

ANNUAL AUDIT PLAN 2014/15 - DRAFT

1. SUMMARY

1.1 This report introduces the draft Annual Audit Plan for 2014/15.

2. RECOMMENDATIONS

2.1 To consider the draft Annual Audit Plan and provide any comments.

2.2 To note that it is proposed to use the draft Annual Audit Plan as a working draft with further comments sought from management and the Audit Committee before the report is finalised in June.

2.3 To note the proposed performance measures and that comments will be sought from management and the Audit Committee with a further report brought to the Audit Committee in June.

3. DETAILS

3.1 The draft Annual Audit Plan in Appendix 1, presents the internal audit risk assessment and draft annual audit plan for Argyll & Bute Council for the 2014-15 financial year.

3.2 The audits detailed in the audit plan have been selected following an exercise to update the audit universe to identify all of the auditable areas within the Council and assess the associated risks.

3.3 Factors used in the risk assessment process included the potential impact on the Council's corporate outcomes, the financial materiality, links to strategic risks, key changes within the operating environment and assurance received from other sources.

3.4 The frequency of audit review was determined by incorporating the requirement to provide an annual assurance statement, value and volume of transactions and impact on the Council's framework for internal control.

3.5 The Annual Audit Plan is presented as a draft. The revised risk assessment process represents a change from previous years. The Audit Committee will also be presented with the draft External Audit Plan at its March meeting. There are also a number of "new" members appointed to the Audit Committee. Finally it is intended to hold a development day for the Audit Committee which will consider the work plan of the Audit Committee. Taking all of these points into account it is proposed to retain the Annual Audit Plan as a draft at this stage to allow further consideration by management and the Audit Committee with a further report coming to the June meeting. Until June the focus for audit activity will be on work and audits related to the Annual Governance Statement or where external audit will rely on the work of internal audit.

- 3.6 Under the Public Sector Internal Audit Standards, the Internal Audit team continues to develop a Quality Assurance and Improvement Programme. We have therefore proposed amendments to the current performance indicators to align with the Scottish Local Authorities Chief Internal Audit Group Balanced Scorecard measures.
- 3.7 The proposed performance measures are draft. They will be developed and we will begin to use them. Input from members of the Audit Committee and also management will assist in developing and reviewing these measures. A further report will be brought to the June meeting of the Audit Committee.

4. CONCLUSION

- 4.1 The Annual Audit plan is aligned with the Council's Long Term Outcomes, Corporate Outcomes and Strategic Risk Register. Revised performance measures are proposed. Both the draft Annual Audit Plan and performance measures will be further consulted on with a further report the June meeting of the Audit Committee.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |
| 5.6 | Risk | None |
| 5.7 | Customer Service | None |

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