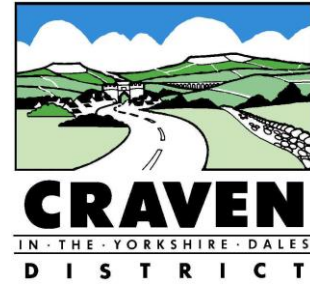


Audit and Governance Committee 5th April 2016



DRAFT INTERNAL AUDIT PLAN 2016/17

Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 The purpose of this report is to provide the proposed Internal Audit Plan for 2016/17 for consideration and approval.

2. **Recommendations**

- 2.1 That the Audit & Governance Committee considers and approves the Internal Audit Plan for 2016/17 as set out in this report and attached Appendices.

3. **Background Information**

- 3.1 The 2016/17 Internal Audit Plan is the second year of the new agreement for the Harrogate and Craven Shared Internal Audit Service. This is for a three year period – from 1st April 2015 to 31st March 2018.
- 3.2 The draft Audit Plan for 2016/17 is attached at Appendix A and sets out the areas, functions or activities at Craven which are to be reviewed together with an estimated number of days for each.

4. **The Report**

- 4.1 Under the Public Sector Internal Audit Standards, the Chief Audit Executive must give an overall opinion on the adequacy and effectiveness of their authority's internal controls, risk management and governance arrangements. The 2016/17 Internal Audit Plan must therefore include a sufficient range of audit work for this opinion to be given at the year-end in the Annual Internal Audit Report.
- 4.2 As all of the key financial systems within the Council have either been awarded "significant" or "good" levels of assurance with regards to the internal control environment, the approach from now on will be to adopt a more risk based approach whereby other internal controls are assessed.
- 4.3 The draft Internal Audit Plan for 2016/17 is attached at Appendix A. The number of days allocated to specifically provide the Audit Services Manager

with the evidence for the opinion on the control environment is 240 (2015/16: 240 days), with an additional 10 days available for any ad hoc, consultancy or unforeseen work. This split is in line with the contractual terms of the Shared Internal Audit Agreement and payment is only requested for the additional 10 days if the S151 Officer agrees that they should be used.

4.4 The draft Internal Audit Plan has been developed in consultation with members of Craven District Council's Corporate Leadership Team (CLT) including the s151 Officer, and takes into account:

- Risks of the Authority
- Corporate Priorities
- Mazars publication "Local Government Horizon Scanning – Current issues and Future Challenges"
- Proposed audit areas identified by the Institute of Internal Auditors

4.5 Progress against the plan will be monitored throughout the year and key issues/findings will be reported to CLT and members of Audit & Governance Committee.

5. Implications

5.1 Financial and Value for Money Implications

The Council pays a daily fee to Harrogate Borough Council as its contribution towards the cost of the Shared Service which is hosted by Harrogate.

5.2 Legal implications

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

The major risks to the provision of the service to Craven include:-

- Insufficient resources and capacity – for example due to long-term sickness or vacant posts arising. If the situation arises, it will be addressed by the Internal Audit Shared Service Partnership Board, reporting to the respective Audit Committee of the two Councils if necessary.
- The need for a major investigation which will mean that some planned work will have to be deferred or an increase in the days provided at an

additional cost to Craven.

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. **Consultations with Others**

Corporate Leadership Team
Strategic manager – Financial Services (s151 Officer)

7. **Access to Information : Background Documents**

None

8. **Author of the Report**

Kim Betts, Audit Services 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. (Telephone 01423 500600 (ext 58587) or email kim.betts@harrogate.gov.uk).

9. **Appendices**

Appendix A – Draft Internal Audit Plan 2016/17.

APPENDIX A

2016/17 DRAFT INTERNAL AUDIT PLAN

AUDIT	DAYS	COMMENTS
Licensing	15	To give assurance on the adequacy and effectiveness of the internal controls Will include a review of Hackney Carriage Licenses.
National Fraud initiative	6	To identify and report on the number of "fraud" matches identified by NFI and to review what action is being taken. To ascertain how susceptible the Council is to fraud based on the results from NFI.
Money Laundering	15	To proactively look for evidence of this and to ensure compliance with the Council's Money Laundering Policy.
Payroll	15	Review internal controls in place and to also challenge how the Council is using the functionality of its current payroll system
Disabled Facilities Grant	20	To give assurance on the adequacy and effectiveness of the internal controls
Asset Rentals & Lettings Income	15	To give assurance on the adequacy and effectiveness of the internal controls
Garden Waste Collection	20	To give assurance on the adequacy and effectiveness of the internal controls within this new system.

AUDIT	DAYS	COMMENTS
Planning Fees	15	To give assurance on the adequacy and effectiveness of the internal controls.
Cybercrime	15	An audit to assess controls to prevent hacking and/or Distributed Denial of Service (DDOS) attacks. The audit will also review risks of financial loss, disruption or damage to the reputation of the Council that arises from the failure of its information technology systems.
Software Asset Management	15	An audit that will identify all software assets, verify licenses, usage & rights; review contract terms, payments made, exit clauses.
Leisure Site Income	20	A review of the management of income on site from the initial fee charged to the controls in place for the collection and banking of income.
Follow up of previous audit recommendations	6	Follow up of all outstanding audit recommendations
Management time/Committee Meetings etc	20	Includes preparation and monitoring of the Audit Plan, review of audit files and reports plus attendance at meetings.
Contingency	43	Pool of days that can be drawn down during the year if, for example, additional time is needed
TOTAL	240	