corporate Outcomes

8.1 Effective Management - The Annual Audit Plan is designed to provide Members with assurance as to the effective management of the council's most significant risks.

9.0 Recommendations

9.1 The Governance & Audit Committee is invited to comment upon and approve the planning process for the Internal Audit Plan for 2015-16.

Legal	Power: It is a statutory requirement for Councils to have an Internal Audit function in accordance with the Local Government Act 1972.				
	Other considerations: Internal audit and the "Audit Committee" should also conform to the relevant professional guidance – the Public Sector Internal Audit Standards.				
Background Papers: None					
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Date: 11/11/2014					
CFO 21/11/14		MO		CX	

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Internal Audit Planning Process 2015 / 16

EAST NORTHAMPTONSHIRE COUNCIL

**GOVERNANCE & AUDIT COMMITTEE
3rd DECEMBER 2014**

Head of Internal Audit: Jonathan Idle

INTERNAL AUDIT PLANNING PROCESS 2015/16

1. Introduction

1.1 This report sets out the proposed approach to the preparation of the Internal Audit Plan for 2015-16, which will be presented to the Governance & Audit Committee in March 2015.

2. The Audit Plan

2.1 The Audit Plan is designed to support the provision of an annual Head of Internal Audit Opinion. The basis for forming this opinion is as follows:

- An assessment of the design and operation of the underpinning Governance, Assurance and Risk Frameworks and supporting processes; and
- An assessment of the range of individual opinions arising from the risk based assignments, which will be reported throughout the year.

Risk Assessment

2.2 For 2015-16, a new approach to audit planning is proposed by LGSS Internal Audit. The compilation of an “audit universe” (a gross list of potential areas for Internal Audit review) will highlight a list of potential audit review areas. The audit universe will be developed by identifying key risks from sources such as:

- Risk and Opportunities Management Framework / Risk Reporting
- Corporate Plan
- Financial Statements

Internal Audit would welcome views on further sources to be referred to in developing the audit universe and the most appropriate means of incorporating members’ views prior to the Committee in March 2015.

2.3 The intention of this approach is to refresh and redesign audit coverage, which can support the Governance & Audit Committee in discharging their governance responsibilities.

2.4 This process provides the basis for both the development of assurance mapping for the Council and also as a basis for a 3-year Strategic Audit planning process, should members of the Governance & Audit Committee require.

2.5 The Audit Plan covers the two key component roles of Internal Audit:

- The provision of an independent and objective opinion to the Section 151 Officer/ Head of Financial Services and the Governance & Audit Committee on the degree to which risk management, control and governance support the achievement of Council objectives;
- The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.

2.6 It is intended that the Audit Universe forms the basis of stakeholder discussions with the Senior Management Team, from which refinement and prioritisation of planned audit coverage for 2015-16 will occur.

3. Recommendation

3.1 The Governance & Audit Committee is invited to comment upon and approve the planning process for the Internal Audit Plan for 2015-16.