# INTERNAL AUDIT PLANNING STRATEGY

Version: 1.2

Release Date: April 2014
Last Review: April 2016
Next Review: April 2017

Ian Halstead Page 0 Internal Audit Manager

Contents	Section
Introduction	1
Objectives	2
Executive Summary	3
Key Findings	4
The Way Forward	5
Acknowledgments	6
Appendices	Page
A - None	

Contact Officer:	lan Halstead, Audit Manager	
Address:	Powys Internal Audit County Hall Llandrindod Wells, Powys. LD1 5LD	
Telephone:	01597 826821	
Email:	lan.halstead@powys.gov.uk	

### 1.0 INTRODUCTION

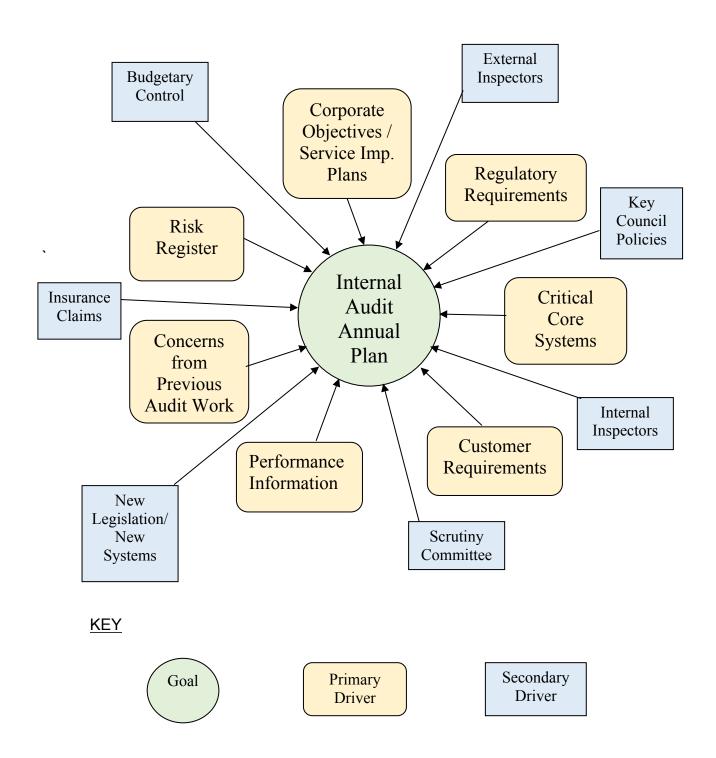
- 1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment. This is done by effectively contributing to the statutory requirement in the Accounts and Audit Regulation 2014 (Wales) for the Council to maintain sound systems of internal 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.
- 2.2 This strategy informs audit work at the following levels:
  - Annual Planning
  - Assignment Planning
  - Performance Management

# 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.



# 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 work and regulatory work.
- 4.2 Over the past 3 month, the Internal Audit Manager and Principal Auditors held planning / risk meetings with the all key operational officers of the Council. 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 that are supported by the annual assessment.

Area	Jobs	Туре	Cycle
Mission Critical and Core Operation al Systems	Payroll Expenses Pensions Accounts Payable Accounts Receivable Main Accounting Collaborative Planning* EProcurement* Council Tax NNDR Housing Benefit	System	These areas may be subject to an annual audit which may cycle between full and light touch depending on the risk status.  Those marked (*) will be subject to a minimum two year cycle unless the risk status changes.
	CTax Reduction Scheme* ROCC (Operations) * Draig (Adult & Child) * Housing Rent	System System System System	
Regulator y	Data Protection RIPA Freedom of Information	System System System	Every 2 years (Note: Co-ordinated with external Inspections)
Regulator y	WG Grants European Grants BIS Grant AGS (Input only) HIA Opinion	Cert Cert Cert Cert Cert	Every Year as a condition of claiming the grant

Schools	Secondary Schools Special Schools Primary Schools	On-site On-site On-site	Every 4 years Every 4 Years Every 5 Years
Registrar	Need to be reviewed	On-site	Every 5 Year
Income Collection Offices	Main Supplementary Random Cash up	On-site On-site Spot Check	Every 2 years Every 3 Years Sample annually
Social Care Centres	To be agreed annually with individual service	On-site	

- 4.4 To ensure the Council has a robust control environment, it is essential that Internal Audit not only identify control weakness and help to develop remedial actions, but also that they gain 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 at some points once they have been signed off by the Audit Committee Sub Group. The Internal Audit Manager will use his expertise to determine the need for, the timing of and process used 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. Whilst the risk management process has improved considerably.

## 6.0 ACKNOWLEDGEMENTS

6.1 The Internal Audit Manager wishes to thank all of those officers that have contributed to the development of the Internal Audit Planning Strategy 2016/17.