

# Audit and Governance Committee



Report of Assurance Manager

Author: Adrianna Partridge

Telephone: 01235 422485

Textphone: 18001 01235 540455

E-mail: [adrianna.partridge@southandvale.gov.uk](mailto:adrianna.partridge@southandvale.gov.uk)

SODC cabinet member responsible: Councillor Jane Murphy

Tel: **07970 932054**

E-mail: [jane.murphy@southoxon.gov.uk](mailto:jane.murphy@southoxon.gov.uk)

VWHDC cabinet member responsible: Councillor Robert Sharp

Telephone: **07771 760549**

E-mail: [robert.sharp@whitehorsedc.gov.uk](mailto:robert.sharp@whitehorsedc.gov.uk)

To: Audit and Governance Committee

DATE: 20 March 2017

## Internal audit annual plan 2017/2018

### Recommendation

That members approve the internal audit annual plan 2017/2018

### Purpose of Report

1. The purpose of this report is:
  - to explain the process for setting the internal audit plan and for calculating the resources available; and
  - to set out the proposed internal audit annual plan for 2017/2018.
2. The contact officer for this report is Adrianna Partridge, Assurance Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone 01235 422485.

## Strategic Objectives

3. Running an efficient council.

## Background

4. The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 states that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the broad resources required to deliver the plan.
5. The CIPFA Code also states that the audit committee should approve the annual internal audit plan and monitor progress against the plan.

## Audit Allocation

6. The resources available to deliver the internal audit annual plan 2017/2018 are arrived at by starting with the number of days available for all internal audit posts (including 0.4FTE from the assurance manager) within the team. This is then reduced by the estimated numbers of days lost through annual leave, bank holidays (planned) and sickness absence (unplanned). The remaining days available are then allocated between the various elements of work which are expected to be carried out in the year in order to deliver an effective internal audit service.
7. The calculation of days available and the allocation of days between different categories of work is attached as **appendix 1**. The different categories of work are classed as either chargeable or non-chargeable. Chargeable means the work has an identifiable client or is directly linked to the delivery of internal audit services. Non-chargeable means any other work which is not directly linked to the delivery of internal audit services (for example: admin, corporate responsibilities, training, staff briefings).

## Schedule of Auditable Activity (SAA)

8. The SAA attached as **appendix 2** lists every audit which has been completed at both or either South Oxfordshire District Council and the Vale of White Horse District Councils since 2000. Each audit has been rated by the head of finance (section 151 officer) and assurance manager on a number of key factors to give a priority score, and this assists in the assessment of what should be placed in the annual audit plan. Although scoring is subjective and no two people would score alike the process attempts to introduce a degree of objectivity into the assessment process. The key at the bottom of the spreadsheet explains the scoring and provides risk definitions.
9. The SAA is only one contributing factor to determining the annual audit plan, as external audit, the section 151 officer, internal audit and senior management will also make an assessment on the level of risk exposure and audit coverage across the council. In addition, service managers may request that a function within their area of responsibility is reviewed as part of the audit plan.

## **Internal Audit Annual Plan 2017/2018**

11. The internal audit annual plan is designed and constructed in such a way to enable the assurance manager to form an opinion on the adequacy of each council's control environment. This opinion forms an important independent view of each council's operations that feeds into and supports each council's annual governance statement.
12. The proposed internal audit plan 2017/2018 is attached as **appendix 3**. Any amendments to the annual plan throughout the year will be submitted to the committee for approval.
13. External audit looks to place reliance upon internal audit's work to limit its own coverage. This arrangement is dependent upon the significant financial systems being examined each year (for example, council tax, payroll) to provide assurance as to their continuing controlled operation. To avoid any unnecessary duplication of effort between the two parties, internal audit and external audit have an established on-going communication mechanism to ensure that respective plans and scope of reviews are shared.
14. The plan is based on the schedule of auditable activity and external and internal audit's own assessment on levels of risk exposure and coverage of auditable areas in recent years. These audits will be scheduled and completed throughout the year. Any changes to the work programme through the year will be reported to committee.
15. It should be noted that not all aspects within a specific area are necessarily examined at each audit. Actual coverage is decided at the time of the audit in consultation with senior managers. This ensures that current issues together with recent coverage by internal audit or external bodies determine the scope of the work.

### **Financial Implications**

16. The audit plan can be delivered from within the approved 2017/18 budget, therefore there are no financial implications attached to this report.

### **Legal Implications**

17. None

### **Risk Implications**

18. Identification of risk is an integral part of all audits.

ADRIANNA PARTRIDGE  
ASSURANCE MANAGER

<b>DESCRIPTION</b> (Analysis of Description Overleaf)	<b>DAYS</b> <b>2016/2017</b>	<b>DAYS</b> <b>2017/2018</b>
<b>Total Days Available for Internal Audit Team</b>	<b>901</b>	<b>884</b>
52x5x3 - Auditor x 3FTE	795	780
52x5x0.4 - Assurance Manager 0.8FTE (0.4 IA resource)	106	104
<b>Total Lost Days for Internal Audit Team (pro-rata AM)</b>	<b>172</b>	<b>148</b>
Annual Leave Entitlement (planned)	88	90
Bank Holiday and Christmas Closure (planned)	35	41
Sick Leave (unplanned)	17	17
Study Leave	32	0
<b>Total Non-Chargeable Days for Internal Audit Team</b>	<b>70</b>	<b>59</b>
Training and Development	14	12
Admin/Corporate Issues	40	35
Corporate/Team Meetings	16	12
<b>Total Chargeable Days for Internal Audit Team</b>	<b>659</b>	<b>677</b>
Audit Management	74	70
Ad hoc Audit Advice (4 days each service area)	28	24
Consultancy/System Development (2 days each service area)	14	12
Contingency (Investigations) (5 days each service area)	35	30
Follow Up Work 2016/2017	6	10
Follow Up Work 2017/2018	5	10
Town and Parish Councils	12	19
5 Councils Partnership	<i>(Actual 34)</i>	40
Audit Plan 2017/2018	485	462
<b>Total Lost + Non-Chargeable and Chargeable Days</b>	<b>901</b>	<b>884</b>
<b>Proportion of Chargeable Days</b>	<b>74%</b>	<b>76%</b>
<b>Proportion of Non-Chargeable Days</b>	<b>8%</b>	<b>7%</b>
<b>Proportion of Lost Days</b>	<b>18%</b>	<b>17%</b>

## **Analysis of description**

### **Lost days**

- Annual leave entitlement and any carry forward from previous year.
- Bank holiday and Christmas closure (12 days per person for 16/17)
- Sick leave (estimate of 5 days per person)

### **Training and development**

- In-house corporate training (IT, new systems, HR training programme)
- External role related training (management, fraud, audit)
- Study for professional qualifications

### **Administration and corporate issues**

- Appraisals
- Progress and 1-2-1 meetings
- Filing
- Timekeeping (timesheets, time allocation, individual work plans)
- Staff briefings
- E-mails/correspondence
- Recruitment

### **Team meetings**

- Internal audit, finance managers, operational managers group, directorate, portfolio.

### **Audit management**

- Preparation and attendance at committee
- Revision of audit procedures
- Quality assurance
- Liaising with external audit
- Raising the profile of internal audit
- Attendance at corporate internal and external networking meetings
- Internal audit presence on the website and intranet at both sites
- Preparation and monitoring of the audit plan
- Budgetary control
- Delivery of training
- Performance management
- Recommendations database
- Corporate fraud

### **Ad hoc audit advice**

- Informal responsive advice to queries from staff members

### **Consultancy/system development**

- Formal project work based on agreed terms of reference (i.e. project member for implementation of new systems, system mapping, delivery of training to members and staff).

### **Contingency/investigations**

- Responsive work issued and agreed by the S151 officer, audit and corporate governance committees, members or management team.

**Town and parish councils**

- Provision of internal audit services to town and parish councils.

**5 Councils Partnership**

- Review of workstream transitions and control environment assurance.