

REPORT TO: <b>Audit Committee</b>	DATE <b>17 December 2013</b>	CLASSIFICATION <b>Unrestricted</b>	REPORT NO.	AGENDA NO.
REPORT OF: <b>Corporate Director, Resources</b>		<b>Revised Internal Audit Plan for 2013/14</b>		
ORIGINATING OFFICER(S): <b>Head of Risk Management and Audit</b>		Ward(s) Affected: <b>N/A</b>		

## 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 note the changes proposed and to endorse the revised 2013/14 internal audit plan attached at Appendix 2.

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**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 2013. 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:

- 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;
- 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;
- Make use of days provided in the original plan that had not been allocated to specific audits e.g. for contract audits and management requests.
- To avoid duplication of work with either the external auditor or other assurance provider; and
- Additional commitment to unplanned work.

### **4. Updated Internal Audit Plan for 2013/14**

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 takes account 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	1,405
Add: Additional audits added to the plan (Please refer to Appendix 1)	191
Less: Audits to be considered as part of 2014/15 Audit Plan (Please refer to Appendix 1)	85
Less: Use of previously unallocated days to specific audits	76
Less: Use of reactive fraud allocation	20
Number of days per the Revised plan	1,415

## **5. Comments of the Chief Financial Officer**

- 5.1 There are no specific financial implications emanating from this report. The Internal Audit team work programme meets the Council's legal requirements under section 151 of the Local Government Act 1972 and reports directly to the Director of Resources in order to minimise to the Council the risk of fraud, error and omission to the Council's finances and assets.

## **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.