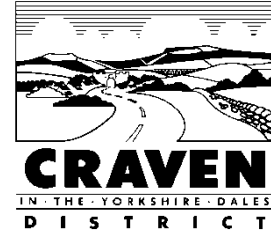


## **Audit and Governance Committee 10 November 2014**



### **INTERNAL AUDIT PLAN 2014/15 PROGRESS REPORT**

Report of the Audit Manager: Shared Internal Audit Service

Wards Affected: All

#### **1.0 PURPOSE OF REPORT**

1.1 This is to update Committee members about the progress made on the 2014/15 Internal Audit Plan since the last meeting in September. The report also gives an update on the Improvement Action Plan attached to the September report.

#### **2.0 RECOMMENDATION**

Members are recommended to:-

2.1 Note the contents of the report and the attached Appendix.

#### **3.0 INTERNAL AUDIT PLAN 2014/15**

3.1 At its meeting on 29 September 2014, the Committee approved a revised allocation of audit days for 2014/15. The attached Appendix compares the revised allocation to the days spent during the period April-September 2014.

3.2 The key points are:-

- at the end of September, a total of 160 days had been spent on Craven audit work ie 64% of the total provision of 250 days.
- 71 of the 160 days was spent on completing audits brought forward from 2013/14 (see Appendix Notes 1 and 2 for further details). These audits are now complete with the exception of the Mechanics Workshop. This audit has now recommenced and will be reported to the January meeting.
- on the Annual Audits work has started on the Creditor Spend Review. The intention is to bring a report to the January meeting. The remaining audits are the major financial systems which are programmed for Quarter 4.

- on the “Risk-Based Systems audits, 4 of the 5 audits are close to or have been completed. The reports on officer expenses and the Museum/Gallery/TIC are separate items on this agenda. On Information Governance, the time has been spent reviewing documentation and publications to help establish a framework of standards and protocols. On car parking, the draft report has been produced and is now subject to the quality review processes. The final report should be available for Members by the end of November. The Resource Resilience Review is on-going.

3.3 The Appendix also includes an updated forecast outturn – assuming that the overall objective is not to go beyond the total planned provision of 250 days. The forecast is broadly similar to the Revised Plan approved in September. The main differences are:-

- Annual Audits – an overall reduction in the time to reflect the forecast additional time needed for the risk-assessed audits. In particular, it is considered that there is scope to reduce the time allocated to the audit of Benefits. The Internal Audit opinion given to Benefits in each of the last 3 years is a “significant” level of assurance that effective controls are in place. There is therefore an efficiency gain available through doing a lighter touch audit.
- Risk-Assessed Systems – the updated forecast for the year shows a slight increase over the Revised Plan approved in September. The highest increase is on the car parking audit. The risk of any further increase is small because most of these audits are now completed. The forecast figure for the Resource Resilience audit is in effect determined by the overall objective to not go beyond the overall 250 days.

#### **4.0 IMPROVEMENT ACTION PLAN**

4.1 At the September meeting, the Internal Audit Plan progress report included an Improvement Plan to progress the various actions identified by Mazars. This addresses areas of non-compliance with the Public Sector Internal Audit Standards and seeks to improve the work of Internal Audit and its place within the overall governance and assurance arrangements within the Council.

4.2 Three of the 4 actions timetabled for completion by the end of September were finished on time. These concerned:-

Continuing professional development (4), reporting the results of audit work (11) and conflict of interest declarations (13). The fourth action – agreeing a standard for the timeliness of reporting (12) – is subject to a forthcoming discussion with the Strategic Manager Financial Services (S151 Officer).

(The numbers in brackets are the relevant reference numbers from the Improvement Plan attached at Appendix 2 to the September report).

- 4.3 The Plan also contained an action to consider the further development of the arrangements for the Annual Review of the Effectiveness of Internal Audit (1). Under the Accounts and Audit (England) Regulations 2011, local authorities are required to undertake an annual review of the effectiveness of their internal audit. Any further consideration of the arrangements for Craven has been put on hold as the Department for Communities and Local Government (DCLG) has published draft 2014 Regulations in which the requirement for an annual review of the effectiveness of internal audit has been removed. In the draft new Regulations, this is replaced by an annual review of the effectiveness of the system of internal control.
- 4.4 The draft new Regulations were the subject of consultation during the Summer. The DCLG is currently considering the responses to the consultation. In the meantime, it was thought appropriate to put on hold any further consideration of the development of the annual review of effectiveness of Internal Audit. A further update will be reported to the January meeting.

## 5.0 IMPLICATIONS

### 5.1 Financial and Value for Money Implications

None.

### 5.2 Legal Implications

None.

### 5.3 Contribution to Council Priorities

The delivery of an Internal Audit Service contributes to Council transformation.

### 5.4 Risk Management

The internal audit function is an integral part of internal control.

### 5.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1 – Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on age, disability, gender, race/ethnicity, religion or religious belief (faith), sexual orientation or rural isolation.

## **6.0 CONSULTATION WITH OTHERS**

Strategic Manager Financial Services (S151 Officer).

## **7.0 ACCESS TO INFORMATION: BACKGROUND DOCUMENTS**

None.

## **8.0 AUTHOR OF THE REPORT**

Martin Helm, Audit Manager, Craven District Council and Harrogate Borough Council Shared Internal Audit Service.

**Note:** Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

## **9.0 APPENDICES**

Internal Audit Plan 2014/15 Q2 Monitoring

**APPENDIX**

	<b>Revised Plan (Days)</b>	<b>Actuals Apr-Sept (Days)</b>	<b>Forecast Outturn (Days)</b>	<b>Comments</b>
<u>Annual Audits</u>				
Benefits	17	-	10	Quarter 4 audit
Procurement Creditors Spend Review	10	4	10	Ongoing. To be reported in January.
Treasury	8	-	5	Quarter 4 audit.
Management Council	10	-	10	Quarter 4 audit.
Tax/Business Rates				
Payroll	9	-	9	Quarter 4 audit.
Debtors	11	-	10	Quarter 4 audit.
Creditors	5	-	5	Quarter 4 audit. To review implementation of recommendations from the comprehensive 2013/14 audit
	<b>70</b>	<b>4</b>	<b>59</b>	

	<b>Revised Plan (Days)</b>	<b>Actuals Apr-Sept (Days)</b>	<b>Forecast Outturn (Days)</b>	<b>Comments</b>
<u>Risk-Based Systems</u>				
Officers' Expenses	10	12	13	Completed. See separate report on agenda (exempt item)
Resource Resilience	25	2	19	Ongoing.
Information Governance	15	19	19	Completed. Reviewed documentation to establish information governance standards.
Car Parking	15	21	23	Draft report completed. Subject to quality review processes. Final report should be available by the end of November.
Museum/Gallery TIC	5	4	5	Completed. See separate report on agenda (exempt item)
	70	58	79	

	<b>Revised Plan (Days)</b>	<b>Actuals Apr-Sept (Days)</b>	<b>Forecast Outturn (Days)</b>	<b>Comments</b>
<u>IS</u> Strategic Review	10	11	12	Reviewed outstanding recommendations as recorded on TEN Completed. See separate report on agenda (exempt item)
<u>Contingency etc</u> Audits b/fwd from 2013/14	67	59	65	See note 1
Contingency	11	13	13	See note 2
	78	72	78	
<u>Other Audit Work</u> Planning/Management	17	12	17	
Audit Committee	5	3	5	
	22	15	22	
<b>TOTAL</b>	250	160	250	

## Notes

### 1. Audits brought forward from 2013/14

A breakdown of the figures is:-

	<b>Revised Plan (Days)</b>	<b>Actuals Apr-Sept (Days)</b>	<b>Forecast Outturn (Days)</b>	<b>Comments</b>
Treasury Management	2	2	2	Reported to A&G Committee in June. "Partial" assurance level.
Debtors	4	4	4	Reported to A&G in June. "Good".
Mechanics Workshop	6	-	6	Audit now picked up from Aug 2013. To be reported in January.
Benefits	4	4	4	Reported to A&G in June. "Significant".
Council Tax Bus Rates	15	15	15	Reported to A&G in June. "Good".
Payroll	6	6	6	Reported to A&G in June. "Significant"
Creditors	30	28	28	Reported to A&G in September. "Good".
	67	59	65	



2. **Contingency**

A breakdown of the figures is:-

	<b>Revised Plan (Days)</b>	<b>Actuals Apr-Sept (Days)</b>	<b>Forecast Outturn (Days)</b>	<b>Comments</b>
<u>Completing IS Audits b/fwd from 2013/14</u>				
PCI Data Standards	4	5	5	Reported to A&G in September. "Partial".
Data Protection	6	7	7	Reported to A&G in September. "Partial".
<u>Other</u>	1	1	1	
	11	13	13	