

5 April 2011		ITEM 6
Audit Committee		
STRATEGY FOR INTERNAL AUDIT 2011/12 TO 2013/14 AND ANNUAL PLAN 2011/12		
Portfolio Holder: Cllr Oliver Gerrish, Portfolio Member Central Services		
Wards and communities affected: N/A	Key Decision: N/A	
Accountable Head of Service: Chris Harris, Head of Internal Audit		
Accountable Director: Martin Hone, Corporate Director of Finance and Corporate Governance		
This report is Public		
Purpose of Report: To receive the Strategy for Internal Audit 2011/12 to 2013/14 and agree the Annual Audit Plan 2011/12		

Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the date of the meeting (in font 16, not capitals)

Comment [sj]: Please leave this for completion by Democratic Services

Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)

Comment [sj]: Please state the name of the Cabinet Member and the Portfolio to which the report refers

Comment [sj]: Please enter details of any Wards and Communities affected by the report. If this section is not

Comment [sj]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more than 2 wards or having 250,000

Comment [sj]: Please state the Head of Service's name and job title

Comment [sj]: Please state Director's name and job title

Comment [sj]: State whether your report is Public or Exempt. If Exempt (i.e. not to be given to the public or discussed in

Comment [sj]: Briefly set out the purpose of your report

Comment [sj]: Please provide a summary of the key points in your report

Comment [sj]: The recommendations should be set out in bold in the form of the decision that the decision

Comment [sj]: You should briefly explain why the report is on the agenda - See para. 5.3 and 5.4 of the report writing guidelines

EXECUTIVE SUMMARY

1. RECOMMENDATIONS:

1.1 That the Audit Committee

Receive the Strategy for Internal Audit 2011/12 to 2013/14 and agree the Annual Audit Plan 2011/12.

2. INTRODUCTION AND BACKGROUND:

- 2.1 In October 2006, following a tendering process, the Council's Internal Audit Service was outsourced to RSM Tenon (formerly RSM Bentley Jennison). As part of the contract, it was agreed that an Audit Needs Assessment (ANA) would be carried out which would be carried out on an annual basis by senior management within the Council. From this ANA process, an Annual Audit Plan is produced. This report comments on the ANA process for 2011/12.
- 2.2 To inform the ANA process, a copy of a draft plan based upon the 2010/11 ANA process was sent to all Heads of Service and meetings held to discuss their specific requirements. From these initial contacts, a draft plan was developed. As part of this process, Internal Audit also considered a number of other sources including the Audit Commission's Annual Audit and Inspection Letter, the Annual Governance Statement and Annual Governance Report. Examples of issues that have impacted upon the plan include the work carried out in 2010/11 on contracts and budgetary control which has resulted in a cross cutting reviews across all directorates on a rolling programme. New

issues and potential risks are also used to inform the plan such as the impact of the austerity measures on the Council, value for money of contracts etc. We also considered the results of our work in 2010/11, the concerns of the Audit Committee and the Council’s corporate risk register. The draft report was then circulated and presented to the Directors Board (DB) on 16th March for their comments and these have been included in the document being presented to the Committee.

It is important to note that the Audit Strategy and plan is designed, in part, to test the control environment surrounding potential risks and key controls.

3. [ISSUES AND/OR OPTIONS:]

3.1 As a result of the above consultations, a number of changes were made to the plan. This included adding newly prioritised work resulting from the sources referred to in 2.2 above, bringing some work forward from future years to the current year and moving some reviews back, or cancelling reviews, as they are no longer applicable.

3.2 Following agreement of the plan by Directors Board, it is now being presented to the Audit Committee to obtain member agreement.

4. [IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT]

4.1 The achievement of corporate priorities is a key consideration of the senior management and internal audit when they are discussing the areas that need to be included within the annual audit plan.

5. [IMPLICATIONS]

5.1 [Financial]

Implications verified by: **Meinir Hall**
 Telephone and email: **01375 652147**
mhall@thurrock.gov.uk

Whilst there are no direct financial implications arising from this report, it is important that the authority maintains adequate internal controls to safeguard the authority’s assets. This is not to say that audit recommendations do not have financial implications but these are for management to identify and contain within existing budgets.

5.2 [Legal]

Implications verified by: **Daniel Toohey**
 Telephone and email: **01375 652049**
dtoohey@thurrock.gov.uk

The Council has the legal obligation to maintain an adequate and effective system of internal audit and the Council has delegated this responsibility to the Audit Committee. The report recommends that the Audit Committee receives the Strategy for Internal Audit 2011/12 to 2013/14 and agree the

Comment [sj]: Other headings may be appropriate. The report should outline the reasoning that leads to its recommendations and **must** include:

1. a brief summary of options considered;
2. consultation outcomes
3. a risk assessment.
4. Whether the responsible cabinet members have been consulted/contributed to the report (NB professional and political advice must be clearly distinguished)

- See para.5.5 of the report writing guidelines.

Comment [a]: Please refer to Section 5.7 of the Report Writing Guidelines

Comment [sj]: This section should always be completed – if they are dealt with fully in another part of the report, they also need a brief cross reference here. The names and job titles of the officers providing the implications should be provided in full – see Guideline 6.1 and please note Democratic Services Deadlines and ensure that officers providing implications are given 5 clear working days to work on the report. Authors can write implications but they must be signed off by the appropriate officers

Comment [sj]: See Guideline 6.2

Comment [sj]: See Guideline 6.3

Annual Audit Plan 2011/12. The Strategy and the Annual Plan will identify how the section 151 Officer will deliver an effective internal auditing service for the Council therefore there are no obvious adverse legal implications associated with receiving this report.

5.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
 Telephone and email: **01375 652472**
sedealyn@thurrock.gov.uk

There are no direct diversity implications arising from this report.

5.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's risk and opportunity register.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- Internal Audit Strategy 2010-2013
- Internal Audit Annual Plan 2010/11
- Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit Regulations (Amendment)(England) Regulations 2006).
- Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, CIPFA.

APPENDICES TO THIS REPORT:

- Appendix: Strategy for Internal Audit 2011/12 to 2013/14

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Comment [sj]: See Guideline 6.4

Comment [sj]: See Guideline 8. If any Papers are to be placed in the Members room that relate to this report, you should also list them here

Comment [sj]: List the Appendices referred to in the Report

Comment [sj]: Insert the full contact details of the author of the report