

By: Neeta Major, Head of Internal Audit
To: Governance and Audit Committee – 30 April 2014
Subject: **Internal Audit Annual Audit Plan 2014 - 2015**
Classification: Unrestricted

Summary: This report details the proposed Internal Audit Annual Audit Plan for 2014-15.

FOR DECISION

Introduction

1. This report sets out the proposed Internal Audit Annual Audit Plan for 2014-2015 detailing a breakdown of audits and an analysis of available days. The Audit Plan is a requirement of the Public Sector Internal Audit Standards 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 & contract assurance, risk based assurance, and IT assurance.

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 proposed annual audit plan for 2014-2015 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 proposed annual audit plan has been discussed and agreed with Directorates through meetings with senior Managers, Corporate Directors, Portfolio Holders and will be further discussed with CMT in May.
 6. The specialist IT audit contract is currently carried out by Mazars LLP (successors to Deloitte Public Sector Internal Audit Limited). We are currently in the process of retendering for this contract with the aim of a new contract being awarded from August 2014. For this reason, we have not broken down the expected plan for IT audits as the new provider will be required to perform a comprehensive risk assessment of the transforming Council and formulate a proposed three year IT audit plan.

Resources

7. The plan is resourced by a mixture of 3094 days from the Internal Audit in house team and an additional 175 days of IT audit work provided by Mazars and the winning contractor.

Additional Assurance – Schools compliance

8. In many County Councils, schools' compliance services falls within the programme of Internal Audit. Members of the Committee should be aware that for 2014-2015 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.
9. For the year ended 31 March 2014, 101 compliance visits have been completed.

Recommendation

10. Members are asked to agree the proposed Internal Audit Annual Plan for 2014 - 2015 attached to this report.

Appendices

Appendix 1

Proposed Internal Audit Plan 2014-2015

Neeta Major

Head of Internal Audit

Ext : 4664