Internal Audit Plan 2014-15

1. **Purpose and summary**
   1. The Internal Audit Plan for 2014-15 is attached for consideration and approval by the Assembly Commission Audit and Risk Assurance Committee. The plan has been prepared in conjunction with TIAA and input from the Chief Executive and other senior managers in the National Assembly for Wales Commission.
   2. The plan builds on the work undertaken during the last four years since the introduction of the co-sourced internal audit arrangements. It also takes into account comments by the Audit and Risk Assurance Committee (the Committee) on the Audit Strategy at the February 2014 meeting.
2. **Internal Audit Planning Approach**
   1. The overall objective of Internal Audit is to provide independent assurance on the adequacy and effectiveness of the whole systems of controls, financial management and others. These have been established to manage the risks of the organisation, to enable the achievement of organisational goals and ensure accountability for public funds.
   2. Within this broad objective, it is the Internal Auditor’s responsibility to review, appraise and report upon:
      * 1. the soundness, adequacy and application of the organisation’s financial and other internal controls;
        2. the extent of compliance with the organisation’s objectives, policies and procedures;
        3. the degree to which the organisation’s assets and interests are safeguarded;
        4. the adequacy of systems in place to ensure that the organisation obtains value for money from its activities;
        5. the reliability and adequacy of management information; and
        6. the effectiveness of risk management.
   3. The Audit Plan has therefore been scoped taking into account the responsibilities highlighted above and in accordance with the revised Strategy approved by the Committee in February 2014.
   4. The corporate risks faced by the Assembly Commission have also been considered as highlighted below:

* Business Continuity Planning – report recently completed and follow up of the recommendations and actions is scheduled as part of the 14-15 plan;
* Corporate Capacity – recently completed report on corporate improvement agenda and further audit work scheduled in 2014-15 around the Assembly approach to programme and project management which will be key tools in mitigating this risk;
* Insufficient Assembly funds – this risk is likely to be downgraded to a Service level risk – but on-going audit work on programme and project management as well as work on following up reports on financial delegation and financial management and budgetary control will keep a focus on this area;
* ICT Futures – a readiness review report has recently been completed by KPMG – while I remain an observer on the ICT Futures Project Board to keep abreast of all of the developments;
* Adverse reaction to Remuneration Board decisions – on-going work in the Assembly Commission to appoint a new Chair. While not an explicit part of my overall Internal Audit Plan – I am liaising with the Board’s Secretariat in agreeing a scope to undertake an effectiveness review of the Board in the near future;
* Adverse reaction – official language – Machine Translation now implemented and as part of my wider work on project management I will keep a watching brief. The Official Language Scheme is also subject to further scrutiny and I will assess whether this is sufficient going forward or whether internal audit coverage would be beneficial or required – this will be identified through my on-going assurance mapping.
  1. The draft plan was also taken to the Management Board meeting on 17 March 2014. This presented the most senior staff within the Assembly Commission with the opportunity to comment on the proposed coverage and verify that the plan is focussed on those areas at risk or in the most need of audit attention.

1. **The 2014-15 Plan**
   1. The scope of the audit work is categorised into different audit approaches and delivery, namely:
2. Strategic, Corporate and Governance covering governance frameworks and strategic organisational areas;
3. Operational Areas such as procurement, projects, value for money assessments in business areas;
4. Infrastructure that relates to key areas of control, such as Finance reviews, Human Resource policies and processes and ICT;
5. Special projects that are highlighted through discussions with senior management and assessment of current risk registers; and
6. Advisory work;
7. Pro-active involvement in Assembly activities and developments to provide advice on design and effectiveness of controls.
8. Joint work with other parts of the organisation.
   1. The Audit Plan for 2014-15, at Appendix 1, comprises a main programme of new reviews and follow up of previous reports.
   2. Currently, the plan provides indicative timing where this has been agreed but this may be adjusted once the scoping for each audit area has been agreed. The Audit Plan has been developed to reflect current priorities and risks but should remain flexible if events dictate.
9. **Conclusion and Recommendation**
   1. The Audit Plan at Appendix 1 has been prepared in line with the Strategy approved by the Committee and with input from the Chief Executive and other members of the Management Board.
   2. It is presented to the Committee for consideration and approval.

| **Area** | **Activity** | **Outline audit approach** | **Timing** | **Estimated days** | **Type of audit** | **In-house/ outsource** | **Target Audit Committee** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic, Corporate and Governance** | Information Governance | * Follows on from the initial audit report in February 2012 and subsequent follow up reports. * The audit will focus on the embedding of procedures and controls introduced to manage existing information asset registers; the awareness and training for Information Asset Owners and staff managing information assets. It will also review processes for setting up new information assets and the completeness of the register. | April 2014 | 10 | Full | In-house | June 2014 |
| Project Management Overview | Audit will look at the processes the Assembly has in place around the structure of project management and some of the following key issues:   * Project Initiation * Project Design * Project Implementation * Project Risk Management * Project Closure | Nov 2014 | 8 | Limited | In-house | Feb 2015 |
| Risk Management Framework | * Follows on from the previous audit and follow up reviews. * This audit will evaluate the embedding of risk management as well as the adequacy and effectiveness of the Assembly’s arrangements for risk management, and the extent to which controls have been applied, with a view to providing an opinion on the extent to which risks are managed. | June 2014 | 8 | Full | Outsource | Nov 2014 |
|  | Equality Scheme | * The objective of this audit is to give management reasonable assurance of the adequacy of controls in operation and in particular that: * A plan has been produced to address the requirements of the general and specific duties within the Equality Act 2010. | May/June 2014 | 4 | Full | In-house | June 2014 /Nov 2014 |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Operational areas** | Data Analytics | * Data analytic exercise to be completed on purchases and payroll. This is an efficient method of completing internal audit testing. * The purchase ledger and payroll testing will cover the period 1April 2014 to 31 January 2015 | February 2015 | 8 | Full | Outsource | April 2015 |
|  | Payroll | * The audit will assess the adequacy and the effectiveness of systems of internal controls * Assessing their design and whether the controls manage and mitigate financial and non-financial risks related to the new payroll system. | November 2014 | 8 | Limited | Outsource | Feb 2015 |
|  | Fixed Asset Management | * The purpose of the audit is to gain assurance that there are robust arrangements in place. * To ensure the controlled, accurate and effective management of fixed assets within the Assembly. | September 2014 | 6 | Limited | Outsource | Nov 2014 |
|  | Review of Value for Money Programme | * The audit will assess the effectiveness and progress made with the Assembly’s Value For Money Programme. * Assessing whether it is delivering results and to gain assurance that it is being effectively managed and monitored. | January 2015 | 6 | Limited | In-house | Feb/April 2015 |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Infrastructure** | Physical Security Arrangements | This audit will focus on the physical security arrangements within the Assembly including:   * evaluating the security framework and whether roles and responsibilities have been assigned; * assessing the procedures and controls in place over physical security; and * assessing the Assembly’s processes for maintaining, monitoring and reviewing its physical security arrangements. | September 2014 | 6 | Full | Outsource | Nov 2014 |
|  | Legislative Work Bench | * An audit assessing the specifications used in jointly procuring the software with the Welsh Government and the on-going methods and monitoring of the contract. * Evaluation of the benefits of the system to the Assembly in the post implementation period. | June 2014 | 5 | Limited | In-house | November 2014 |
| **Special projects** | Finance system | HIA involvement in the project to establish business case to provide assurance and challenge. | When required | 4 | No opinion | In-house | As required |
|  | Assurance mapping | * This is an on-going project and will look at the sources of assurance across the Commission. * These will be assessed and documented to ensure that Internal Audit works with the other assurance providers to ensure assurance is not duplicated and any gaps are identified and addressed. | On-going | 7 | No opinion | In-house | On-going updates |
|  | External Advisors Recruitment | Examination of the methods used for the appointment of expert advisors to Committees, the process for payment and robustness of controls. | January 2015 | 4 | Limited | In-house | Feb/April 2015 |
|  | Horizon Scanning WAO Reports | Examining latest Wales Audit Office Reports considered by Public Accounts Committee and evaluating their relevance/impact to the Assembly. | On-going | 5 | Limited | In-house | On-going updates |
|  | Programme Management | Providing audit advice on the development of the Assembly approach to Programme Management. | When Required | 3 | No opinion | In-house | As required |
| **Area** | **Original Report Date** | **Audit Area** | **Timing** | **Estimated days** | **Type of audit** | **In-house/ outsource** | **Target Audit Committee** |
| **Follow up audits** | January 2014 | Business Continuity Planning | Oct 2014 | 2 | Limited | In- house | Nov 2014 |
| September 2013 | Review of the Scheme of Financial Delegation | April 2014 | 2 | Limited | In-house | June 2015 |
| June 2013 | National Assembly for Wales Shop | May 2014 | 1 | Limited | In-house | Nov 2014 |
| September 2013 | Performance and Appraisal System | Jan 2015 | 3 | Limited | In-house | Feb 2015 |
| December 2013 | Facilities Management Contract | Nov 2014 | 2 | Limited | In-house | Feb 2015 |
| June/July 2014 | Recruitment Procedures | Feb 2015 | 2 | Limited | In-house | April 2015 |
| September 2013 | Assembly Business Management System | Sep 2014 | 3 | Limited | In-house | Nov 2014 |