

Central Bedfordshire Council

AUDIT COMMITTEE

3 April 2017

Updated 2017-19 Internal Audit Plan

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Purpose of this report:

The purpose of this report is to present the revisions to the 2017 to 2019 Internal Audit Plan for review and approval.

RECOMMENDATIONS

The Committee is asked to:

1. Consider and approve the updated 2017 to 2019 Internal Audit Plan.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny, as it is a matter for the Audit Committee under the delegations of the Constitution.

Background

2. The Public Sector Internal Auditing Standards, effective from 1st 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.
3. A Strategic Audit Plan covering the period 2016 to 2019 was approved by the Audit Committee in April 2016. 2017-18 represents the second year of the plan.
4. The plan has been updated following discussion with senior officers. The plan for 2017-18 is detailed. The plan for the following year contains less detail and will be reviewed and updated next year to ensure that it remains relevant.

2017/19 Internal Audit Plan

5. In preparing the audit plan, consideration has been given to the requirement for the Head of Internal Audit to deliver an annual internal audit opinion on the overall adequacy and effectiveness of the Councils framework of governance, risk management and control (as required by the Public Sector Internal Auditing Standards).
6. The updated plan has been informed through:
 - 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
 - the outcome of the assurance mapping exercise on the risks documented within the Strategic Risk Register, and
 - consideration of the requirements of the Public Sector Internal Audit Standards to include reviews on control, risk, ethics and governance issues.
7. In developing the audit plan, consideration has been given to ;
 - providing assurance on the Council's fundamental systems
 - ICT assurance work
 - grant claim sign off work
 - 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
 - local initiatives
 - the need to ensure that basic systems and controls are robust and being complied with at a time when the Council is refining a number of processes to improve service delivery and increase efficiencies.
8. 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 continuous 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. The plan includes provision for a rolling programme of reviews in several areas, including information governance, corporate governance, contracts management and partnership governance. The recent discussions with directors have identified potential areas to audit. The specific areas for review will be determined based on the progress of planned initiatives and may involve Internal Audit being involved in the early stages of development, as appropriate.

9. The approach to the delivery of the fundamental systems audits has been discussed with Ernst and Young, the Council's external auditors.
10. The plan has been discussed and agreed with the Corporate Management Team.
11. The main revisions to the 2017-19 Plan are indicated in grey in the attached Appendix, along with an explanatory comment, and the key changes are summarised below:
 - Following discussions with the external auditors and the Director of Resources, it has been agreed that the Asset Management Audit for 1017/18 will be removed from the plan
 - A review of Democratic Services has been added to the plan for 2017/18 and 2018/19. This area has not been reviewed since the creation of the Council.
 - A review of debt management arrangements has been added to the plan for 2018/19.
 - A review to provide assurance over the implementation of any actions arising as a result of the expected OFSTED has been added to the 2018/19 plan
 - The review of MANOP planned for 2017/18 has been taken out and replaced with a review of Direct Payments
 - The timing of the Community Infrastructure Levy (CIL) audit has been revised and deferred to 2018/19. This will be reviewed again later in the year.
 - The provision for supporting major projects has increased for 2017/18 and the time requirement for some audits has been revised.
 - The plan has been realigned to reflect changes in directorate responsibilities.
12. The Audit Plan is attached at Appendix A.

Available Resources

13. It is estimated that there will be 1,260 productive audit days available for 2017/18.

Council Priorities

14. 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.

Corporate Implications

Legal Implications

15. None directly from this report.

Financial Implications

16. None directly from this report. However, sound systems assist in preventing loss of resources (by other wastage or fraud), thereby improving effectiveness and efficiency.

Equalities Implications

17. None directly from this report.

Conclusion and next Steps

18. 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.

19. 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 Plan 2017 to 2019.

Background Papers:

None