

ROTHERHAM BOROUGH COUNCIL - REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	5th May 2015
3.	Title:	Internal Audit Plan 2015/16
4.	Directorate:	Resources and Transformation

5. Summary

This report refers to the draft Internal Audit Plan for 2015/16.

The report explains Internal Audit's approach to the development of the plan, as well as detailing the specific activities we plan to review over the year.

We have made some significant changes to our approach to planning. These have been reflected in the resulting audit plan, which now more fully reflects a risk based assessment using the Council's risk registers, budget documentation and other key plans. The plan also reflects discussions with directors and the Strategic Leadership Team on their views of key risks and areas for audit coverage.

The programme includes coverage in many areas criticised in the Jay, Ofsted and Casey reports.

6. Recommendation

The Audit Committee is asked to support the Internal Audit Annual Plan for 2015/16

7. Proposals and Details

Internal Audit is required to comply with the UK Public Sector Internal Audit Standards. The Standards require Internal Audit's plans to be risk based.

The Casey Report published in February 2015 stated that the audit function at Rotherham operated 'within acceptable norms' but also raised concerns about the overall approach to audit. As a result, we have reviewed our approach to ensure compliance with the requirements of the Audit Standards. The Internal Audit Plan for 2015/16, which is attached at **Appendix 1**, describes how we have done this.

The plan has been prepared after a full refresh of the 'audit universe' (i.e. the comprehensive list of all areas potentially subject to audit across the Council) and a thorough risk assessment of the Council's activities. It has also taken into account:

- financial information from budgets and key financial systems
- review of key plans and policies
- consultation with the Council's Directors and Strategic Leadership Team
- known major upcoming changes in key systems and governance arrangements
- views on the risk of fraud and error
- cumulative audit knowledge and experience.
- external requirements (including requirements to audit and sign off grant claims for the government).

As well as identifying all of the proposed pieces of work to be carried out during the year, the plan:

- explains the statutory requirements for Internal Audit
- describes the approach and methodology adopted in producing the plan
- shows the level of resources available to deliver the plan is 1,405 days, based on an establishment of 8.4 FTE
- identifies the Audit Universe subject to audit
- includes high level risk assessments for each Council service
- includes a contingency to use in responding to requests for advice / assistance that arise throughout the year. Client feedback tells us that Internal Audit's ability to respond promptly to unforeseen issues of this nature is highly valued. With finite resources though, we will need to carefully review our involvement in any issues presented to us.

In line with UK auditing standards, the plan does not become fixed when it is approved. It remains flexible and will be revised to take into account any significant emerging risks facing the Authority.

The scale of change in audit approach and resulting audit plan will be challenging for Internal Audit to deliver. We will review the resources needed and invest in the service as necessary to enable it to successfully deliver the audit plan.

8. Finance

The Internal Audit net budget is £399,000 and is contained within the budget for the Resources and Transformation Directorate.

9. Risks and Uncertainties

The Council must provide an effective internal audit if it is to meet its statutory obligations.

Failure to deliver an evidenced opinion on the control environment which complies with the new UK Public Sector Internal Audit Standards, and meets the expectations of the Council's External Auditors, KPMG, could lead to criticism from them.

The Interim Strategic Director of Resources & Transformation is required to make proper arrangements for financial administration. As part of these arrangements, Internal Audit is required to review all major financial systems and arrangements. Failure to do so will prevent the Interim Strategic Director of Resources & Transformation from meeting his and the Council's statutory responsibilities.

10. Policy and Performance Agenda Implications

Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives.

11. Background Papers and Consultation

Public Sector Internal Audit Standards
Strategic Leadership Team, 28 April 2015
Corporate and Service Risk Registers
Budget and financial information
Corporate and service policies and plans.

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Appendix 1: Internal Audit Plan 2015/16