

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE
<b>SUBJECT:</b>	INTERNAL AUDIT: INTERNAL AUDIT PLAN 2012 - 2013
<b>DATE OF DECISION:</b>	23 APRIL 2012
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR
<b>STATEMENT OF CONFIDENTIALITY</b>	
Not Applicable	

### **BRIEF SUMMARY**

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business, activities, systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. Currently only medium and high priority reviews are incorporated within the Strategic Audit Plan.

All low priority review areas remain within the audit universe and reassessed on an annual basis however are not routinely incorporated in the planning process if continued to be assessed as a low priority.

The audit plan will remain fluid and a contingency provision will be incorporated to ensure internal audit availability should the risk environment change during the year. Other reviews, based on criteria other than risk, may also be built into the work plan. These may include "mandatory" audits or reviews requested or commissioned by management. Any commissioned review must be able to clearly demonstrate contribution to the audit opinion on risk management, control and governance.

### **RECOMMENDATIONS:**

- (i) The Audit Committee is invited to comment on and approve the Internal Audit Plan for 2012/13 as attached.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. In accordance with proper internal audit practices and the Internal Audit Strategy, the Audit Committee is required to approve, but not direct, the Internal Audit Plan.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. None.

## DETAIL (Including consultation carried out)

3. The plan has been designed in line with the Internal audit strategy and reflects recognised good practice to ensure due consideration is given to the core principles of good governance to support the Annual Governance Statement.
4. Auditable units have been selected and prioritised on a rational and objective basis, following a systematic appraisal, in consultation with management, including the following predictive factors:
  - Materiality;
  - Corporate importance;
  - Vulnerability;
  - Significant change;
  - Previous assurance; and
  - Management concern
5. Consideration has been given to the assurance work carried out by others, such as those responsible for the governance of the Council, the external auditors and other review bodies, to avoid duplication and maximise use of available assurance resources.
6. The audit plan is indicative; it will be subject to ongoing review and amendment, in consultation with the relevant Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council.
7. Amendments to the plan will be identified through the Internal audit team's continued contact and liaison with those responsible for the governance of the Council (i.e. MBoD, Audit Committee and the Audit Commission).
8. The type of "review" undertaken will be determined in consultation with the relevant Audit Sponsor. The range of review type includes:

Risk based audit: review of design and operation of controls in place to mitigate key risks to the achievement of defined objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

Developing systems audit: review of plans and designs of systems under development; and/or assessment of programme/project management controls.

Compliance audit: a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations.

Quality assurance review: review of approach and competency of other reviewers/assurance providers to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.

Consultancy or advisory services: provision of advice, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any consultancy or advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

Fraud and irregularity investigations: provision of specialist skills and knowledge to assist in or lead an investigation as appropriate; and/or review of fraud prevention controls and detection processes.

9. Directors and/or their nominated Senior Managers will be involved in the scoping of the reviews to ensure they are appropriately focused on the key risks to delivery of agreed objectives. The detailed planning stage for each review may result in reviews being combined, extended or replaced. A “Terms of reference” will be produced prior to the commencement of each review to ensure the scope and objectives of the review are understood and agreed.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

10. None

### **Property/Other**

11. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

12. The Accounts and Audit (England) Regulations 2011 require the Council to ‘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’

### **Other Legal Implications:**

13. None

## **POLICY FRAMEWORK IMPLICATIONS**

14. None

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**KEY DECISION?** Yes/No    No

<b>WARDS/COMMUNITIES AFFECTED:</b>	
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### **SUPPORTING DOCUMENTATION**

#### **Appendices**

1.	Internal Audit: Internal Audit Plan 2012/13
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#### **Documents In Members' Rooms**

1.	None
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#### **Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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#### **Other Background Documents**

**Integrated Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None
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