

REPORT OF: AUDIT MANAGER
TO: Accounts and Audit Committee
DATES: 20th March 2018

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INTERNAL AUDIT PLAN 2018/19

PURPOSE OF REPORT

1. The purpose of this report is to seek the approval of Account & Audit Committee to the Internal Audit Plan for 2018/19.

RECOMMENDATION

2. It is recommended that the Account & Audit Committee approve the Internal Audit Plan 2018/19 as shown at [Appendix A](#).

REASONS FOR RECOMMENDATION

3. Approval of the Annual Audit Plan will permit Internal Audit to fulfil its role as outlined in the Internal Audit Strategy.

Background

4. Internal Audit's work is performed in accordance with the Public Sector Internal Audit Standards 2013 (PSIAS) which defines internal auditing as *"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*
5. The plan has been prepared in accordance with PSIAS and CIPFA professional standards, and is based on a formal Audit Needs Assessment (ANA). This assessment was carried out in March 2017 and a revised Internal Audit Strategy for the period 2017-20 was developed. The Strategy has previously been approved by this Committee (21st March 2017) and can be found here, https://www.pendle.gov.uk/meetings/meeting/2152/accounts_and_audit_committee
6. The standards stipulate a requirement to produce an annual Internal Audit plan with review and input from the "board" which in our case is the Accounts and Audit Committee, this report provides that opportunity.

7. The annual Internal Audit Plan provides an outline to the audit assignments that will be undertaken in the forthcoming financial year, the priorities for Internal Audit and the estimated resources required to deliver the plan.

Annual Internal Audit Plan 2018/19

8. The audit plan has been prepared using a risk based approach and largely reflects Year 2 of the Strategic Audit Plan 2017-20. The risk status of each audit area has been identified by Significance Bands rated between 1 and 3 (1 being the highest) and the planned number of days for the assignment is shown. In agreement with the Strategy, the risk coverage is in excess of 60% of audit risks identified and all service areas including services outsourced to Liberata and the Pendle Leisure Trust have coverage within the plan.
9. The proposed Internal Audit Plan for 2018/19 is provided at [Appendix A](#). The Plan provides for a chargeable audit resource of 338 days, which equates to circa 67% of total available days. There is an allocation of 20 days classed as contingency days. These are days set aside to absorb time spent on adhoc pieces of unplanned work which may vary from year to year.
10. Consultation has taken place with Senior Management to identify any changes which may impact on the design of the 2018/19 Internal Audit Plan. Points for consideration included whether the Council's aim and objectives have changed, new work practices introduced or equally some elements of the plan no longer apply or risks have emerged/changed. Consequently some amendments to the original plan (as per the Strategic Audit Plan) have been made and these are detailed as follows;

Audit Area	Comments
Freedom of Information	Not required annually, will be undertaken in 2019-20.
Elections and Electoral Registration	System given full assurance in 2017-18, will be undertaken in 2019-20.
Property Improvement Grants	Renamed as Disabled Facilities Grants.
Women's Refuge	Potential tendered out in 2018-19 with a view to contracting out the service in 2019-20.
Business Support Grants	Moving away from grants system to a loan based system for businesses.
Mobile Phones	Included in Audit Plan due to issue of new phones

11. The Audit Plan also includes an allocation of 15 days for computer audit. Members will be aware that during 2017-18, Mersey Internal Audit Agency (MIAA) was engaged to provide specialist computer audit services to the Council. 3 reviews have been commissioned; ICT Service Governance, Cyber Security and ICT Asset Management. There is scope to extend this arrangement by mutual consent and whilst this is reflected in the plan to include areas such as mobile working and GDPR a final decision will be made once outputs from the current

work programme have been considered. Further details regarding the arrangements for computer audit will be brought back to this Committee in due course.

12. The Committee will appreciate that the planned audit days for each audit assignment is an estimate based on the anticipated scope of the audit work required. The detailed scope and objective of each assignment, and the exact dates of fieldwork, which will normally be agreed with the relevant Manager prior to the commencement of each audit.
13. In order to maximise the benefit from the Council's Internal and External Audit Services, the proposed Annual Plan has been communicated with the Council's External Auditor, Grant Thornton. The intention will be to ensure that there is no duplication and where Internal Audit can support the work of External Audit as part of their managed audit approach, this will be pursued.
14. Management and delivery of the Audit Plan will be a matter for the Audit Manager. Given the nature of any plan and a requirement of the Standards the Plan is flexible enough to enable resources to be redirected during the year subject to events that may arise; this will be a matter for agreement between the Audit Manager and the Financial Services Manager. Progress with the plan will be reported quarterly to the Accounts and Audit Committee as part of the regular monitoring reports.

IMPLICATIONS

Policy

15. There are no policy implications arising from the contents of this report.

Financial

16. There are no financial implications arising from the contents of this report.

Legal

17. There are no legal implications arising from the contents of this report. However, the provision of an Internal Audit Service is a statutory requirement as per the Accounts and Audit Regulations 2015.

Risk Management

18. There are no risk management issues arising directly from the contents of this report. It should be noted, however, that the development of the Internal Audit Plan has been undertaken using a risk based approach to resource allocation.

Health and Safety:

19. There are no Health and Safety implications arising directly from the contents of this report.

Climate Change:

20. There are no climate change implications arising directly from this report.

Community Safety:

21. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

22. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A – Annual Internal Audit Plan 2018/19

LIST OF BACKGROUND PAPERS

Appendix B- Strategic Audit Plan for 2017/20