

**REPORT FOR: GOVERNANCE, AUDIT &  
RISK MANAGEMENT  
COMMITTEE**

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**Date of Meeting:** 26 June 2012

**Subject:** 2012/13 Internal Audit Plan

**Responsible Officer:** Tom Whiting, Assistant Chief Executive

**Exempt:** No

**Enclosures:** Appendix A: 2012/13 Final Internal Audit Plan  
Appendix B: 2012/13 Internal Audit Delivery Plan  
Appendix C: 2011/12 – 2014/15 Internal Audit Strategy

## **Section 1 – Summary and Recommendations**

This report sets out the 2012/13 Internal Audit Plan, Delivery Plan and Strategy.

**Recommendations:**

The Committee is requested to: Approve the 2012/13 Internal Audit Plan to fulfil the CIPFA Code of Practice for Internal Audit requirement to approve (but not direct) the Internal Audit Plan and to note the Internal Audit Delivery Plan and Strategy.

## **Section 2 – Report**

### **Background**

- 2.1 This report sets out the 2012/13 Final Internal Audit Plan (Appendix A); the 2012/13 Projects Taken Out of the Draft Internal Audit Plan (Appendix B); the 2012/13 Internal Audit Delivery Plan (Appendix C) and the 2012/13 Internal Audit Strategy (Appendix D).
- 2.2 The draft Internal Audit Plan for 2012/13 was presented to the GARM Committee's last meeting in March for review and comment. The presentation of the final plan has been changed to a table format to facilitate the reporting of the days in the plan for each review and the expected timing of the each review in line with CIPFA recommended practice.
- 2.3 The table also shows the results of the audit risk assessment undertaken to determine reviews to be taken forward from the draft to the final plan; the main driver for each review (which was also shown on the draft plan); a summary of the areas to be covered for each review and, for the first time where the review links to the Corporate Risk Register, whether the risk is below or above the risk appetite line.
- 2.4 A report explaining risk appetite was presented to the GARM Committee's last meeting. The risk appetite of the Council can be defined as "the amount and type of risk that an organisation [the Council] is prepared to seek, accept or tolerate" (Source: British Standard on Risk Management BS31100 2008) or similarly, "The amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives" (Source: Institute of Risk Management: Risk Appetite and Tolerance; Guidance Paper 2011). The risk appetite statement is used to draw a risk appetite line and all risks which appear above the risk appetite line will require management review and action by officers of the Council. Risks at an exposure below the line are deemed acceptable.
- 2.5 From the perspective of the Internal Audit Plan internal audit work would only normally be undertaken on risks above the risk appetite line. As shown in the Final Plan table all corporate risks relating to work identified in the plan are above the risk appetite line.
- 2.6 The number of audit days available for the 2012/13 plan is determined via a detailed resource calculation for each auditor taking into account available days, actual days 2011/12 and allowances for annual leave, training etc. A realistic but challenging target is then set for each member of the team and the combination of these targets determines the days available for the Internal Audit Plan. 900 audit days were identified for the 2011/12 plan and 914 audit days have been identified for the 2012/13 plan based on an average of 191 days per auditor and 150 days for the Service Manager.
- 2.7 Appendix B is the Internal Audit Delivery Strategy for 2012/13 which outlines the key service activities for the Internal Audit Service during

2012/13 and Appendix c is the Internal Audit Strategy 2011/12 – 2014/15 (updated for 2012/13) which is a high-level, longer term statement of how the Internal Audit service will be delivered and how the service links to both the corporate priorities and the CREATE values.

### **Financial Implications**

2.8 The functions of the Internal Audit service are delivered within the budget available.

### **Risk Management Implications**

2.9 The work of internal audit supports the management of risks across the council and the Internal Audit Plan is derived from the review of the Corporate Strategic Risk/Opportunities Register, the Corporate Operational Risk Register and risks identified by management.

### **Corporate Priorities**

2.10 Internal Audit contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support the priorities.

## **Section 3 - Statutory Officer Clearance**

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 13 June 2012		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of Monitoring Officer
Date: 10 June 2012		

## **Section 4 - Contact Details and Background Papers**

**Contact:** Susan Dixon, Service Manager, Internal Audit,  
Tel:0208 424 1420

Background Papers: None.