

## **Audit and Governance Committee**

15 February 2010

Report of the Assistant Director of Resources (Customer Service and Governance)

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## **Internal Audit Plan Consultation**

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### **Summary**

- 1 The purpose of the report is to seek members' views on the priority of internal audit work for 2010/11 so as to inform the preparation of the annual audit plan. In addition, approval is sought for the adoption of a new internal audit strategy. The finalised audit plan will be presented to the next meeting of this Committee for approval.

### **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 the 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.

### **2010/11 Audit Plan**

- 4 Annex 1 shows the current internal audit risk assessment for each area subject to audit. These are listed in descending order from high to low risk. Members views are sought about whether:
  - a) the risk assessment is a reasonable reflection of the relative risks of the different areas, and in particular whether the areas listed as high risk are those where internal audit resources should be targeted
  - b) there are any areas not listed as a high risk, which should be considered for review in 2010/11.

## **Audit Strategy**

- 5 The Code of Practice requires that the Head of Internal Audit should produce an audit strategy setting out (at a high level) how internal audit services will be delivered and developed. The Code requires that the strategy be approved (but not directed) by the organisation's audit committee.
- 6 Historically at York, this information has been included as part of other departmental business and service plans. However, this approach is no longer appropriate following the transfer of internal audit services to Veritau and a new strategy has therefore been developed. The content of the strategy (included at Annex 2) has been prepared in accordance with the requirements of the Code of Practice.

## **Consultation**

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

## **Options**

- 8 Not relevant for the purpose of the report.

## **Analysis**

- 9 Not relevant for the purpose of the report.

## **Corporate Priorities**

- 10 This report contributes to the Council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. In doing so it contributes to the corporate objective of making the Council an Effective Organisation.

## **Implications**

- 11 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

- 12 The council will fail to comply with proper practice if audit plans are not based on an appropriate assessment of the likely risks, or if the internal audit strategy is not approved by the committee.

## Recommendations

- 13 Members are asked to;
- Comment on the relative risks of the audits set out in Annex 1 and identify any specific areas which should be considered a priority for audit in 2010/11.

### Reason

*To ensure that scarce audit resources are used effectively.*

- Approve the audit strategy included at Annex 2.

### Reason

*To ensure compliance with proper practice.*

## Contact Details

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Report Approved



Date 2 February 2010

## Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

## Background Papers

None

## **Annexes**

Annex 1 – Internal Audit Risk Assessment 2010/11

Annex 2 – Internal Audit Strategy