

North York Moors National Park Authority Finance, Risk, Audit and Standards Committee

19 May 2014

Internal Audit Plan 2014/15

<p>1. Purpose of the Report</p>
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<p>1.1 To seek approval from Members of the draft Internal Audit Plan for 2014/15.</p>
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2. **Background**

2.1 The Audit Plan is a working document which evolves and may change over the course of the year as it is aligned to the issues raised in the Authority's Strategic Risk Register which is also a document which is regularly reviewed. The preparation of the Internal Audit Plan on the basis of identified risks is recognised as best practice and enable members of FRASC and the management team to satisfy themselves that internal audit activity is focused on the main risks to the Authority.

2.2 The content of the audit plan has been subject to consultation with the Chief Executive, Chief Financial Officer and Directors and is submitted for formal approval by the committee who are also responsible for monitoring progress against the plan. Changes to the plan are agreed through the Authority's client management arrangements and are notified to the committee. Proposed audit work is also discussed with the Authority's external auditors to ensure there is no duplication of effort.

3. **2014/15 Annual Internal Audit Plan**

3.1 The Annual Internal Audit Plan for 2014/15 is attached as an **Appendix** to this report.

3.2 It is anticipated that the audit work will commence in summer 2014 and a summary report will be presented to this Committee once the work has been completed.

3.3 The number of days in the plan has been reduced to 23 days following discussions with Veritau. The days had remained at 25 since 2012/13 at which point it had been reduced from 30 to 25 days to generate a saving of £1,250 per annum. The additional 2 days would save £530. Careful consideration has been given to this decision as it is vitally important that the scope of Internal Audit is sufficient to provide assurance and the s151 Officer has a duty to ensure this. It is on balance considered appropriate to make this adjustment but Members should be aware that there is always flexibility to increase the number of days during the year if it is considered necessary.

3.4 Veritau will also liaise with the External Auditors, Deloitte, in order to assist in the conclusions given in the 'audit opinion'.

4. **Financial and Staffing Implications**

4.1 None.

5. **Sustainability and Legal Implications**

5.1 There are no sustainability or legal implications arising from this report.

6. **Recommendation**

6.1 That Members note the contents of this report and approve the plan attached as the **Appendix**.

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Background documents to this report

File Ref

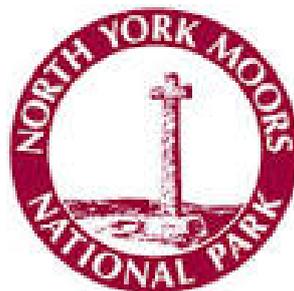
None



Assurance Services for
the Public Sector

Internal Audit Plan 2014/15

North York Moors National Park Authority



April 2014

Introduction and Background

The purpose of the Internal Audit Plan is to provide the Head of Internal Audit with sufficient evidence to give an opinion on the effectiveness of risk management, governance and internal control across the full range of activities of the organisation. The Head of Internal Audit's opinion is intended to support the Annual Governance Statement made by the Section 151 Officer.

This document sets out the proposals of Veritau as your internal audit provider for your internal audit plan in 2014/15 and is submitted to the Audit Committee for approval.

The Regulatory Framework

In April 2013 HM Treasury issued a new set of Public Sector Internal Audit Standards (PSIAS) which are mandatory for all public sector bodies. These in turn are supplemented by more detailed application notes, issued by CIPFA for bodies covered by the Accounts and Audit Regulations of 2011.

The PSIAS:

- defined the nature of internal auditing within the UK public sector
- set basic principles for carrying out internal audit in the UK public sector
- established a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- established the basis for the evaluation of internal audit performance and to drive improvement planning.

As part of the Standards,

“The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.”

PSIAS 2010

Our Audit Planning Methodology

The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.

PSIAS 2020

The planning methodology used by Veritau is based on best practice and accords with the requirements of the PSIAS. In doing so, we take an explicitly risk based approach. In particular, we:

- reviewed the risk register in order to identify key risks where the NYMNPA require assurance;
- took account of wider sector risks to inform our proposals;
- discussed current priorities and risk exposures with the S151 Officer and the Director of Corporate Services;
- evaluated the implications of previous audit work on the control environment;
- considered the relevant regulatory requirements; and
- carried out our own risk assessment to ensure this aligns with that of the NYMNPA.

In accordance with our normal practice, we will meet with the S151 Officer and the Director of Corporate Services on a regular basis. Any emerging issues and priorities will be reflected in the audit plan and proposals brought to the Audit Committee for approval.

The audit plan also shows details of the resources needed complete the programme of work. The committee should note that the level of assurance provided by internal audit is directly related to, and limited by the resources available.

The Proposed Audit Plan 2014-15

The proposed internal audit plan for 2014-15 has been structured into a number of sections:

Strategic Risk Register	<ul style="list-style-type: none">• Audit review of the risk management process in order to provide an opinion on the effectiveness of those arrangements (requirement of the PSIAS)• Audit work specifically aligned with key risks identified in the register in order to provide an opinion as to the effectiveness of the management of those risks.
Fundamental Material Systems	<ul style="list-style-type: none">• Topics intended to provide assurance on key financial systems which are material to the ongoing viability of the organisation• Work specifically intended to support the external auditors in their review of the accounts
Regulatory Audits	<ul style="list-style-type: none">• Audit work based on our own risk assessment• Work identified as of high priority or added value by management• Key supporting systems which, although not high risk in their own right, are ones which other high risk systems depend upon (eg. IT)
Client Support and Advice	<ul style="list-style-type: none">• Ad hoc advice on issues related to control and governance• Regular meetings with Management and external audit
Other	<ul style="list-style-type: none">• Follow up of audit findings in previous years to ensure agreed actions have been implemented• Attendance at Audit Committees, preparation of papers and reports, audit planning etc

Proposed Plan for 2014-15

Topic	Notes	Days
Health and Safety	Review of the implementation of H&S identified areas for improvement	6
Benchmarking	Funding challenge identified as high risk on the risk register. Organisational effectiveness seen as key to reducing the risk. Repeat of benchmarking exercise carried out in previous years	7
ICT	Disaster recovery	1
Key Financial Systems	Budget Monitoring, plus some areas not covered recently	5
Risk Management	PSIAS requirement	0.5
Follow up	Follow up of agreed actions from previous year	0.5
Client Support and Advice	Liaison with EA, attendance at Audit Committee etc	3
Total		23

The Audit Team and Contacts

If you require any further information about this proposed plan, then please contact:

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