

| Report of:  | Meeting         | Date         | Item No. |
|---|-----------------|--------------|----------|
| Corporate Director of Resources<br>(S151 Officer) | Audit Committee | 8 March 2016 | 5        |

**Annual Internal Audit Plan 2016/17**

**1. Purpose of report**

1.1 To review the Annual Internal Audit Plan for the 2016/17 financial year.

**2. Outcomes**

2.1 An approved audit plan which takes account of the characteristics and relative risks of the Councils activities.

**3. Recommendation**

3.1 Members are asked to approve the Annual Audit Plan attached at Appendix 1.

**4. Background**

4.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 require that a “relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

4.2 Accordingly, internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes.

4.3 The agreement of an annual audit plan will assist the Authority to put in place an appropriate control environment and effective controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

## 5. Key issues and proposals

5.1 The Annual Audit Plan for the 2016/17 financial year is attached at Appendix 1.

| <b>Financial and legal implications</b> |   |
|---|---|
| Finance                                 | Key financial system audits are subject to a full system based audit every two years, with the exception of VAT which is completed every 3 years. |
| Legal                                   | This will ensure good governance and probity.   |

### Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

| <b>risks/implications</b> | <b>✓ / x</b> |
|---------------------------|--------------|
| community safety          | x            |
| equality and diversity    | x            |
| sustainability            | x            |
| health and safety         | x            |

| <b>risks/implications</b> | <b>✓ / x</b> |
|---------------------------|--------------|
| asset management          | x            |
| climate change            | x            |
| data protection           | x            |

| report author     | telephone no. | email  | date     |
|-------------------|---------------|--|----------|
| Joanne Billington | 01253 887372  | <a href="mailto:joanne.billington@wyre.gov.uk">joanne.billington@wyre.gov.uk</a> | 22.02.16 |

| <b>List of background papers:</b> |      |                                |
|-----------------------------------|------|--------------------------------|
| name of document                  | date | where available for inspection |
|                                   |      |                                |

### List of appendices

Appendix 1 – Annual Audit Plan 2016/17

arm/audit/cr/16/0803jb12

## Annual Audit Plan - 2016 / 17

| Category of Audit   | Total Days | Head of Governance | In House Days | Lancashire County Council Days | Mazars Days |
|---|------------|--------------------|---------------|--------------------------------|-------------|
| <b>General / Meetings / Training / Non-Chargeable</b>                     |            |                    |               |                                |             |
| Management  | 7          | 1                  | 1             | 3                              | 2           |
| Audit Committee (Preparation of report / attendance at meetings)          | 20         | 15                 | 5             |                                |             |
| Research and Reading  | 13         | 10                 | 3             |                                |             |
| North West Audit Group Meetings   | 3          | 3                  |               |                                |             |
| <i>Corporate Meetings / Senior Leadership Team Meetings / Team Briefs</i> | 28         | 20                 | 8             |                                |             |
| Annual / Quarterly Planning of Audit Work                                 | 2          | 2                  |               |                                |             |
| Training and Development (courses / seminars)                             | 5          | 2                  | 3             |                                |             |
| Annual Governance Statement (preparation / monitoring)                    | 5          | 5                  |               |                                |             |
| General Audit Advice and Liaison  | 20         | 5                  | 15            |                                |             |
| <b>Routine Monitoring</b>   |            |                    |               |                                |             |
| Email / Internet / Mobiles & Landlines                                    | 5          | 5                  |               |                                |             |
| Maintaining Gifts and Hospitality Register / Promotion                    | 2          | 2                  |               |                                |             |
| <b>Audit Contingencies</b>  |            |                    |               |                                |             |
| Contingency for Investigations / Whistleblowing                           | 30         | 10                 | 20            |                                |             |
| <b>IT Audits</b>  |            |                    |               |                                |             |
| PCI Compliance  | 10.5       | 0.5                | 10            |                                |             |
| <b>Corporate / Cross Cutting Audits</b>                                   |            |                    |               |                                |             |
| Follow-up work from 2015/16 audit plan                                    | 21         | 1                  | 20            |                                |             |
| <b>Financial Systems Audits</b>   |            |                    |               |                                |             |
| NNDR  | 10.5       | 0.5                |               | 10                             |             |
| Cash Receipting / PARIS   | 10.5       | 0.5                |               | 10                             |             |
| Payroll / Expenses  | 10.5       | 0.5                |               |                                | 10          |
| Main Accounting   | 10.5       | 0.5                |               |                                | 10          |

|   |            |            |            |           |           |
|---|------------|------------|------------|-----------|-----------|
| <b>Operational Audits</b>   |            |            |            |           |           |
| Crown Workforce Management System   | 20.5       | 0.5        | 20         |           |           |
| <i>Marine Hall</i> - Bar stock  | 5.5        | 0.5        | 5          |           |           |
| Crown Green Bowling / Pitch & Put - Income & Banking  | 5.5        | 0.5        | 5          |           |           |
| Money Laundering Checks - Payments in excess of £10,000   | 5.5        | 0.5        | 5          |           |           |
| Election Accounts   | 10.5       | 0.5        | 10         |           |           |
| Information Governance - Position Statement   | 5.5        | 0.5        |            | 5         |           |
| YMCA - Detailed Systems Audit   | 10.5       | 0.5        | 10         |           |           |
| Concessionary Leases  | 10.5       | 0.5        | 10         |           |           |
| Land Charges  | 10.5       | 0.5        |            |           | 10        |
| Website Management - Accuracy of Data on BRIAN & Internet                                       | 10.5       | 0.5        |            | 10        |           |
| Compliance Work - FOI, Environmental Information Regulations & Equality Act                     | 10.5       | 0.5        | 10         |           |           |
| Compliance to Financial Procedures Rules (rolled from 2015/16) - Procurement                    | 20.5       | 0.5        | 20         |           |           |
| Position Statements of service areas for new Service Directors                                  | 10.5       | 0.5        | 10         |           |           |
| <b>Other Areas of Work</b>  |            |            |            |           |           |
| Risk Management (Strategic and Operational) - Collate Individual Service risks for new approach | 25         | 5          | 20         |           |           |
| PSIAS Review - Collation, Review and Moderation process   | 25         | 20         | 5          |           |           |
| Information Governance (Inc.data security / protection, Training, Records Management & FOI)     | 25         | 25         |            |           |           |
| Other Head of Governance Responsibilities   | 70         | 70         |            |           |           |
| Anti-Fraud & Corruption / Bribery Act (Development / Awareness & Monitoring)                    | 15         | 10         | 5          |           |           |
| <b>GRAND TOTAL</b>  | <b>510</b> | <b>220</b> | <b>220</b> | <b>38</b> | <b>32</b> |

## **NB**

This plan is influenced by information contained within the Council's Risk Registers, Business Plan and the Council's Annual Governance Statement. Key financial systems are now subject to a full system based audit every two years, with the exception of VAT which is completed every 3 years. 70 audit days will be provided by Lancashire Audit Services and Mazars (38/32 retrospectively) and this will be supplemented by in-house audit skills.