

AUDIT COMMITTEE – 18 MARCH 2016

INTERNAL AUDIT CHARTER, ASSURANCE FRAMEWORK AND INTERNAL AUDIT PLAN 2016/17

1 INTRODUCTION

- 1.1 The purpose of this report is to review and agree the Internal Audit Plan 2016/17 (Appendix 1) which is compiled following an evaluation of the risks to the Council and local factors as recorded in the Internal Audit Charter.
- 1.2 The main functions of the Internal Audit Charter, Assurance Framework and Audit Plans are to ensure the work of internal audit;
- supports the Council by underpinning the Section 151 Officer's financial responsibilities
 - supports the Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer
 - has clear objectives, standards and ethical working
 - has a defined "control environment" on which assurance is given
 - assesses where assurance can be provided by other bodies
 - is defined within a work programme which can be monitored for performance

2 INTERNAL AUDIT CHARTER

- 2.1 The Internal Audit Charter has been reviewed and there are no recommended changes to be made at this time.

3 ASSURANCE FRAMEWORK

- 3.1 The Assurance Framework has been reviewed and remains unchanged.

4 INTERNAL AUDIT PLAN 2016/17

- 4.1 The audit plan covers the following areas;
- Key Financial audits, these are systems which could have a material impact on the Councils' Statement of Accounts and are included annually
 - Other risk based service or operational areas or key assurance areas
 - ICT audit
 - Procurement / Contract Management
 - Governance
 - Counter Fraud
 - Project/Consultancy/Advisory time
 - Fee earning work
 - Contingency time
 - Audit Management and Staff training and development time
- 4.2 The Counter Fraud time has been extended to cover new requirements under the CIPFA Code of Practice, but to also ensure there are effective counter fraud processes in place across the Council.

- 4.3 To provide additional service to the Council, time has been specifically set aside to support corporate projects and undertake Value for Money reviews.
- 4.4 The Audit Plan for 16/17 is subject to change during the year as a result of the Management restructure that is currently taking place. It has been agreed with EMT that the Principal Auditor will work with the Business Improvement and Customer Service Manager to align the Audits within the Audit plan to the Service reviews detailed in the Corporate Plan. A number of audit days can be utilised to aid these service reviews however there will still be some time required for fundamental audit testing in each area.
- 4.5 The Audit Universe will be risk assessed during 16/17 following the Management restructure to ensure the frequency and time allocation of each audit is in line with the new structure.
- 4.5 Fee earning work is estimated to be £50,000 for 2016/17. This audit partnership work provides for the NFDC Internal Audit team, to act as the Internal Auditor for local Town Councils and the New Forest National Park Authority through an SLA. There will also be the continuation of a management role and shared audit resource with East Dorset DC, Christchurch BC, Purbeck DC (and Poole BC with the new SVPP partnership).
- 4.6 Internal Audit works closely with the external auditor, Ernst & Young. It has been agreed that Internal Audit will continue to undertake the Benefit grant claim work, saving external audit fees of approximately £6,000.

5 FINANCIAL IMPLICATIONS:

- 5.1 There are no financial costs arising directly arising from this report. The audit plan has been compiled following a risk assessment to help limit the risk of financial loss. The additional fee earning work and potential savings on external audit fees are detailed.

6 EQUALITY & DIVERSITY AND ENVIRONMENTAL MATTERS:

- 6.1 There are no equality and diversity or environmental matters directly associated with this report.

7 CRIME & DISORDER IMPLICATIONS:

- 7.1 There are no direct crime and disorder implications arising from this report, however these documents do consider the risk of criminal activity.

8 RECOMMENDATIONS:

- 8.1 It is recommended that the Audit Committee approves the Internal Audit Plan 2016/17

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