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<b>REPORT TO:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>11 APRIL 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>INTERNAL AUDIT PLAN 2013/14 AND TERMS OF REFERENCE</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek members' views on the priorities for internal audit for 2013/14 to inform the preparation of the annual audit plan.

### **2.0 RECOMMENDATION**

- 2.1 It is recommended that members note the position with the Terms of Reference and endorse the Internal Audit Plan for 2013/14 (Annex A).

### **3.0 REASON FOR RECOMMENDATION**

- 3.1 To ensure that audit resources are used effectively.

### **4.0 REPORT DETAILS**

- 4.1 In accordance with the CIPFA Code of Practice for Internal Audit, audit plans are prepared on the basis of a risk assessment process. The risk assessment methodology is designed to ensure that limited audit resources available are prioritised towards those systems and areas which are considered to be the most at risk and/or which contribute the most to the achievement of the Council's corporate priorities and objectives.
- 4.2 Consultation with members and senior council officers is an essential part of the risk assessment process, to ensure that their views on the risks facing the organisation are taken into account. The plan is agreed by the Corporate Director (s151) who has responsibility for ensuring an adequate and effective system of internal control.
- 4.3 It is good practice to review the Terms of Reference for Internal Audit on an annual basis.

## **5.0 2013/14 AUDIT PLAN**

- 5.1 The Council continues to experience significant financial pressures and major change across all services. Reductions in resources may mean services can no longer operate controls to the extent where they have historically.
- 5.2 To reflect this, the intention is to maintain the approach adopted in previous years in developing the plan. This will include a mix of traditional audits (for example, in areas such as the main financial systems where the volume and value of transactions processed are so significant that regular audit is essential), and other reviews targeted towards areas of increased risk due to change.

## **6.0 TERMS OF REFERENCE**

- 6.1 In accordance with good practice, the Council reviews its Terms of Reference for Internal Audit annually, and that review was scheduled for the meeting of 11 April 2013. However CIPFA, the Chartered Institute of Internal Auditors (CIIA), and HM Treasury have recently consulted on a new set of Public Sector Internal Audit Standards (PSIAS) which will supersede those currently used in various parts of the public sector. This consultation has now been completed and the new standards will take effect from 1 April 2013, however full guidance on the application of the standards has not yet been published.
- 6.2 As the current Terms of Reference is based on the CIPFA Code of Practice, Veritau North Yorkshire (VNY) propose to prepare a new Terms of Reference which complies with the new PSIAS for approval by Committee after the guidance has been published.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
None
  - b) Legal  
None
  - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
None

**Paul Cresswell**  
**Corporate Director (s151)**

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**Background Papers:**  
None