

REPORT TO: Audit Committee	DATE 14th January 2013	CLASSIFICATION Unrestricted	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director, Resources ORIGINATING OFFICER(S): Head of Risk Management and Audit		Revised Internal Audit Plan for 2012/13 Ward(s) Affected: N/A		

1. SUMMARY

- 1.1. This report provides an update of audit activity planned for this financial year and reflects changes made to the original internal audit plan as a result of changing priorities of the authority within the resources available to perform audit work.

2. RECOMMENDATIONS

- 2.1 The Audit Committee is asked to endorse the revised 2012/13 internal audit plan attached at Appendix 2.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

Name and telephone number of holder
And address where open to inspection

Minesh Jani, 0207 364 0738

3. Background

- 3.1 The original internal audit plan was prepared at the start of the current financial year and was presented to the Audit Committee for endorsement in March 2012. The internal audit plan was formulated using the governance model whereby four key areas were assessed for all operations of the Council and prioritised. Details of the governance based Audit Assessment methodology, Audit Strategy and Internal Audit Terms of Reference are attached at Appendix 3.
- 3.2 In line with the internal audit strategy, the plan has been refreshed and some changes made to the original annual audit plan. The reasons for this are as follows:
- 1 Requests from officers to perform audits that were not originally planned;
 - Requests from officers to increase the scope of audits which has resulted in higher allocation of audit days;
 - 1 Requests from Chief Officers to defer audits due to service restructuring and/or changes made to existing systems and the need to allow a period of bedding in;
 - 1 Make use of days provided in the original plan that had not been allocated to specific audits;
 - 1 To avoid duplication of work with either the external auditor or other assurance provider; and
 - 1 Additional commitment to unplanned work.

4. Updated Internal Audit Plan for 2012/13

- 4.1 Appendix 1 summarises audits that have been added to or deferred from the original internal audit plan. Appendix 2 shows the updated internal audit plan following the changes and provides for provision of unallocated days which could be used for specific audits at the request of Directorates, thus retaining some flexibility in the plan. The summary below shows how the plan has changed.
- 4.2. In updating the audit plan, we have taken account of requests by management to extend the scope of audits already approved. Where possible, these changes have been absorbed within the existing provision, although additional time has been necessary.

Number of days originally planned	1,325
Add: Additional audits added to the plan (Please refer to Appendix 1)	215
Less: Audits to be considered as part of 2013/14 Audit Plan (Please refer to Appendix 1)	70
Less: Use of previously unallocated days to specific audits	50
Less: Use of reactive fraud allocation	35
Number of days per the Revised plan	1,385

5. Comments of the Chief Financial Officer

- 5.1 Any financial implications arising from this report are contained within the body of the report.

6. Concurrent Report of the Assistant Chief Executive (Legal Services)

- 6.1. The Council is required to ensure that it has a sound system of internal control that facilitates effective exercise of the Council's functions and includes arrangements for the management of risk. The Council is also required to maintain an effective system of internal audit of its system of internal control in accordance with proper practices. One of the functions of the Audit Committee under the Council's Constitution is to review internal audit findings. The consideration by the Audit Committee of this report is consistent with the Council's obligations and is within the Committee's functions.

7. One Tower Hamlets Considerations

- 7.1 Each audit activity within the revised audit plan provides a link with the Council's corporate and strategic plan priorities including that of One Tower Hamlets.

8. Anti-Poverty Considerations

- 8.1 There are no specific Anti-Poverty issues arising from this report.

9. Risk Management Implications

- 9.1. The revised audit plan should pick up some of the key areas of risk exposure to the Council and audit reviews of these areas should provide a source of assurance to those charged with governance.

10. Sustainable Action for a Greener Environment (SAGE)

- 10.1 There are no specific SAGE implications.