Appendix A

Internal Audit & Risk 2015-16 Audit Plan

March 2015

Central Bedfordshire

Contents

Internal Audit Plan 2015-16

1   Background

1.1   The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit and Risk to establish risk based audit plans to determine the priorities for internal audit work, consistent with the Council's objectives. In preparing this plan, the Head of Internal Audit and Risk is required to take account of the Council's :

- Risk management framework, and relative risk maturity of the organisation,
- Assurance framework,
- Vision, objectives and priorities and,
- How the work will address local and national issues and risks.

1.2   The Head of Internal Audit and Risk is required to provide an annual opinion to the Council and to the Chief Finance Officer, through the Audit Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. The plan, therefore, needs to be sufficient to enable this opinion to be issued. In addition the results of Internal Audit's reviews will help inform the Annual Governance Statement.

1.3   The audit plan has been agreed with senior management and was approved by the Audit Committee on XXXX

1.4   The plan will be subject to periodic review by the Head of Internal Audit and Risk, in consultation with senior management and significant revisions will be presented to the Audit Committee for approval. Revisions made would be in response to changes in the Council's business, risks, operations, programs, systems or controls.

1.5   The plan will be delivered in accordance with the Internal Audit Charter and Internal Audit Engagement Protocol.

2   Strategic Aims and Objectives

2.1   Internal Audit supports the Council in its vision and strategic priorities, which sets the Council's focus over the coming years.

2.2   Internal Audit strives to provide a high quality service that gives management reasonable assurance on the effectiveness of the Council's internal control environment and acts as an agent for change by making recommendations for continual improvement. The service aims to be flexible, pragmatic and deliver a service in collaboration with management to suit organisational needs. Through a risk based approach, the service will aim to make a positive contribution to corporate governance arrangements and assist management in developing a framework for achieving objectives within acceptable levels of risk. Within the team, it is intended to provide a work environment that is both supportive and challenging to facilitate the development and retention of high calibre staff.

3   Audit Needs Assessment

3.1   The Audit Committee in April 2013 approved a three year strategic audit plan. This was prepared following an audit needs assessment.

3.2   The audit needs assessment focuses internal audit work on key risk areas whilst ensuring comprehensive coverage by prioritising its work and considering;

- previous audit needs assessments undertaken
- consultation with senior management
- Internal Audit's own analysis of risk areas
- outcomes of previous audits
- known areas of concern
- 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

3.3   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, including governance arrangements
- Follow up work, where appropriate
- Key contracts and partnership arrangements
- Consultancy and advice
- Special investigations
- 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

3.4   2015/16 represents the final year of the three year plan. It has been reviewed and refreshed following discussion with senior management and the updated plan is attached at Appendix A. Revisions to the original plan are indicated in grey.

3.5   In addition to delivering the agreed audit plan, Internal Audit also carry out special reviews or assignments where requested by management, which fall outside the approved work plan and for which a contingency is included within the audit plan.

4   Priorities for Internal Audit Work

4.1   When preparing the audit plan, the following list represents the classification within which audits are considered:

- Audits in progress from previous year,
- Fundamental system assurance work,
- Follow up of "No assurance" audits or audits where on going risks have been identified,
- Audits to mitigate key control weaknesses identified in the risk registers,
- New developments
- Unplanned work (contingency).

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5 Auditor Independence

5.1 Internal Audit will remain independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

5.2 Internal auditors are required to declare any personal interests which may impact on their objectivity and these are factored into audit planning.

5.3 Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee. To maintain independence, any audit staff involved in significant consulting activity will not be directly involved in the audit of that area for at least 12 months, or their involvement will be managed by someone independent of the consultancy activity.

6 Internal Audit Resources

6.1 Internal Audit will be appropriately staffed in terms of numbers, qualifications and experience, having regard to its objectives and to the standards within which it is required to operate.

6.2 The Head of Internal Audit and Risk is responsible for ensuring that the resources of the Internal Audit section are sufficient to meet its responsibilities and achieve its objectives. They will also ensure that the appropriate mix of qualifications, experience and audit skills exist within the unit.

6.3 If a situation arose whereby Internal Audit resources were insufficient, the Head of Internal Audit and Risk would discuss this with the Chief Finance Officer.

6.4 Internal Auditors will maintain their professional competence through an appropriate ongoing development programme.

6.5 It may be necessary, from time to time, to buy in either agency staff or sub-contractors, of a suitable quality.

7 Reporting

7.1 Reporting will be in accordance with the Internal Audit Charter.

7.2 As required by the PSIAS any significant consulting activity not already included in the Audit Plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee.

2015-16 Internal Audit Plan

Priority	Audit Title	2015/16 Original Days	2015/16 Revised Days	Comments 2015/16
Fundamental Systems				
H	Accounts Payable/Purchase Ledger (including feeder systems)	35	35	
H	Accounts Receivable/Sales Ledger	30	30	
H	Asset Management (incl. Asset Register)/Capital Accounting	30	30	
H	Council Tax (including Council Tax Support Scheme)	35	35	
H	Housing Benefits	40	40	
H	Main Accounting Systems (MAS)	30	30	
H	National Non Domestic Rates NNDR	35	35	
H	Payroll	35	35	
H	SWIFT Financials	15	15	
H	Treasury Management	25	25	
H	Housing Rents including tenant arrears	25	25	
H	Cash And Banking (Non Invoiced Income)	20	20	
Total - Fundamental Systems		**355**	**355**	
Assurance Audits - Improvement and Corporate Services				
M	Data Quality	15	15	
H	Information Governance - application of framework	15	15	
M	Corporate Governance Reviews	15	15	
M	Application Reviews	15	0	Removed as specific reviews covered under other audits e.g SWIFT, Frameworkl
H	IT Disaster Recovery	10	10	
H	SAP Access and Security	10	10	
n/a	Third Party Hosting	15	15	
n/a	IT activities delivered outside IT	15	0	Removed. Relevant issues to be covered by the IT Governance audit follow up.
n/a	Emerging Health Agenda - Information Governance, Integration and Technology Standards	15	0	Removed. Relevant issues to be covered by the information Governance reviews.
n/a	IT Network Management and Security	0	15	This audit supports the PSN assurance requirements.
M	IT Governance Follow Up Audit	0	15	
Total- Improvement and Corporate Services		**125**	**110**	

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Priority	Audit Title	2015/16 Original Days	2015/16 Revised Days	Comments 2015/16
Assurance Audits - Finance				
H	Impact of Welfare Reform	15	0	Removed from plan as ongoing monitoring mechanisms are in place.
M	Adherence to Financial / Procurement Procedures	15	15	
L	NNDR 1 and 3 return - processes for assurance on compilation	0	5	Additional review to provide assurance on processes to support compilation
M	VAT audit	0	10	Additional review
M	Grants audit	0	10	Additional review
Total - Finance		**30**	**40**	
Assurance Audits - Children's Services				
M	Children's Centres	0	10	Additional review
M	Schools General - School Improvement	80	80	
H	Troubled Families Grant	0	10	Additional review
n/a	Framework i	0	10	This has been included as it is now a material system
Total - Children's Services		**80**	**110**	
Assurance Audits - Social Care, Health and Housing				
M	Housing Repairs	20	20	
M	Residential Care Homes	20	20	Additional review
M	Supporting delivery of new housing	0	15	Additional review
M	Care Act/Better Care Fund Integration	0	15	Additional review
Total - Social Care, Health and Housing		**40**	**70**	

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Priority	Audit Title	2015/16 Original Days	2015/16 Revised Days	Comments 2015/16
Assurance Audits - Community Services				
M	Car Parks	0	15	Additional review
n/a	Review of Leisure Centre outcomes	15	15	Review revised to focus on delivery of Leisure Centre Outcomes
Total - Community Services		**15**	**30**	
Assurance Audits - Regeneration and Business Support				
M	European Social Fund	0	15	Additional review
n/a	CIL/S106 -review of mechanisms for alignment	15	15	Review revised to focus on mechanisms for alignment.
Total - Regeneration and Business Support		**15**	**30**	
Assurance Audits - Contracts and Partnerships				
M	Contracts Management	20	20	
n/a	Impact of Community Right To Challenge	15	0	Removed.
n/a	Partnership Governance	15	0	Will focus on Better Care Fund. Now Included under SCHH.
Total - Contracts and Partnerships		**50**	**20**	
Assurance Audits - Public Health				
M	Public Health compliance with best practice	15	15	
Total - Public Health		**15**	**15**	
Special Investigations				
M	National Fraud Initiative (NFI)	20	20	
M	Special Investigations and supporting the Corporate Fraud Team	40	40	
	Pro Active Anti Fraud:			
M	Financial assessment processes SCHH	0	10	Added to support Care Act implementation
M	Cash income	0	10	Additional review. Will include library cash handling
n/a	Bank Accounts and Bank Imprests	10	10	
n/a	Use of Purchasing Cards	10	10	
Total - Special investigations		**80**	**100**	

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Priority	Audit Title	2015/16 Original Days	2015/16 Revised Days	Comments 2015/16
Ad Hoc Consultancy etc.,				
H	Risk Management Activities	35	35	
M	Major projects - Consultancy	40	40	
M	Supporting Annual Governance Statement	5	5	
M	Audit of Individual Grants	20	20	
M	General Advice	20	20	
M	Head of Audit Chargeable Against Plan	60	60	
M	Assurance Mapping Review	5	5	
M	Benchmarking Exercise	5	5	
L	Contingency	145	70	
Total – Ad Hoc Consultancy etc.		**335**	**260**	
Carry over Work				
H	Completion of reviews in progress as at 31st March	120	120	
Total – Carry over Work		**120**	**120**	
TOTAL CHARGEABLE DAYS REQUIRED		**1260**	**1260**	