

## Internal Audit Report

Portfolio

Finance

Ward(s) Affected: n/a

### **Purpose**

**To consider and approve the 2016/17 Internal Audit Annual Plan**

### Background

1. The Accounts and Audit Regulations require local authorities to maintain an adequate and effective system of internal audit of accounting records and of the system of internal control, in accordance with internal audit Standards. An Annual Plan for Internal Audit demonstrates how the Council will fulfil this requirement in accordance with the Public Sector Internal Audit Standards.
2. The annual Internal Audit opinion will be derived from the work undertaken in accordance with the Annual Plan, the overall opinions of each audit, and the progress made by managers in implementing previously agreed recommendations.

### The Annual Plan

3. The Annual Plan is attached at Annex A. It is a proposed work programme for Surrey Heath's Internal Audit for the forthcoming financial year, and covers the period April 2016 to March 2017. The plan is a combination of cyclical reviews that are conducted every year, as well as audits that are undertaken less frequently such as one off pieces of work, or audits conducted every 3 years.
4. The plan is based on the Internal Audit Strategic 3-Year Plan, and was agreed by Members in January 2014. The current Strategic Plan expires at the end of 2016-17 financial year.

### Resourcing & Qualifications

5. A total number of 522 days will be required to deliver the plan, utilising 2 full time auditors. The total number of days includes an allowance for annual leave, bank holidays and training. The team consists of a Chartered fully qualified Senior internal auditor and a part qualified auditor, who is currently undergoing training and examinations through the Global Institute of Internal Auditors. The Senior Auditor reports directly into the Audit, Fraud and Enforcement Manager as well as the Section 151 Officer.

### Requirements of External Audit

6. The plan includes a number of audits that have been required by the Council's external auditors. This body of work focuses on key finance audits such as

debtors, creditors, treasury and housing benefits and the work internal audit do in such areas assists the Council with the verification and checks on the Council's set of accounts; Balance Sheet, Trial Balance and Cash Flow statements.

#### Monitoring and reporting

7. Progress against the plan and performance of the audit team is monitored during the year and reported to the Executive Head Finance. Major amendments to the plan will be discussed and agreed in advance with the Executive Head Finance in consultation with the Audit & Standards Chair.
8. Significant risks and findings identified by Internal Audit during the course of the year will be brought to the attention of senior management, and reported to the Audit & Standards committee. Significant risks are also brought to the attention of the Council's Corporate Risk Management Group and considered for inclusion in the Corporate Risk Register. Internal Audit recommendations are followed up and any significant or essential actions that have not been implemented or discharged within agreed timescales are reported to CMT and Members twice a year.

#### Corporate Plan

9. The work of Internal Audit supports the Council's Corporate Plan whilst helping to meet its corporate objectives and key priorities. The Internal Audit service is also an integral part of the Council's performance management system.

#### Resource implications

10. There are no resource implications arising from this report.

#### Recommendation

11. Members are asked to note and agree the 2016-17 Internal Audit Annual Plan.

#### Annex A: Copy of 2016-17 Annual Plan

#### Background Papers: None

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