

AUDIT & RISK COMMITTEE

8 April 2014

INTERNAL AUDIT PLAN 2014/15

Report of the Head of Welland Internal Audit Consortium

STRATEGIC AIM	All
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1. PURPOSE OF THE REPORT

- 1.1 To allow Members to approve the Annual Audit Plan for 2014/15.

2. RECOMMENDATIONS

- 2.1 That the Committee approve the Internal Audit Plan for 2014/15.
- 2.2 That the Committee delegates responsibility for approving changes to the Internal Audit Plan between Committee meetings to the Assistant Director Finance in consultation with the Chair of Audit & Risk Committee.

3. KEY ISSUES

- 3.1 The Public Sector Internal Audit Standards (The Standards) prescribe the approach to internal audit planning. The key requirements are that the Head of Welland Internal Audit Consortium, acting as the Council's Chief Audit Executive (CAE) should take account of the Council's risk management framework and the extent to which the Council has made its risk appetite explicit. If the Council has not made an explicit statement of its risk appetite, the CAE is expected to apply his judgement and work with the Council's senior management to identify the assurance that the Council needs for the coming financial year. This is the approach that has been taken in preparing the Internal Audit Plan for 2014/15 on the basis that the Council's risk appetite is not defined in sufficient detail.
- 3.2 The development of the draft Internal Audit Plan 2014/15 – shown as Appendix A to this report – involved a series of one to one meetings with Heads of Service and other senior managers to identify and gain an

understanding of the key risks to delivery of services and achievement of corporate goals and priorities; and to determine where internal audit work might provide valuable assurance about management of risk. A schedule of the potential audit assignments was reviewed by the Strategic Management Team (SMT) and the Plan contains those assignments endorsed by SMT.

- 3.3** The draft Internal Audit Plan has been stratified to ensure that the range of audit work commissioned covers all aspects of the Council's risk exposure. The days allocated to different categories of work and the budgets shown against individual assignments are indicative. As terms of reference are developed for individual assignments during 2014/15, budgets will be agreed with client managers to reflect the specific nature and range of assurance sought.
- 3.4** Appendix B shows the provisional scheduling of the planned assignments. Scheduling is "front-loaded" to reduce the potential impact of unforeseen circumstances and reflects – where appropriate – client's expressed needs and preferences. The timing of individual assignments may need to be modified during the year to reflect changed circumstances: significant changes will be reported to the Committee.
- 3.5** The Council has commissioned 370 audit days from the Consortium to resource the 2014/15 Internal Audit Plan. An allowance – of 30 days - has been made to allow for chargeable activities other than audit assignments. These activities include preparation of committee reports and attendance at committee meetings; training and development of the Audit & Risk Committee; client liaison meetings; meetings and liaison with External Audit; and follow up of audit recommendations. On the basis of prior year's experience 340 days will allow for the delivery of the range and level of assurance required by the Council.
- 3.6** The Consortium's delivery model involves the use of audit contractors to support the in-house team. This provides access to specialist ICT skills that the team lacks. It also provides greater resilience in the event of staff turnover or other absences. The Welland Board's decision to change the balance of staffing within the team by replacing an Auditor post with a third Audit Manager will increase both capacity and resilience. It is considered that the delivery model and the revised team structure will allow the Consortium to deliver the necessary audit resources, notwithstanding upcoming staffing changes.
- 3.7** The Standards require the Committee to undertake a 'Gate Keeper' role, ensuring that the Internal Audit Plan remains fit for purpose throughout the year. This involves the Committee satisfying itself that any changes to the approved Plan, proposed by managers in terms of adding in or cancelling assignments, do not affect adversely the overall level of assurance offered. It

may also involve the Committee commissioning changes to the Plan if it determines that more or different assurance is required. Because some requests for changes to the Plan come at short notice and require rapid decisions (e.g. requests to provide certification of grant claims), the Committee might deem it appropriate to give delegated authority to the Assistant Director Finance in consultation with the Chair of Committee to determine such requests. If such delegation were approved, all changes to the Plan would be reported at the following meeting of the Committee.

RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The report does not prompt or require any time-bound response beyond the approval of the recommendation.
Viability	Low	There are no resourcing issues arising directly from this report
Finance	Low	There are no financial issues arising directly from this report
Profile	Low	The report should improve the effectiveness of the Committee
Equality and Diversity	Low	EIA screening indicates no issues arising therefore full Impact Assessment has not been carried out.

Background Papers
None

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.