Powys County Council

INTERNAL AUDIT PLANNING STRATEGY

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Powys Internal Audit

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Powys Internal Audit

1.0 INTRODUCTION

1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment. This is done by effectively contributing to the statutory requirement in the Accounts and Audit Regulation 2005 (Wales) for the Council to maintain sound systems of internal control.

1.2.1 The purpose of the Internal Audit Planning Strategy is to :

- provide independent and objective assurance to Members and Senior management on the effectiveness of Powys County Council's control environment
- identify and address risks that may impact on the Council's corporate objectives
- develop and promote our role to make a significant contribution to the Council's priority to modernise and deliver efficient and improve services to our customers.
- add value and support senior management in maintaining effective control
- support the Strategic Director of Resources in fulfilling the obligations as the Council's nominated Section 151 Officer.
- To meet the requirement of the external auditors.

2.0 SCOPE

2.1 The intention of the Internal Audit Planning strategy is to embed integration of internal audit work with governance and risk to produce a co-ordinated risk based approach to the audit of business / operational systems and process across the council.
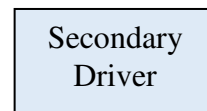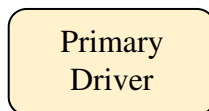
3.0   PLANNING INFORMATION SOURCES

3.1   The following diagram is a visual representation of the key drivers that are considered to help inform the decisions when developing the internal audit annual plan.

KEY
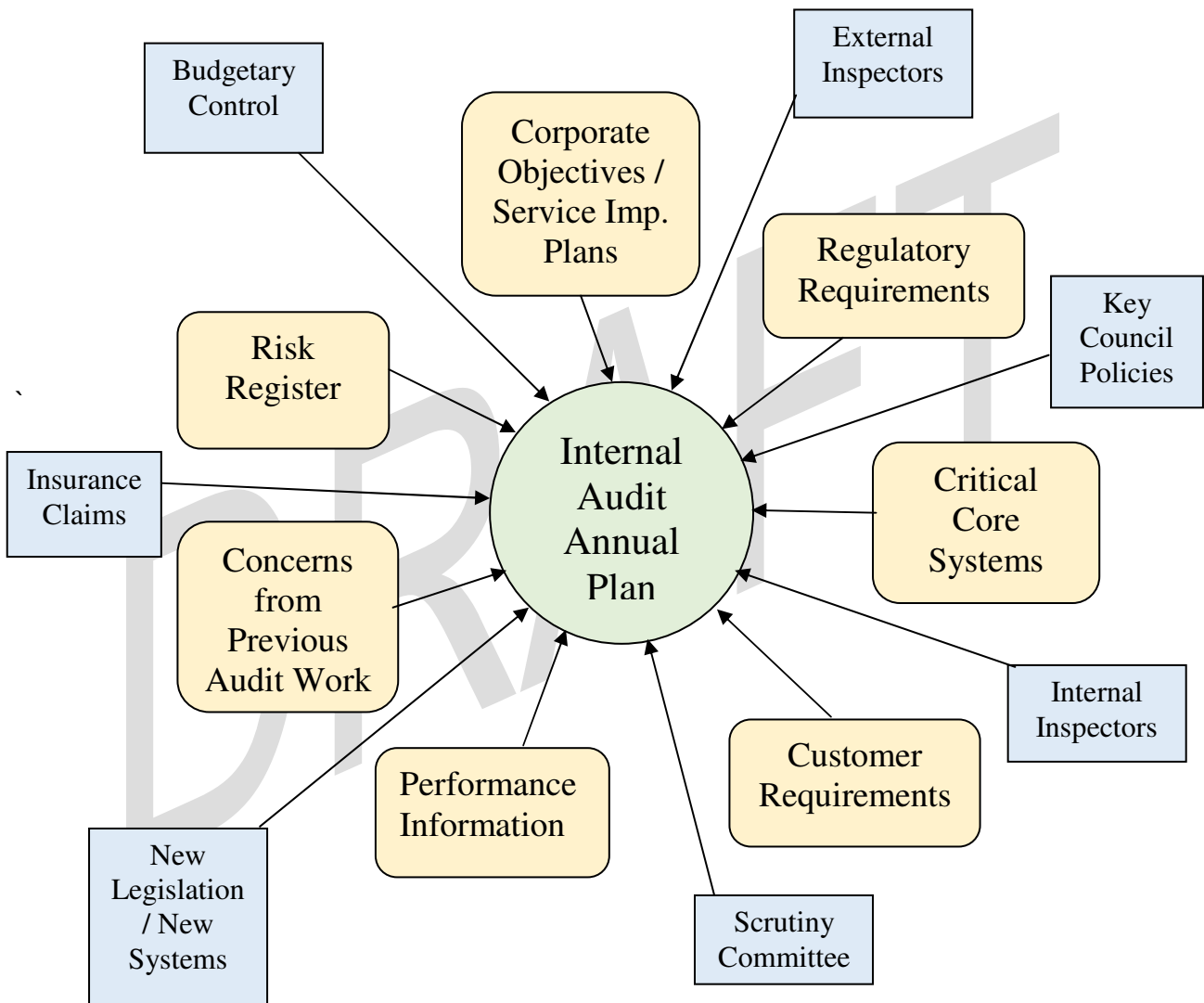
4.0 ANNUAL PLANNING PROCESS

4.1 Our work provides a risk based approach that allows the Internal Audit Manager to form and evidence his opinion on the control environment to support the Council's annual review of its governance arrangements. Our work seeks to co-ordinate with other assurance functions, external or internal, to prevent duplication and co-ordination of audit and regulatory work.

4.2 In January / February 2014, the Internal Audit Manager and Principal Auditors had planning meetings with the all key officers of the Council (3 Strategic Directors, 1 Director, 9 Heads of Service and 3 Senior Officers). This consultation involved detailed discussion about each of the drivers i.e. the information sources of assurance, and the results of this exercise will be used as the key source for the risk based internal audit plan.

4.3 Whilst the internal audit plan uses an annual risked based approach, there are also rolling cycles of work that have been selected because of their inherent risk, with the work factored over a number of years to allow an effective balance of coverage and resource. The table below outlines the main cyclical programmes:

Area	Jobs	Type	Cycle
Core Systems	Payroll	System	Every 2 years, but may be less if the need arises.
	Expenses	Probity	
	Pensions	System	
	Accounts Payable	System	
	Accounts Receivable	System	
	Main Accounting	System	
	Collaborative Planning	System	
	EProcurement	System	
	Council Tax	System	
	NNDR	System	
	Housing Benefit	System	
	Student Awards	System	
	ROCC (Operations)	System	
	Draig (Adult & Child)	System	
	Housing Rent	System	
Regulatory	Data Protection	System	Every 3 years (Note: Co-ordinated with external Inspections)
	RIPA	System	
	Freedom of Information	System	
Regulatory	WG Grants	Certification	Every Year
	SFW Certificate	Certification	
	European Grants	Certification	
	AGS (Input only)	Certification	
	HIA Opinion	Certification	
Schools	Secondary Schools	Establishment	Every 3 years

	Special Schools Primary Schools (delegated funds)	Establishment Establishment	(Note: Audits will be co-ordinated to fit Estyn inpections schedules)
Schools	Primary Schools	Establishment	Every 4 years
Registrars		Establishment	Every 3 Years
Cash Offices	Main Supplementary	Establishment	Every 2 years Every 3 Years
Social Care Centres	LD Centres Supported Homes Days Centres	Establishment	Every 3 Years

4.4 To ensure the Council has a robust control environment, it is essential that Internal Audit not only identifies control weaknesses and helps to develop remedial actions, but also gains assurance that these have actually been implemented. Clearly, Management are solely responsible for the implementation of these actions.

4.5 All significant audit reports that have an adverse opinion (i.e. Low or Limited Assurance) are reported to the Audit Committee Sub Group where Members track the delivery of actions by requiring those responsible to update the group on the status of the agreed action plan.

4.6 Internal Audit will also undertake a series of follow-up reviews once they have been signed off by the Audit Committee Sub Group. The Internal Audit Manager will use his expertise to determine the need, timing and method to best suit the circumstances. Resources for these reviews should be included in the internal audit plan.

5.0   LIMITATIONS

5.1 A risk-based approach to internal audit planning relies on the Council having both mature risk management (risk identification, risk mitigation, risk acceptance and risk action planning) and effective identification of the corporate business objectives and how those are delivered at operational levels.

5.2 At the time of developing the internal audit plan, the most up to date risk register was still fundamentally based on the risks identified from the previous service planning process (April 2013). Furthermore, it has been recognised that the current risk management strategy needed to be updated to correctly reflect risk mitigation activities.

5.3   The corporate objectives of the Council have been agreed for 2014/15, but at the time of audit planning had not been formalised at operational levels into service improvement plans. These plans show the exact areas of business focus and any associated risks. Without these important documents, it is difficult to align internal audit plans to corporate priorities.

5.4   It is envisaged that both a revised risk register and suite of service improvement plans should be available in the near future. As a result, the Internal Audit Manager has developed an interim first quarter audit plan based many around known areas activity and cyclical audit programmes. A complete annual risk based audit plan will be developed as soon as the information becomes available.

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