



AUDIT COMMITTEE – 10TH SEPTEMBER 2014

SUBJECT: INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN

REPORT BY: INTERNAL AUDIT SERVICES MANAGER

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide members with an operational view of the audit work plan for 2014/15 that was approved in March 2014.

2. SUMMARY

- 3.1 The Internal Audit Section is required to present an annual audit plan to the Audit Committee, which outlines the deployment of staff on identified audit projects in line with available resources and operational priorities. In previous years the approach to the plan was broadly the same and the plan has been based on a 5 year rolling plan based on Strategic Plan/ Risk Assessment previously approved by Committee. The 2014/15 plan was presented in this format and approved by this committee in March 2014.
- 3.2 The report outlines the changes that have been suggested arising out of the responses to the Corporate Governance Inspection and as a result the scope and focus of the plan has been widened and the report outlines the changes to the plan as a result of this change in approach. It is considered that this will be an evolving process and will develop further in future years.

3 LINKS TO STRATEGY

- 3.1 To ensure that the Council's strategies and responsibilities in respect of Corporate Governance are delivered in a proper and transparent way.

4. THE REPORT

- 4.1 The 2014/15 audit plan was presented and approved by this Committee in March 2014. Within the report presented, members' attention was drawn to an evolving approach which was to further align audit work to corporate risks and widen the scope of reviews away from traditional financial areas and into more thematic reviews including more non-financial areas. The adoption of this new approach is a direct response to the CGI (Corporate Governance Inspection) review, recommendations which centres around an enhanced role for Internal Audit to assist management in the delivery of the corporate goals and to provide assurances over a wider spectrum of the organisations key activities.
- 4.2 Following the meeting in March the second of two sessions took place which focussed on giving Audit Committee members an insight into current auditing issues and to provide a second opportunity for members to raise areas of concern for potential inclusion in the audit work programme. Issues arising from both sessions have been taken into consideration when compiling the work plan and the following 4 topic areas have been taken forward and included in the operational plan. The topics being:-

- (i) Technical inspection regimes and processes
- (ii) Delegated powers overview/ position statement
- (iii) Risk management overview
- (iv) Fraud handling /response.

4.3 In addition to the members' seminars, consultation with Directors and Heads of Service also takes place and topics or areas raised via this route are added to the mix to form part of the audit universe. The audit universe being a list developed over time that forms the basis of a shell of the annual plan to which the topic base can be derived as risks arise or develop and priorities change. The Directorate Risk Registers and the Corporate Risk Register are considered in these discussions.

4.4 Some of the notable additions to the plan for 2014/15 are as follows:-

- A review of schools procurement of building maintenance works with an initial desktop review to establish the current position and to consider the direction for further work.
- In addition work is underway to re-examine the approach to establishment auditing e.g. schools etc, to better provide assurance on governance arrangements,
- An overview is review of the role and responsibilities of the Senior Information Risk Owner (SIRO),
- An operational review of the Disclosure and Barring Service requirements,
- A review of partnership and collaboration governance arrangements to dovetail into the Annual Governance Statement process,
- A position update on document retention in respect of European grant funded projects,
- A large commitment to review and support the control environment in place to deliver the WHQS project.

4.5 The current and future plans will remain a balanced mix of the higher level thematic type audits and the traditional risk and financial probity based audits that together will allow the Internal Audit Manager to meet his responsibilities as required under the Public Sector Internal Auditing Standards. Additionally, whilst the portfolio of thematic higher level reviews develops and the approach gains momentum with Heads of Service and Directors etc. the traditional work will continue to keep the staff fully occupied and provide the evidence for the annual audit opinion.

4.6 The updated Plan which is attached as Appendix 1 shows, in greater detail than previously reported, the variety of subject areas covered along with an indicative sample of the types of ongoing works that are undertaken and additionally the functional types of audits that can be undertaken. The plan will continue to be a flexible document to enable emerging risks and issues to be accommodated. The new thematic review process may also lead to more resources overrun as the initial allocations of resource may be underestimated or scopes may expand as the project progresses.

4.7 At present the plan relates to the resource base as at the beginning of April and further work will be undertaken in the near future to reassess the approach to the Information technology audits due to the loss of the key member of staff who undertook this role. Due to the perceived maturity of the Council's IT provision and the increased resource now dealing with IT security within the IT department it is anticipated that for the foreseeable future IT audits will be systems based reviews and the audits will be risk assessed and scheduled in along the same lines as other risk areas.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications.

6. PERSONNEL IMPLICATIONS

6.1 There are no personnel implications.

7. EQUALITIES IMPLICATIONS

7.1 None the report is for information only.

8. CONSULTATIONS

8.1 Consultation on the Plan has taken place with Internal Audit Services staff, the Acting Head of Corporate Finance and the Acting Director of Corporate Services & Section 151 Officer.

9. RECOMMENDATIONS

9.1 Members to note the information provided.

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