
Meeting: Audit Committee
Date: 31 March 2014
Subject: 2014-15 Audit Plan
Report of: Charles Warboys - Chief Finance Officer
Summary: This report presents the 2014-15 Audit Plan for review and approval.

Contact Officer: Kathy Riches, Head of Internal Audit and Risk
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

The activities of Internal Audit are crucial to the governance arrangements of the organisation and as such are supporting all of the priorities of the Council.

Financial:

1. None directly from this report.

Legal:

2. None directly from this report.

Risk Management:

3. The outcome of developing and implementing the 2014-15 Audit Plan is for the Council to better manage its risk, thereby mitigating the impact from adverse events.

Staffing (including Trades Unions):

4. None directly from this report.

Equalities/Human Rights:

5. None directly from this report.

Public Health

6. None directly from this report.

Community Safety:

7. None directly from this report.

Sustainability:

8. None directly from this report.

Procurement:

9. None directly from this report.

RECOMMENDATION:

The Committee is asked to approve the 2014-15 Audit Plan.

Background

10. The new Public Sector Internal Auditing Standards, effective from 1 April 2013, require the Head of Internal Audit to establish risk based plans to determine the priorities of internal audit activity, consistent with the organisation's goals. This should be supported by a documented risk assessment, giving consideration to the input of senior management.
11. The Audit Committee, at its meeting in April 2013, approved the Strategic Audit Plan covering the period 2013-2016.
12. 2014/15 represents the second year of the three year plan. The plan has been reconsidered and updated following discussion with senior officers.

Internal Audit Plan

13. In previous years the Audit Plan has been supported with an Internal Audit Strategy, which has set out the approach adopted to developing the plan. The new Public Sector Internal Audit Standards require the plan itself to set out how it was prepared. Therefore the plan this year is presented as one document, setting out both the approach and the work plan.
14. The plan has been informed by:
 - reference to the previous Audit Needs Assessment undertaken
 - consultation with senior management
 - Internal Audit's own analysis of risk areas
 - Outcomes of previous audits
 - reference to the strategic and operational risk registers, and
 - the outcome of the assurance mapping exercise on the risks documented within the Strategic Risk Register.

15. In developing the audit plan, consideration has also been given to:
- Providing assurance on the Council's fundamental systems
 - ICT assurance work
 - Grant claim sign off work
 - Anti Fraud activity, having regard to the National Fraud Authority's (NFA) Fighting Fraud Locally initiative
 - System reviews of key service activities
 - Follow up work, where appropriate
 - Consultancy and advice
 - Engagement in key transformation programmes and projects, as appropriate.
 - New Government initiatives, such as Local Welfare Reform
 - Local initiatives, including the Medium Term Plan
 - The need to ensure that basic systems and controls are robust and being complied with at a time when the Council is going through a period of significant change.
16. It is important to recognise the need for flexibility in the approach to our audit work. The approach adopted recognises that organisational and business transformation changes are still in progress within Central Bedfordshire and acknowledges that, as a result, the control environment is subject to change. A contingency has been included within the plan to ensure that Internal Audit can respond accordingly.
17. The approach to the delivery of the fundamental systems audits will be agreed with Ernst and Young, the Council's external auditors. .
18. The main revisions to the 2014-16 Plan are highlighted in grey in the attached Appendix, along with an explanatory comment, and the key changes for 2014/15 are summarised below:
- The plan includes three reviews deferred from 2013/14 (Customer First, Direct Payments, and the Impact of Welfare Reform).
 - Six additional reviews have been added (Compliance – Assets, Teachers' Sickness Absence Pool, School Transport, Troubled Families, Residential Care Homes and Information Governance)
 - Two reviews have been removed, as the directorate has already undertaken an in depth review (Safeguarding Children and Frameworki)
 - The provision for consultancy has increased to reflect Internal Audit being more involved in projects at the development stage.
19. It is recognised that the plan does not include new reviews for the recently formed Regeneration and Business Directorate. The Internal Audit requirements for this area will be developed in consultation with senior officers within the directorate and reflected in future revisions to the plan.

20. The Public Sector Internal Audit Standards only require a detailed audit plan to cover a period of one year. However, an outline plan has also been produced for 2015/16 to demonstrate how the Internal Audit Service plans to provide assurance over the next two years. Prior to the start of 2015/16 the plan will be reviewed, updated and expanded to provide more detail of the reviews to be undertaken. The specific work to be carried out will be considered when scoping the audit work.
21. The plan has been discussed and agreed with the Corporate Management Team.
22. The Audit Plan is attached at Appendix A.

Available Resources

23. It is estimated that there will be 1,260 productive audit days available for 2014/15. Although the Internal Audit Service was required to deliver efficiency savings for 2014/15 these have been achieved through a limited restructure and rationalisation of processes without any reduction in productive audit days.

Conclusion and Next Steps

24. Approval by the Audit Committee of the revisions to the Internal Audit Plan will ensure that Internal Audit can progress its work in line with an agreed approach.
25. The Audit Committee can then use the final plan to monitor the work of internal audit to ensure that appropriate assurance is provided on the Council's systems.

Appendices

Appendix A – Internal Audit & Risk 2014-15 Audit Plan

Background Papers:

None