

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**AUDIT COMMITTEE  
25<sup>th</sup> April 2014**

**REPORT AUTHOR: Internal Audit Manager**

**SUBJECT: Interim Internal Audit Plan 2014/15**

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**REPORT FOR: Decision**

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**1.0 Introduction**

**1.1** One of the functions of the Audit Committee is to be satisfied there is effective internal audit coverage of the Council's systems, mechanisms, policies and practices to be able to gain assurance that the Council has a robust internal control framework.

**2.0 Objectives of Internal Audit**

**2.1** Internal Audit's objective is to carrying out independent appraisals of the Council's control mechanisms to identify areas for improvement by Management.

**2.2** The achievement of this objective involves:

- Reviewing and appraising the soundness and adequacy of Internal Control
- Promoting value for money
- Ascertaining levels of compliance with established plans, policies and procedures
- Protecting the Council's assets and safeguarding from losses
- Determining the reliability of management information produced by the Council
- Conducting special investigations where appropriate
- Advising and supporting management

**3.0 Internal Audit Strategy**

**3.1** The internal audit strategy (see appendix A) is based on a comprehensive understanding of the Council's corporate framework i.e. corporate plans, performance measurement, risk management and policies together with its culture, management, systems, structures and operations.

It provides a balanced and proactive programme of audit activity that is co-ordinated as necessary with other review agencies. The strategic and functional approach to audit activity reflects the principal risks to the achievement of the Council's objectives and the controls established to manage the key risks faced.

- 3.2 The nature, extent and wide ranging array of services the council provides mean that Internal Audit do not have the resources to effectively cover all of the auditable areas. Therefore, conformance with the planning strategy effectively prioritises resources to those areas that are judged to add value to the Council.
- 3.3 The preparatory work for the new internal audit plan started with consultation with thirteen key stakeholders (Strategic Directors, Directors and Heads of Service) in January and February 2014. This process has given some direction to the Council's requirements of internal audit.

#### **4.0 Limitations**

- 4.1 Whilst corporate improvement objectives have been agreed before the start of the financial year, these have not been transformed into published service improvement plans that specify defined operational goals and associated key risks. In addition, the Council's risk register refers mainly to risks that were identified at the start of the previous financial year.

As a consequence, these vital elements of a risk-based planning approach were unavailable to influence the internal audit planning process.

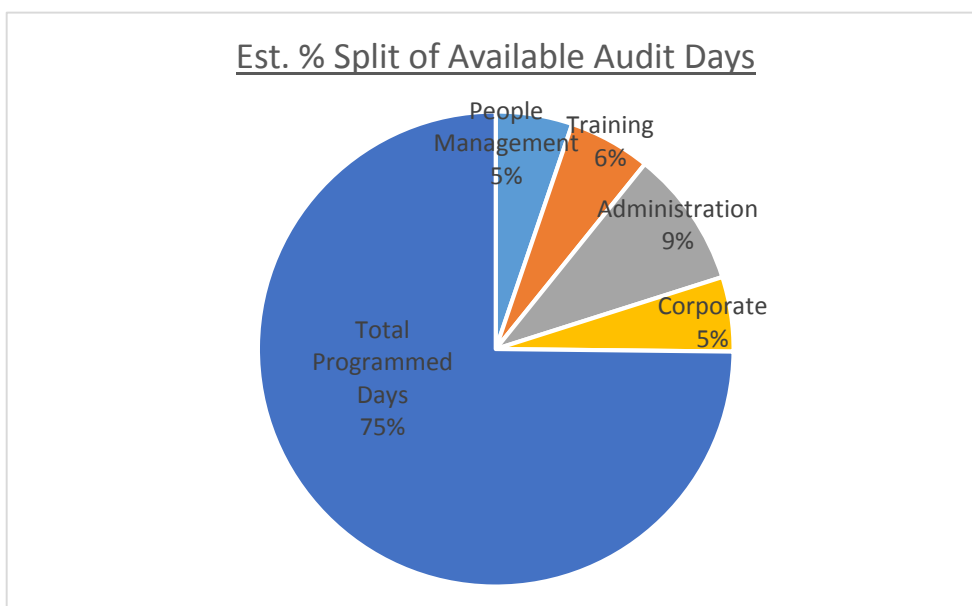
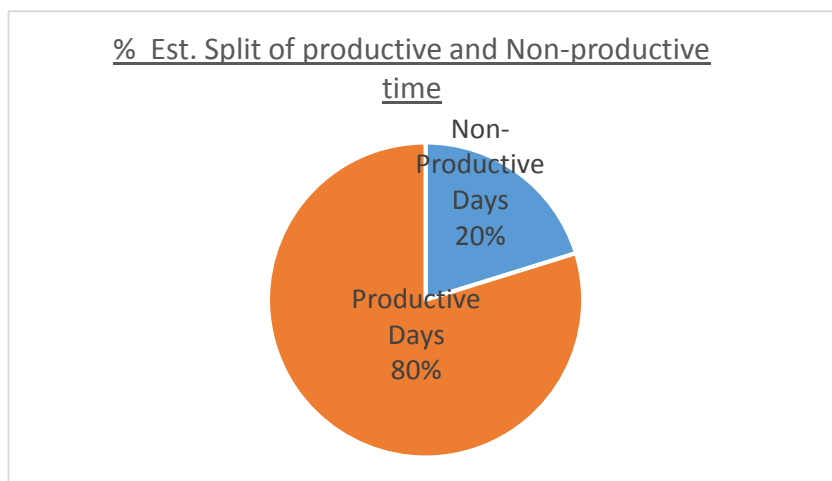
#### **5.0 Resources**

- 5.1 The current structure of the internal audit team consists of 7.5 full time equivalent posts. These are:
- Audit Manager x 1
  - Principal Auditor X 2
  - Senior Auditor x 1.5
  - Auditor x 1
  - Audit Assistant x 2
- 5.2 It is envisaged that the Internal Audit Team will be restructured shortly with the intention of flattening management structures and increasing available audit work-days.

5.3 The table below is a breakdown of the estimated productive programmed days available for the first quarter planning process for 2014/15:-

Resource Uses	1st Quarter Days
Total Days	505
Less Leave & Sickness	102
Total Available Work Days	403
Less People Management	21
Less Training	22.5
Less Administration	37
Less Corporate Work	20.5
<b>Total Programmed Days</b>	<b>302</b>

5.4 The charts below give a representation of the estimated percentage use of available resources:-



## 6.0 Activity

- 6.1 The interim internal audit plan for the 1<sup>st</sup> Quarter of financial year 2014/15 is attached in appendix B. This plan is an interim measure whilst awaiting council services to finalise their key risk and service improvement plans that are required to allow a risk based approach to audit planning.
- 6.2 The audit plan is an indication of the audit work to be undertaken in the quarter. However, there is some flexibility in the planning process to allow the Section to react to changing situations, new demands and requests from Services.

## 7.0 Decision

- 7.1 Whilst Internal Audit should retain independence in the planning process, it is important that Audit Committee should be satisfied that there is adequate audit coverage for the 2014/15 financial year.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
The Internal Audit Planning Strategy (appendix A) be noted and the Interim Internal Audit Plan (appendix B) be endorsed by the Audit Committee.	To ensure adequate internal audit coverage to enable the Head of Audit to give an evidence based opinion on the internal control environment.

<b>Person(s) To Implement Decision:</b>	Internal Audit Manager
<b>Date By When Decision To Be Implemented:</b>	With immediate effect

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### **Background Information used to prepare Report:**

**Public Sector Internal Audit Standards  
Powys One Plan and SIP Plans  
Powys CC Corporate Risk Register**

