

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 27th March 2012
Report of: Head of Internal Audit
Title: Internal Audit Plan 2012/13
Portfolio Holder: Councillor Michael Jones, Resources

1.0 Report Summary

- 1.0 The purpose of the report is for the Committee to receive and approve the Internal Audit Plan for 2012/13.

2.0 Recommendation

- 2.1 That the approach to internal audit planning be endorsed and the Internal Audit Plan 2012/13 be approved.

3.0 Reasons for Recommendation

- 3.1 In accordance with the Code of Practice for Internal Audit in Local Government, the Internal Audit Plan is put to the Audit and Governance Committee for approval.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Wards Affected

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Not applicable.

7.0 Financial Implications (Authorised by the Director of Finance and Business Services)

- 7.1 The Internal Audit team must be appropriately staffed and resourced to comply with statutory and best practice requirements. The budget for the Internal Audit function currently provides for staffing levels in accordance with the plan produced.

8.0 Legal Implications

- 8.1 The requirement for an internal audit function is either explicit or implied in legislation with s151 of the Local Government Act 1972 requiring

Councils to “make arrangements for the proper administration of their financial affairs” and the Accounts and Audit Regulations 2011 requiring a relevant body to “undertake an adequate and effective internal audit ...”

9.0 Risk Assessment

- 9.1 The Authority is required to undertake an adequate and effective internal audit in accordance with Regulation 6 of the Accounts and Audit Regulations 2011. Failure to consider the effectiveness of its system of internal audit, and the opinion on Council’s control environment, could result in non- compliance with the requirements of the Regulations.

10.0 Background and Options

- 10.1 All principal local authorities subject to the Accounts and Audit Regulations 2011 must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 10.2 In order to comply with the Code, a risk-based audit plan (Appendix A) has been prepared that is put to this Committee for approval, but not direction. The legislation and Code of Practice specifically state that those charged with governance approve the Plan but that this is not in a directing role as the Head of Internal Audit retains the independence and balance of judgement to implement the plan based on their assessment of risk and requirements.
- 10.3 In discharging their duty, Members should consider whether the scale and breadth of activity is sufficient to allow Internal Audit to provide an independent and objective opinion to the Council on the control environment taking account of whether:
- the level of resources in any way limits the scope of Internal Audit, or prejudices the ability to deliver a service consistent with the Code.
 - Internal Audit is sufficiently independent of the activities it audits.
 - the level of non-assurance work does not impact on the core assurance work.
- 10.4 Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to this Committee.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Lisa Quinn

Designation: Director of Finance and Business Services

Tel No: 01270 686628

Email: lisa.quinn@cheshireeast.gov.uk