

<b>Subject:</b>	Annual Internal Audit Plan 2013/14	<b>Status:</b>	For Publication
<b>Report to:</b>	Audit and Accounts Committee	<b>Date:</b>	25 June 2013
<b>Report of:</b>	<b>Head of Internal Audit</b>	<b>Portfolio Holder:</b>	<b>A Well Managed Council</b>
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Community Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
<b>Contact Officer:</b>	<b>Ian Rushworth – Audit Manager</b>	<b>Telephone:</b>	<b>01772 534779</b>
<b>Email:</b>	<b>lan.Rushworth@lancashire.gov.uk</b>		

<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	Members are asked to approve the internal audit annual plan for the period 1 April 2013 to 31 March 2014.

## 2. PURPOSE OF REPORT

- 2.1 The Audit and Accounts Committee's terms of reference require it to advise the council on the planned activity and results of internal audit. The Public Sector Internal Audit Standards issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) state the Audit Committee is required to approve, but not direct, the internal audit plan.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A clean and green Rossendale** – creating a better environment for all.
  - **A healthy and successful Rossendale** – supporting vibrant communities and a strong economy.
  - **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- The plan enables the Leader and Chief Executive to report in the Annual Governance Statement.
  - The plan ensures the council is able to progress in matters of Financial Management.
  - Failure to produce an annual plan would undermine confidence in the unit and its ability to provide the Authority with the necessary level of assurance in relation to their business risks.

## 5. BACKGROUND AND OPTIONS

- 5.1 Appendix A sets out the plan of work to be undertaken by the Authority's internal audit service for the 2013/14 financial year.
- 5.2 The plan is intended to provide assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement, which is published with the

financial statements.

5.3 Regulation 4 of the Accounts and Audit (England) Regulations 2011 requires that:

*"The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."*

Furthermore, Regulation 6 requires that:

*"A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control."*

The responsibility for maintaining the system of internal control and for implementing risk management arrangements clearly rests with the Authority. However the process by which the Annual Governance Statement is made includes obtaining assurances on the effectiveness of key controls and, in practice, these will be substantially drawn from the work of internal audit as well other assurances available to the Authority.

#### **COMMENTS FROM STATUTORY OFFICERS:**

##### **6. SECTION 151 OFFICER**

6.1 Any financial implications arising are noted in the report.

##### **7. MONITORING OFFICER**

7.1 Any legal implications are commented upon in the report.

##### **8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)**

8.1 No Human Resource implications.

##### **9. CONSULTATION CARRIED OUT**

9.1 RBC Senior Management Team, relevant Heads of Service, and Authority's external auditors.

##### **10. CONCLUSION**

10.1 The plan is largely focused on an assessment of the risks to the achievement of the Authority's objectives, and the provision of assurance that the actions planned to mitigate these risks are adequate and effective.

#### **Background Papers**

<b>Document</b>	<b>Place of Inspection</b>
Accounts and Audit (England) Regulations 2011 – Statutory Instrument 817	Financial Services
Public Sector Internal Audit Standards, CIPFA 2013	Financial Services
Local Government Act 1972 (Section 151)	Financial Services