

REPORT OF: AUDIT MANAGER
TO: ACCOUNTS AND AUDIT COMMITTEE
DATES: 18th March 2019

Contact Details: Farhan Khaliq
Tel. No: 01282 661875
E-mail: Farhan.khaliq@pendle.gov.uk

INTERNAL AUDIT PLAN 2019/20

PURPOSE OF REPORT

1. The purpose of this report is to seek the approval of the Accounts and Audit Committee to the Internal Audit Plan for 2019/20.

RECOMMENDATION

2. It is recommended that the Accounts and Audit Committee review and approve the Internal Audit Plan 2019/20 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 Senior Management i.e. "Management Team" and the board i.e. "Accounts and Audit Committee", this report provides that opportunity.

7. The annual Internal Audit Plan outlines those reviews 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 2019/20

8. The audit plan [Appendix A](#) has been prepared using a risk based approach and largely reflects Year 3 of the Strategic Audit Plan 2017-20 [Appendix B](#). 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 70% of audit risks identified and all service areas including services outsourced to Liberata and the Pendle Leisure Trust have coverage within the plan.
9. Consultation has taken place with Senior Management to identify any changes which may impact on the design of the 2019/20 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.
10. The proposed Internal Audit Plan for 2019/20 is provided at [Appendix A](#). The Plan provides for a chargeable audit resource of 356 days, which equates to circa 67% of total available days (535 days). 20 days have been 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 and ensure the plan is sufficiently flexible to reflect the changing risks and priorities of the organisation.
11. There is an allocation of 15 days for bought in computer audit services. During 2018-19, Mersey Internal Audit Agency (MIAA) was engaged to provide specialist computer audit services to the Council. 2 reviews have been commissioned; GDPR compliance and the IDOX system. Possible reviews for 2019-20 will be considered once these reviews have been completed; this flexibility in planning will enable emerging ICT risks to be considered as they arise.
12. There is also 15 days allocated to Fraud and Investigation work. Similarly 12 days have been allocated to review an aspect of Pendle Leisure Trust's activity.
13. 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.
14. Since the 2019-20 plan coincides with the final year of the Internal Audit Strategy there will be a detailed review of all risks identified within the audit universe. This will involve discussions with Heads of Service and an assessment of all known and emerging risks will be undertaken.
15. In order to maximise the benefit from the Council's Internal and External Audit Services, the proposed Annual Plan will be 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 this will be pursued.
16. 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 Chief Finance Officer, but will be reported to the Accounts and Audit Committee as part of the regular monitoring reports.

IMPLICATIONS

Policy

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

Financial

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

Legal

19. 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

20. 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:

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

Climate Change:

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

Community Safety:

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

Equality and Diversity:

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

APPENDICES

Appendix A –Internal Audit Plan 2019/20

Appendix B- Strategic Audit Plan for 2017/20

LIST OF BACKGROUND PAPERS

Strategic Audit Plan for 2017/20

https://www.pendle.gov.uk/meetings/meeting/2152/accounts_and_audit_committee