
Audit and Governance Committee

13 February 2012

Report of the Assistant Director, Financial Services

Internal Audit Plan Consultation

Summary

- 1 The purpose of the report is to seek members' views on the priorities for internal audit for 2012/13, to inform the preparation of the annual audit plan.

Background

- 2 In accordance with the CIPFA Code of Practice for Internal Audit (the Code of Practice), audit plans are prepared on the basis of a risk assessment process. The risk assessment methodology is designed to ensure that limited audit resources available are prioritised towards those systems and areas which are considered to be the most risky and/or which contribute the most to the achievement of the council's corporate priorities and objectives.
- 3 Consultation with members and with senior council officers is an essential part of the risk assessment process, to ensure that their views on the risks facing the organisation are taken into account.

2012/13 Audit Plan

- 4 Annex 1 shows the internal audit risk assessment for each area subject to audit. Areas are listed in descending order from high to low risk. Historically, audit activity has focussed on those areas listed as a high risk.
- 5 The council continues to experience significant financial pressures and major change across all council services. As noted last year, this increases risk in areas which historically have not been classed as a high risk (for example human

resources). And even where changes are not significant, reductions in resources may mean that services can no longer continue to operate controls to the extent that they have historically.

- 6 To reflect this, the intention is that we will continue to maintain the approach adopted last year in developing the plan. This will include a mix of traditional audits (for example in areas such as the main financial systems where the volume and value of transactions processed are so significant that regular audit is essential) and other reviews targeted towards areas of increased risk due to change. These audits will include (a) direct support to change projects, and audit of project arrangements, and (b) a change in focus for existing audits to reflect current issues for example the impact of reductions in resources on the operation of controls.
- 7 Members views are sought about whether:
 - a) the proposed approach to determining priorities for the 2012/13 audit plan, set out above, is reasonable
 - b) there are areas in the existing risk assessment (Annex 1) which should be a priority for review
 - c) there are any other areas which should be considered for audit in 2012/13.

Consultation

- 8 This report is part of the ongoing consultation with stakeholders on priorities for internal audit work.

Options

- 9 Not relevant for the purpose of the report.

Analysis

- 10 Not relevant for the purpose of the report.

Council Plan

- 11 The work of internal audit and counter fraud supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

12 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

13 The council will fail to comply with proper practice if audit plans are not based on an appropriate assessment of risk.

Recommendations

14 Members are asked to:

- Comment on the proposed approach to internal audit planning for 2012/13 and identify any specific areas which should be considered a priority for audit

Reason

To ensure that scarce audit resources are used effectively.

Contact Details

Author:

Richard Smith
Audit and Fraud Manager
Telephone: 01904 552936

Chief Officer Responsible for the report:

Keith Best
Assistant Director, Financial Services
Telephone: 01904 551745

Report
Approved



Date 1/2/12

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

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For further information please contact the author of the report

Background Papers

None

Annexes

Annex 1 – Internal Audit Risk Assessment