

CAMBRIDGE CITY COUNCIL

REPORT OF: DIRECTOR OF RESOURCES

TO: CIVIC AFFAIRS COMMITTEE

23 March 2011

WARDS: All

DRAFT INTERNAL AUDIT PLAN AND STRATEGY 2011 / 2012

1 INTRODUCTION

- 1.1 This is the draft Annual Plan and Strategy for Internal Audit for 2011 / 2012 for consideration by the Civic Affairs Committee. The plan has been subject to consultation with all Directorates and a copy of the draft plan has been sent to External Audit.
- 1.2 The current CIPFA best practice requires that a designated audit committee (Civic Affairs Committee) formally agrees all future audit plans.
- 1.3 Ongoing resource pressures within the team have been more challenging this year with:
 - The Head of Internal Audit post being vacant for 3 months prior to the joint working arrangements now in place with Peterborough City Council. Nevertheless, this arrangement only provides for approximately 50% of the previous resource from January 2011 onwards; and
 - One Senior Auditor on long-term sick leave.

2 RECOMMENDATIONS

- 2.1 Civic Affairs Committee is requested to examine the draft Internal Audit Plan for 2011 / 2012 and:
 - Identify any areas for further consideration; and
 - Approve the plan and strategy.

3 INTERNAL AUDIT STRATEGY AND PLAN 2011 / 2012

- 3.1 The Internal Audit Strategy (**Appendix A**) has been established to set out the key principles used in developing and delivering the Internal Audit Service, as well as providing a vision as to the future direction of the service.
- 3.2 Managing performance is key to ensuring an effective internal audit service. Various performance indicators are maintained which cover key elements of service delivery – cost effectiveness, client satisfaction and quality and

improvement. These are internally monitored and will be reported through to Committee in accordance with reporting timetables.

3.3 The draft Internal Audit Plan for 2011 / 2012 (**Appendix B**) has been developed using a risk-based approach. The plan has been formulated from reviews of the following:

- i) Corporate risks and an assessment of mitigating actions;
- ii) Areas of significant change or concern within the council;
- iii) Key projects / partnerships being undertaken;
- iv) Draft Portfolio Plans;
- v) Discussions with Directors and Heads of Service during the year; and
- vi)

3.4 The Plan has been broken down into a number of elements:

- a) Core Systems and 'Cross-Cutting' activities. This incorporates the corporate risks that affect all or most departments' key financial areas which provided external audit with assurance on a number of the key systems, together with overarching themes such as partnerships;
- b) Key contracts and projects; and
- c) Departmental specific audits.

3.5 In addition, the plan has been cross referenced to the Vision / priorities of the Council in order to ensure that a degree of assurance can be provided to Members that appropriate actions are in place to deliver the agenda.

3.6 This draft plan includes the proposed number of audit days assigned to the individual audits. We are proposing that those audits marked as critical on the final annual audit plan will be 100% completed within the year. As previously requested, we have indicated why these audits are considered critical.

3.7 The Audit Plan does not include details of the special investigation work and "consultancy type" activity that the Council also calls upon the team to deliver, but a separate provision has been made for the completion of such work in 2011 / 2012 and this has been based on resources utilised in previous years.

3.8 As in previous years, should any special investigation work or significant additional request work be required by Councillors or officers, which leads to the potential for resources required exceeding the amount set-aside, then the Shared Head of Internal Audit will establish the course of action to be taken in consultation with the Director of Resources and the Chair of Civic Affairs Committee. In the event of this occurring, a separate report will be produced to inform all Members of the Committee.

3.9 The result of the work set out in the Internal Audit plan will be the production of the annual opinion by the Head of Internal Audit for this Committee. This opinion will then inform the Annual Governance Statement which is signed off by the Leader of the Council and the Chief Executive and accompanies the Statement of Accounts. The Head of Internal Audit Opinion for the Audit Plan work conducted during 2010 / 2011 will be reported to this committee in June 2011.

- 3.10 Specific timings for individual audits are still to be agreed with Directors / Heads of Service. The audit plan will then be published on the Council's intranet to enable Officers and Members to be aware of audit timings and advise Internal Audit, at an early stage, if the timetable needs adjusting.

4 CONSULTATION

- 4.1 Ongoing work planning is agreed with External Audit, and reviewed throughout the year to ensure that the work of Internal Audit and External Audit is co-ordinated. A copy of the audit plan has been sent to External Audit for their information.
- 4.2 Directors were consulted during February 2011 on the possible content for the 2011 / 2012 audit plan and their views have been taken into consideration when putting the plan together.
- 4.3 The Committee is advised that the Head of Internal Audit will also produce a half-year review of progress to date for Civic Affairs Committee.

5 IMPLICATIONS

(a) **Financial Implications**

There are no expenditure implications as a result of the report.

(b) **Staffing Implications**

The Internal Audit establishment is set at a level to enable delivery of the work identified in the plan.

(c) **Equal Opportunities Implications**

The Council's Equal Opportunities Policy is applied within the Department.

(d) **Environmental Implications**

There are no Environmental implications in this report.

(e) **Community Safety**

There are no Community Safety implications in this report.

BACKGROUND PAPERS:

The following are the background papers that were used in the preparation of this report:

Risk-Based Internal Auditing – Working Standards and Procedures

To inspect these documents contact Steve Crabtree on extension 8181.

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Report file:

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