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Report to: Governance and Audit Committee

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Subject: Emergent Strategic Internal Audit Plan

1 Purpose

1.1 To provide an update on the development of the Strategic Internal Audit Plan.

2 Information

2.1 UK Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Work undertaken within the Annual Audit Plan is the principal body of evidence required to substantiate the opinion provided by Internal Audit.

2.2. In addition, PSIAS (section 2000) state that the Chief Audit Executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

2.3 In developing the Internal Audit Plan the following elements have been considered:

- The core activities of WYCA and risks associated with the attainment of corporate objectives.
- Regulatory requirements for internal audit coverage.
- Significant recent changes within procedures and operations.
- Consideration of areas of concern or requests for coverage from WYCA's leadership team and Directorates.
- The content of WYCA's strategic risk register and the controls that the organisation places reliance on to manage those risks.
- Reference to cumulative internal audit knowledge and experience.

2.4 This approach has led to the production of a strategic plan, phased over a rolling three year period, which provides greater flexibility in terms of the frequency and depth of audit assignments compared with the previous approach of producing an annual audit plan. However, it will be necessary to review the strategic audit plan on an annual basis, to consider changes in organisational risk and assurance requirements.

- 2.5 The plan is presented under corporate risk categories with clear links to Directorate objectives which underpin the attainment of corporate priorities. The plan also incorporates regulatory and compliance requirements along with allowances for value for money, counter-fraud, audit follow up and consultancy activities. This will seek to provide assurance that the governance and control arrangements continue to operate effectively, minimising the risk of misappropriation, loss and error and that key systems and processes are operating as intended.
- 2.6 Resource allocations for each audit entity are based on previous audit performance in conjunction with an initial assessment of the scope of each review. The depth of audit testing is established through the evaluation of risk and considers the existence and operation of key controls. Where new areas of assurance have been identified the number of days required to perform this work is determined from an initial overview of these areas and from discussions with senior officers from within the relevant directorates.
- 2.7 Whilst Internal Audit's plan provides essential independent assurance over governance, risk management and internal control arrangements it is recognised that WYCA will continue to develop management assurance, (second line of defence) such as for the delivery of projects through the operation of the portfolio management office.

3 Financial Implications

- 3.1 A requirement to buy-in ICT audit specialism for the review of data security and third party data hosting controls including systems penetration testing has been identified. These services will be secured in accordance with WYCA's procurement regulations.

4 Legal Implications

- 4.1 The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant Authority to undertake an effective internal audit to evaluate the effectiveness of its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

5 Staffing Implications

- 5.1 Resourcing requirements will be finalised once the strategic internal audit plan has been fully determined.

6 External Consultees

- 6.1 None.

7 Recommendations

- 7.1 That the Governance & Audit Committee note the change in approach to the development of a strategic audit plan.
- 7.2 That consideration be given to the content of the emerging internal audit plan, attached as **Appendix 1** to this report, and the potential level of assurance this could deliver.

8 Background Documents

- 8.1 None.