

By: Neeta Major, Interim Head of Internal Audit
To: Governance and Audit Committee – 11 April 2013
Subject: **Internal Audit Annual Audit Plan 2013 – 2014**
Classification: Unrestricted

Summary: This report details the Internal Audit Annual Audit Plan for 2013-14.

FOR DECISION

Introduction

1. This report sets out the Internal Audit Annual Audit Plan for 2013/14 detailing a breakdown of audits and an analysis of available days. The Audit Plan is a requirement of the Public Sector Internal Audit Standards (2013) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and other relevant Internal Audit Standard Setters.
2. The Audit Plan sets out the contribution that Internal Audit makes to the Council and includes sections on:
 - Internal Audit objectives and outcomes
 - Annual opinion to support the Annual Governance Statement
 - Addressing Local and National Risks
 - How the service is provided
 - Resources and skills required
3. The annual internal audit plan which supports the strategy has three main components:

The main audit programme – including core assurance (authority wide), financial assurance, risk based assurance, IT assurance and contract compliance reviews.

Fraud work – including pro active fraud work, fraud awareness and reactive work (i.e. investigations of potential irregularities).

Other productive work – such as advice and information, general liaison and following up the implementation of recommendations made.

Development of Audit Plan

4. The annual audit plan for 2013-14 was developed through a risk based planning process that incorporated the following elements:
 - work to provide assurance to the Corporate Director of Finance and Procurement that controls are in place and are operating effectively for key financial systems;

- work to evaluate the Corporate Governance Framework which contributes to the Head of Internal Audit's overall assurance on corporate governance arrangements in the Council which in turn informs the Annual Governance Statement;
 - work to provide assurance that ongoing contract management controls are robust;
 - work to provide assurance over areas identified as priority or high risk based on audit cumulative knowledge and experience, the corporate risk register and directorate interviews;
 - management requests – for assurance over new and developing systems and processes.
5. The draft annual audit plan has been discussed and agreed with Directorates through meetings with senior Managers, Corporate Directors, Portfolio Holders and will be presented to CMT in April 2013.
 6. In March 2012 the specialist IT audit contract was retendered and Deloitte LLP were awarded the contract. The IT audit plan is shown as a separate section of the audit plan and is based on:
 - an IT risk assessment
 - discussions with directorates
 - a review of previous audit reports and assurance opinions provided.

Resources

7. The plan is resourced by a mixture of 2864 days from the Internal Audit in house team and an additional 200 days of ICT audit work provided by Deloitte LLP.

Additional Assurance – Schools compliance

8. In many County Councils schools' compliance services fall within the programme of Internal Audit. Members of the Committee should be aware that for 2013/2014 this assurance will continue to be provided or commissioned by a compliance unit within the Schools Financial Services team. This team carry out compliance visits to schools which cover a number of areas including finance, Health and Safety and pre employment checks. For 2012-13, the Service has commissioned Deloitte to undertake more detailed internal audits at a number of schools in order to meet the certification requirements of the Schools Financial Value Standard. This increased level of audit coverage will continue into 2013-14.
9. For the year ended 31 March 2013, 10 compliance visits and 46 audits have been completed.

Recommendation

10. Members are asked to agree the proposed Internal Audit Annual Plan for 2013/14 attached to this report.

Appendices

Appendix 1 Proposed Internal Audit Plan 2013-14

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