



East
Northamptonshire
Council

Governance & Audit Committee – 24th March 2014

Welland Internal Audit Consortium – Annual Internal Audit Plan 2014/15

Purpose of report:

The report seeks Member endorsement of the proposed Annual Internal Audit Plan for 2014/15; to explain the basis of the planning process and the various elements making up the plan; and to indicate how the planning and delivery process meet the mandatory requirements implicit in the Public Sector Internal Audit Standards.

Attachment(s)

Appendix A: Detailed Report Internal Audit Plan for 2014/15

Appendix B: Draft Internal Audit Plan 2014/15

1.0 Background

1.1 The purpose of the report is to gain committee approval of the Internal Audit Plan for 2014/15 in line with the requirements of the Public Sector Internal Audit Standards.

2.0 Development of the Internal Audit Plan 2014/15

2.1 Appendix A to this report provides further detail on the development of the 2014/15 plan, which was completed as closely as possible in conformity with the Public Sector Internal Audit Standards.

2.2 Appendix B provides the draft Internal Audit Plan for 2014/15 for Members' endorsement.

3.0 Equality and Diversity Implications

3.1 There are no equality and diversity implications arising from the report

4.0 Legal Implications

4.1 There are no legal implications arising from the report.

5.0 Risk Management

5.1 There are no significant risks arising from the proposed recommendations in this report.

6.0 Financial Implications

6.1 There are no financial implications arising from the report

7.0 Corporate Outcomes

7.1 Effective Management - The Annual Audit Plan is designed to provide Members with assurance as to the effective management of the council's most significant risks.

8.0 Recommendation

- 8.1 The Committee is recommended to agree the Annual Internal Audit Plan for 2014/15 attached at Appendix B.

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|--|-----------------------|-----------|--|-----------|--|
| Legal | Power: | | | | |
| | Other considerations: | | | | |
| Background Papers: None | | | | | |
| Person Originating Report: Nicola Scott, Audit Manager, 07787 860067, nscott@rutland.gov.uk | | | | | |
| Date: 7 th March 2014 | | | | | |
| CFO | | MO | | CX | |

(Committee Report Normal Rev. 22)



EAST NORTHAMPTONSHIRE COUNCIL
DRAFT INTERNAL AUDIT PLAN 2014.15
MARCH 2014

Date: 24th March 2014

1 Introduction

1.1 The Public Sector Internal Audit Standards were introduced with effect from the 1st April 2013. The Standards modified the approach to Internal Audit Planning in two ways:

- Firstly, the audit plan should be developed using a 'zero based' approach reflecting the key risks that have been identified by clients; and
- Secondly, the audit plan should then be endorsed by an effective and engaged Audit Committee who can confirm that the plan addresses their assurance requirements.

2 Development of the Annual Audit Plan

2.1 The Public Sector Internal Audit Standards require that the Annual Internal Audit Plan must be based on an annual risk assessment including input from the council's senior management.

In order to conform as closely as possible with the Standards, one to one meetings were held with individual members of CMT to establish their assurance requirements. These requirements were then collated and prioritised in terms of risk likelihood and impact and discussed at a workshop with all members of CMT. Discussions took place on how these risks could be audited and how assurance could provide value. The result of this workshop is attached as the Draft Internal Audit Plan in Appendix A.

2.2 The Draft Internal Audit Plan has been structured in such a way that assurance can be provided across a broad area of Council responsibilities.

2.3 Audits in the area of Finance were discussed primarily with the Chief Finance Officer and Finance Manager and include review of the council's fundamental financial systems and areas of interest to the council's External Auditors.

2.4 As Information and Computer Technology underpin the work of the entire Council, an element of ICT work has been included in the Plan, the content of which was subject to a separate risk analysis.

2.5 An element of Counter-fraud work is also included in the Plan to provide some assurance in the area of Public Sector fraud risks. Audit activities in the remaining areas of 'Governance & Performance' and 'Customer Facing' services were also identified and make up the remainder of the plan.

3 Annual Audit Plan

- 3.1 The Draft Annual Audit Plan for 2014/15 is shown in Appendix B to this report. The draft is the result of the assessment by CMT of the council's current and emerging risks to Strategic Aims and Service Delivery.
- 3.2 It should also be noted that under the new Public Sector Internal Audit Standards the Audit Committee must act as 'Gate Keepers' to 'significant' in year changes to the Internal Audit Plan. For example if circumstances during the year resulted in a client Officer identifying an area that they felt merited a higher priority than those already identified and which they would rather have included in the Plan, authorisation from the committee would need to be sought to make the change. Before doing so the committee would need to be satisfied that such a change would not impact, negatively, on the ability for Internal Audit to provide an adequate level of assurance to the committee.

Due to the timings of Committee meetings, it may be appropriate to seek the Chair's approval for such a change to the Plan should such a situation arise.

4. Completion of the Annual Audit Plan

- 4.1 During the completion of the Annual Audit Plans for 2014/15 across the Consortium, the sharing of ideas and best practice will be used where possible. Such sharing should be possible in two areas:
- Firstly it may be possible to share assurance from other areas. For example if an audit is carried out at Corby Borough Council which concerns the EnCor team, as providers of services to the council, the assurance would also be applicable to the council.
 - Secondly where audits are carried out in similar audit areas then it may be possible to pass on examples of efficiencies, effective working and/or best practice. Areas where audits will be completed at multiple sites have currently been identified and include ICT work, Individual Voter Registration and the introduction of the Community Infrastructure Levy.

Appendix B - Draft Internal Audit Plan 2014/15

| Assurance Area | Days | Assignment | Risk Ratings | |
|--------------------------|------------|--|--------------|------------|
| | | | Impact | Likelihood |
| Finance | 90 | Main Accounting, Cash & Banking | H | H |
| | | Fixed Assets | H | H |
| | | Creditors | H | H |
| | | Debtors | H | H |
| | | Budgeting & Budgetary Control | H | H |
| | | Treasury Management | H | H |
| | | MTFP | H | M |
| | | Payroll | M | H |
| | | Collection Fund | M | H |
| Fraud | 15 | Council Tax & NDR Fraud | H | M |
| ICT | 20 | Internet & Website | N/A* | N/A* |
| | | Legislation | N/A* | N/A* |
| Customer Facing | 35 | Community Infrastructure Levy – Advisory Work | H | H |
| | | Licensing Partnership - Follow Up Review | M | H |
| | | Land Charges | M | H |
| | | Individual Voter Registration | H | L |
| Governance & Performance | 50 | Staffing – Pay & Benefits | H | H |
| | | Shared Services & Partnership Arrangements | H | H |
| | | Business Continuity Plan | H | M |
| | | Projects and Transformation | H | M |
| | | New Risk Management System | M | M |
| | | Member Empowerment Fund | H | L |
| Site | 20 | To cover – Client liaison, Audit Committee attendance & preparation, Audit Committee training, Recommendation Follow up etc. | | |
| Total | 230 | | | |

*N/A = Subject to separate three yearly risk based evaluation