



## **REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT**

### **INTERNAL AUDIT PLAN – 2015/16**

#### **Purpose of the Report**

1. To inform Members of the proposed Internal Audit Plan for the 2015/16 financial year.

#### **Information and Advice**

2. Internal Audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
3. The Public Sector Internal Audit Standards require the chief audit executive to establish a risk based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. As part of the planning process, account has been taken of external sources of assurance, including work by Ofsted, the Care Quality Commission and external audit. Where audits have been planned, pre-audit work will also include discussion with the relevant managers over sources of assurance that can be relied upon to prevent duplication.
4. The Authority's Strategic Plan 2014-2018 sets out our promise to the people of Nottinghamshire; our priorities for the next four years and how we aim to support the people of our county to be aspirational, independent and to share with us responsibility for the future. The vision for Nottinghamshire is to be a better place to live, work and visit.

The Authority's priorities are:-

Supporting safe and thriving communities  
Protecting the environment  
Supporting economic growth and employment  
Providing care and promoting health  
Investing in our future

5. The attached Audit Plan sets out the proposed coverage of the Authority's systems and procedures which deliver the Authority's priorities, for the period 2015/16. The Plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its accounting records and its system of internal control.

6. Discussions about the content of the Audit Plan have been held between January and March at departmental leadership teams. As part of this, more detailed one-to-one discussions have taken place with Service Directors. The Audit Plan is implemented flexibly, and will continue to change to ensure that any emerging priorities during the year are addressed.
7. The role of Internal Audit is to provide management with an objective assessment of whether its systems and controls are working properly. It provides an independent and continuous appraisal of the Authority's activities and in particular focuses on the internal controls established by the organisation's managers. The Section's aim is to complete the programme of planned work in order to express an overall view on the adequacy and effectiveness of the Authority's internal control systems.
8. This work is important in enabling the County Council's External Auditors to form a view on the overall adequacy of the Council's financial controls, which in turn supports their assessment of whether or not the County Council's annual statement of accounts gives a "true and fair view". The work is also a key contributory factor in the preparation of the Council's Annual Governance Statement.
9. The Plan has been compiled in accordance with the Public Sector Internal Audit Standards, which came into force in 2013. A detailed breakdown of the plan is shown in the attached appendices, and is summarised in the table below.

**Table 1: Summary of Internal Audit Plan for 2015/16**

Department	Days	Number of Audits			Total
		High Risk	Med Risk	Low Risk	
Cross-cutting	305	10	-	-	10
Children, Families and Cultural Services (excluding schools)	158	1	9	2	12
Schools	437	-	67	-	67
Adult Social Care, Health and Public Protection	232	6	7	3	16
Environment and Resources	427	11	19	3	33
Policy, Planning and Corporate Services	45	-	3	-	3
Public Health	15	-	1	-	1
Contingency	100				
<b>Total County Council</b>	<b>1,719</b>	<b>28</b>	<b>106</b>	<b>8</b>	<b>142</b>
External Clients (Work for Fire, Academies and School Funds)	171				
<b>Overall Total</b>	<b>1,890</b>				

10. As can be seen from the above, a total of 1,890 days are planned for 2015/16 of which 1,719 (91%) will be spent on the Authority's systems and procedures. The remaining 171 days will be spent on external contracts providing an internal audit service to Notts Fire and Rescue Service, work on school funds and work in academy schools. External contracts help the section maintain high quality services and costs are fully recovered.

11. The Audit Plan shows a small reduction in terms of the number of days to that in 2014/15, following a decision to hold some posts vacant, pending discussions on shared services with other Nottinghamshire authorities. The changes implemented in 2014/15 to provide more consultancy-style work and to audit increasingly complex areas will be continued in 2015/16. Table 2 sets out planned coverage in previous years, as an indicator of the changing plans over the years.

Table 2: Changes in the Planned Audit Days for the Council, Planned Jobs, Council Gross Turnover and Internal Audit cost per £ million turnover between 2008/09 and 2015/16

Year	Planned days	Planned audits	Council Gross turnover (£million)	Audit Cost per £m expenditure (£)
2008/09	2,288	191	1,201	561
2009/10	2,233	169	1,240	510
2010/11	2,196	157	1,253	448
2011/12	1,955	136	1,283	323
2012/13	1,923	147	1,215	313
2013/14	1,929	139	1,093	329
2014/15	1,727	119	1,093	334
2015/16	1,719	142	1,110	330

12. Progress against the plan will be reported to the Council's Audit Committee and the Corporate Leadership Team on a regular basis.

### **Other Options Considered**

13. This report is for information and noting only.

### **Reason/s for Recommendation/s**

14. To provide information to Members on the Internal Audit Plan of work for 2015/16.

### **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

1) That the Internal Audit Plan 2015/16 be noted.

**Nigel Stevenson**  
**Service Director (Finance and Procurement)**

**For any enquiries about this report please contact:**

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### **Constitutional Comments**

16. This report is for noting only.

### **Financial Comments (JMB 2/3/15)**

17. The net budget for the provision of Internal Audit to the County Council for 2015/16 is £366k.  
This comprises gross expenditure of £539k and income of £173k.

### **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

### **Electoral Division(s) and Member(s) Affected**

- All