

Body:	AUDIT AND GOVERNANCE COMMITTEE
Date:	09 MARCH 2016
Subject:	Draft internal audit plan for 2016/17
Report Of:	Internal Audit Manager
Ward(s)	All
Purpose	To propose an internal audit plan for 2016/17
Recommendation(s):	To consider and adopt the proposed plan.
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1.0 Introduction

- 1.1 The internal audit function contributes to the Council's overall governance arrangements through the audits carried out in the annual internal audit plan.
- 1.2 The annual audit plan includes a number of managed audits which are required to be carried out by the external auditors and upon which they place reliance for the work of internal audit.

2.0 The Audit Universe

- 2.1 The Audit Universe is the list of all areas around the Council which can be reviewed.
- 2.2 The universe was completely reviewed in discussion with Heads of Service ahead of the 2014/15 plan.

3.0 Production of the draft audit plan for 2016/17

- 3.1 The internal audit plan for each year begins by calculating the number of audit days available. For 16/17 this has reduced owing to the Internal Audit Manager now working one day a week for Lewes District Council.
- 3.2 There are twelve "managed" audits which have to be undertaken every year in order to satisfy the external auditors. These are:-

- Benefits
- Cash and Bank
- Council Tax
- Creditors
- Debtors
- Housing Rents
- Main Accounting (Financial Ledger)
- NNDR
- Payroll

Treasury Management
IT
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- 3.3 As well as these core audits, work is carried out annually on verifying the Benefits Subsidy Claim and time must also be set aside in the audit plan for unplanned work (contingency), advice, special investigations, follow ups, work on the National Fraud Initiative etc. Non chargeable time (holidays, sick leave, admin etc) is also calculated.
- 3.4 Once the days necessary to carry out the work listed above are calculated the figure can be taken from the "auditor time available" and the remaining figure is the number of days available for carrying out other audits specifically for the Council. These calculations can be seen as part of Appendix A.
- 3.5 In order to produce the annual internal audit plan a risk assessment of the areas listed in the audit universe is carried out by the Internal Audit Manager. Weighting factors used are :-

The number of transactions in the system;
System changes;
Internal control score (evaluated from last review);
Length of time since last review.

- 3.6 The completed risk assessment can be found at Appendix B. This has been sorted by level of risk and then by the date the last audit review was undertaken.
- 3.7 The draft audit plan is then produced using the risk assessment to select areas for review up to the amount of time available.

4.0 Draft audit plan for 2016/17

- 4.1 The draft audit plan for the new year has to be produced before the end of the previous audit year. A judgement therefore has to be made as to whether any outstanding reviews are likely to be completed. As the focus of the audit work at this time of year turns to completion of the annual audits, all the outstanding reviews have been carried forward to the new year plan.
- 4.2 Two other reviews (Engineering and Performance Management) were requested to be postponed and these have been added to the new year plan.
- 4.3 The risk assessment shows five high risk areas. Open Revenues is being completed in the current year and Procurement was completed in November so is subject to follow up reviews.
- 4.4 The remainder of the plan is made up of medium risks which have not been carried out for a number of years and some low risk areas which were last audited four to five years ago.
- 4.5 The draft audit plan for the new year which was drawn up using the process described above was taken to CMT for discussion on the 9th February 2016.
- 4.6 At the meeting it was requested that consideration be given to adding a review of Prevent and Protect to the plan and suggested that this could be carried out in

conjunction with Lewes.

4.7 In discussion with the Head of Audit, Fraud and Procurement at Lewes it was agreed to include this in each of our plans with just 5 days each. As there was not a low risk audit of only five days that could be replaced in the plan the number of days for contingency was marked down by 5 days to allow for the requested review to be undertaken.

4.8 Lewes also planned to carry out a review of the use of agency staff and consultants and it was agreed to carry out the review across both authorities.

4.9 This plan can be seen at Appendix C.

5.0 Future Audit Plans

5.1 With the sharing of services with Lewes District Council there will be closer working of the Audit teams. Currently the Internal Audit Manager at Eastbourne is carrying out a review of Right to Buy at Lewes and lessons learned from this will be used to inform a later review of Right to Buy at Eastbourne. As mentioned above the plan for 16/17 now includes the first joint review across Eastbourne and Lewes. It is therefore probable that the audit plan for 17/18 will be a joint one with Lewes.

6.0 Consultation

6.1 The Corporate Management Team.

7.0 Resource Implications

7.1 Financial – Delivered within the approved budget for Internal Audit

7.2 Staffing – None directly as a result of this report, staff are engaged in risk matters on an ongoing basis.

8.0 Other Implications

8.1 None

9.0 Summary of Options

9.1 None

10.0 Recommendation

10.1 To consider and adopt the proposed plan.

Jackie Humphrey
Internal Audit Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

None