

<b>Body:</b>	AUDIT AND GOVERNANCE COMMITTEE
<b>Date:</b>	08 MARCH 2017
<b>Subject:</b>	Draft internal audit plan for 2017/18
<b>Report Of:</b>	Internal Audit Manager
<b>Ward(s)</b>	All
<b>Purpose</b>	To propose an internal audit plan for 2017/18
<b>Recommendation(s):</b>	To consider and adopt the proposed plan.
<b>Contact:</b>	Jackie Humphrey, Internal Audit Manager, Telephone 01323 415925 or internally on extension 5925. E-mail address jackie.humphrey@eastbourne.gov.uk

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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 2017/18**

- 3.1 The internal audit plan for each year begins by calculating the number of audit days available.
- 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  
Theatres

- 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 2017/18**

- 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 As a new piece of software was being introduced for the Theatres box office it was agreed that this piece of work would be postponed until 17/18.
- 4.3 The risk assessment was used to consider which audits should be included in the plan for the new financial year. There are three high risk reviews listed in the risk assessment. One is being completed in 16/17 and the other is a carry forward into 17/18. The other high risk audit is also included in the 17/18 draft plan.
- 4.4 The remainder of the plan is made up of medium and low risk areas which have not been audited since 2012.
- 4.5 This year the draft plan reviews were discussed with the Head of Audit and Procurement at Lewes. Some areas of joint work were identified and some audits in the Eastbourne draft plan have been extended in time to enable the reviews to cover Lewes as well as Eastbourne.

4.6 The draft plan, as agreed with the Lewes team, can be found at Appendix C.

4.7 The following is pointed out in the draft plan:

- IT Controls and Change Controls – these are both carry forwards from the 16/17 plan. As IT now covers both authorities the number of days allocated has been slightly increased and the work will cover both Eastbourne and Lewes.
- Contract Management and Monitoring – this has been increased to a 20 day review with a further 5 days being included in the Lewes plan. This will give a total of 25 days to cover a sample of contracts across both authorities.
- Joint audits – these are the shared work agreed with Lewes. RIPA will be led by Lewes with their listing eight days and Eastbourne just two. Safeguarding will be led by Eastbourne with us listing 10 days and Lewes just two. Finally the Head of Audit and Procurement at Lewes intends to carry out work on Joint Ventures with Lewes listing 20 days and Eastbourne just two.

## **5.0 Consultation**

5.1 The Corporate Management Team.

## **6.0 Resource Implications**

6.1 Financial – Delivered within the approved budget for Internal Audit

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

## **7.0 Other Implications**

7.1 None

## **8.0 Summary of Options**

9.1 None

## **9.0 Recommendation**

9.1 To consider and adopt the proposed plan.

**Jackie Humphrey**  
**Internal Audit Manager**

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**Background Papers:**

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

*None*