

Report of the Chief Auditor

Audit Committee – 24 April 2014

INTERNAL AUDIT ANNUAL PLAN 2014/15

Purpose:	This report presents the Internal Audit Annual Plan 2014/15 to the Audit Committee for approval.
Policy Framework:	None.
Reason for Decision:	To allow the Audit Committee to discuss and approve the Internal Audit Annual Plan 2014/15.
Consultation:	Legal, Finance, Access to Services.
Recommendation:	It is recommended that: the Committee approves the Internal Audit Annual Plan 2014/15.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 A risk based Internal Audit Annual Plan is prepared each year which is used to guide the work of the Internal Audit Section and allow the Chief Auditor to deliver the annual opinion on control as well as providing assurance to the Audit Committee and Section 151 Officer.
- 1.2 The methodology used to prepare the Annual Plan was reported to the Committee at the meeting on 27th March 2014.
- 1.3 This report presents the Internal Audit Annual Plan 2014/15 to Committee for approval.

2. Internal Audit Annual Plan 2014/15

- 2.1 For 2014/15, the Internal Audit Section is made up of 10.6 staff excluding the Chief Auditor which is a reduction of 1 post from 2013/14
- 2.2 To contribute to the significant savings the Council was required to make in 2014/15, a Group Auditor who applied for early

retirement/voluntary redundancy was allowed to leave and the post has been deleted from the structure.

- 2.3 This means that the Internal Audit Section will in future be operating as a single team headed by 1 Group Auditor.
- 2.4 The loss of a management post within the Section will mean that some work will pass down to Senior Auditors such as reviewing audit files completed by Auditors. This work is already done by Senior Auditors but to a lesser extent than will be required in the future. The natural consequence of this is that there will be a reduction in the time spent undertaking audits by the Senior Auditors.
- 2.5 A summary of the Internal Audit Plan 2014/15 is shown in Appendix 1 and a list of audits planned for 2014/15 is shown in Appendix 2 along with the number of days planned for each audit.
- 2.6 Appendix 1 shows that the total days available in 2014/15 have reduced by 260 days due to the loss of the Group Auditor post.
- 2.7 As previously reported to the Committee, a large number of audits were deferred in 2013/14 due to vacant posts and the time spent on special investigations exceeding the time allowed in the Annual Plan.
- 2.8 To accommodate the audits deferred from 2013/14 and to match the Audit Needs Assessment to the available resources, a number of audits due in 2014/15 have been deferred to 2015/16. The total number of days for the audits deferred to 2015/16 is just over 500. A risk based approach has been used to identify the audits to be deferred.
- 2.9 In addition, a further 200 days have been saved due to audit no longer required as the service or grant has ceased and a number of fundamental audits have also been moved from an annual audit to a 2 year cycle as they have consistently received the highest level of assurance over a 3 year period. PwC have confirmed that they feel it is appropriate to take account of the level of assurance when considering the frequency and scope of audit reviews.
- 2.10 Further solutions will be considered during the course of the year to address the loss of resources and prevent significant numbers of audits being deferred on an annual basis including
 - Deferring or deleting lower risk audits
 - Extending the period of time between audit visits
 - Reviewing the range and frequency of audits
 - Increasing the use of alternatives e.g. self assessment

- 2.11 Any changes arising from this review will be discussed with our external auditors and reported to the Audit Committee for approval.
- 2.12 Progress made by the Internal Audit Section in achieving the Plan will be reported to the Audit Committee on a quarterly basis.

3. Equality and Engagement Implications

- 3.1 There are no equality and engagement implications associated with this report.

4. Financial Implications

- 4.1 There are no financial implications associated with this report.

5. Legal Implications

- 5.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2014/15

Appendices: Appendix 1 Internal Audit Annual Plan 2014/15 – Summary
Appendix 2 Internal Audit Annual Plan 2014/15