

Committee: Performance & Audit Committee

Agenda Item

Date: 13 February 2014

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Title: Internal Audit Work Programme 2014/15

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Item for approval

Internal Audit Manager 01799 510610

Summary

1. The purpose of this report is to present to Members the details of the proposed Internal Audit work areas for 2014/15.

Recommendations

2. That Members approve the proposed Internal Audit work areas for 2014/15 and consider any additional areas for Internal Audit work during in 2014/15.

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

None.

Impact

- 4.

Communication/Consultation	The Internal Audit Work Programme 2014/15 referred to in this report has been agreed with Corporate Management Team at its meeting 13 January 2014
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

5. Internal audit is part of the Council's corporate governance framework. Corporate governance is defined as the system by which local authorities direct and control their functions. The requirement for adequate and effective Internal Audit is statutory for all local authorities.
6. With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS require that there must be a risk-based internal audit plan that takes into account the requirement to produce an annual internal audit opinion and assurance framework and the plan must be reviewed and approved by senior management (CMT) and the board (Performance & Audit Committee).
7. In 2011/12 we adopted the methodology of a rolling programme of risk based internal audit work to meet requirements and resources during the year.

Internal Audit Work Areas 2014/15

8. The rolling programme of Internal Audit work for 2014/15 will subject to regular review and updating half-yearly and at any other time as necessary.
9. The available audit days have been calculated on the resources of:
 - 1 x Audit Manager
 - 1 x FT Internal Auditor
 - 1 x 0.67 FTE Internal Auditor
10. The initial Internal Work Programme for 2014/15 is calculated on the allocation of audit days calculated as follows:

total days available	694
(260 working days x 2.67 officers)	
Less - leave provisions	-115
annual leave	70
bank holidays	21
statutory days	6
sick leave	13
study leave	5
Less Non-audit time	-124
audit admin, management, planning, U-perform, training, CPD etc	
Total available Productive Time	455
Less - Non-specific productive audit work	-145
contribution to corporate management	19
consultancy & general advice	30
committee & members related	25
fraud related	25
irregularity provision	20
follow-up	10
residual 2013/14 audit work	10
Other e.g. External Audit, corporate training	6
Days available for Programmed Audit Work 2014/15	310

11. The 2014/15 programme audit work is risk based; our priorities for audits are:

1. Corporate & Divisional Plans / Risk Registers – highest risks areas;
2. Key Financials – statutory audit areas which will include control testing work on which the External Auditors will be able to place reliance.

Precise External Auditor requirements for 2014/15 are unknown at this stage;

3. Audits carried forward from the 2013/14 plan
 4. Internal Audit identified high risk areas;
 5. Overdue audits from the strategic plan;
 6. Specifically requested risk areas or services.
12. The corporate and operational areas currently under consideration for audit work throughout 2014/15 are detailed at Appendix A(i) and cross referenced to the corresponding 2013–18 corporate plan action and/or corporate or risks 2013/14.
13. The corporate and operational areas included in the Strategic Programme are reviewed annually. The 2014/15 Strategic Programme is reproduced in Appendix A(ii).
14. Once Corporate Plan & Directorate Plan Actions & Risks 2014/15 have been confirmed, the Internal Audit work programme for the first 6-months of 2014/15 will be agreed with the Corporate Management team and presented to the next meeting of this Committee along with the Internal Audit Strategy 2014/15
15. Once External Auditor requirements for 2014/15 are confirmed the programme will be reviewed and revised as necessary. All revisions to the programme will be reported to the Committee through Internal Audit Progress Reports.

Productive Non-specific Audit Work 2014/15

16. Fraud related work will include the introduction of local internal data matching during 2014/15.
17. Committee & Member related work will include additional time for evaluation and briefing officers and members on the impact of the new CIPFA – Audit Committees Practical Guidance for Local Authorities and Police published in December 2013 and for facilitating the committee’s self-assessment of good practice exercise.

Non-audit Time 2014/15

18. Non-audit Time 2014/15 will include additional time on ensuring compliance with PSIAS, in particular the requirement for a Quality Assurance and Improvement Programme which will include an internal assessment on our 2013/14 performance and production of any improvement plan for monitoring and future reporting purposes.

Risk Analysis

- 19.

Risk	Likelihood	Impact	Mitigating actions
The Council does not provide for an adequate and effective internal audit function	1 Internal Audit function is an integral part of the Council	3 Statutory requirement, adverse External Auditor comment	Strategic audit plan approved by Senior Officers and Members, reconciled to available audit resource
The External Auditors are unable to rely on the work of Internal Audit	1 Managed Audit Agreement	3 Financial and reputational risks	Liaison with External Auditors to ensure audit coverage is agreed
The Council's audit environment changes and available audit resource is no longer sufficient	2 No spare capacity if unforeseen long term absence of staff	2 Review of audit plan leading to reduction of audit coverage. Potential shared / joint working agreements with neighbouring authorities	Regular monitoring and highlighting potential shortfall

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.