

AGENDA ITEM

## Audit Committee

DATE: 11th MARCH 2009

INTERNAL AUDIT PLAN 2009/2010

Paul Slocombe - Director Of Resources

### PURPOSE OF REPORT

1. To review the Internal Audit Strategy in accordance with best practice and the Accounts and Audit Regulations 2003 (as amended in 2006).
2. To present to Members a plan of work to be completed by Internal Audit in financial year 2009/2010. The plan is based upon Internal Audit's assessment of the Council's audit need. It is designed to provide the Audit Committee with assurance that the Council's framework of internal control is effective and support the Committee's review of the Annual Governance Statement.

### BACKGROUND

#### Audit Strategy

3. When considering the new annual plan it is important to revisit the Audit Strategy and ensure that it continues to reflect the Council's current and future objectives and priorities. The Internal Audit Strategy remains consistent with Internal Audit objectives; however the opportunity has been taken to include the work performed in certifying grant claims and up date the section that addresses resources.
5. The Audit Strategy is reproduced at Appendix A and has been used to inform the development of the Audit Plan for 2009/2010.

#### Annual Audit Plan 2009/2010

3. The annual audit plan sets out how Internal Audit resources will be deployed between assurance, consultancy and fraud related work. It supports the strategy for delivering the Internal Audit Service and the scope of the work aims to provide all interested parties with an overall opinion on the Authority's governance, internal

control processes and risk management. It records audit assignments and work areas to be covered in achieving the requirements of the Accounts and Audit Regulations and CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

4. To use scarce audit resources effectively best practice dictates that they are focused on areas that represent the greatest risk to the Authority. The scope of Internal Audit coverage has been determined having regard to:
  - the content of Corporate and Service risk registers
  - listing of key critical services (and associated IT system) defined to assist Business Continuity Management Planning
  - the outcome of discussions with Heads of Service
  - the Internal Audit Section's own views on areas of material risk not identified by other means
  - previous audit plans
  - recent issues from other public sector organisations
5. A risk level has been identified for each area included in the plan. The vulnerability of each auditable area has been assessed using a technique which considers and scores identified threats. The scores take into account the Council's risk management process as well as result of previous audits and changes introduced by services to enhance internal controls.
6. To ensure the work of Internal Audit remains focused on the risks facing the Council, revisions to the plan may be necessary during the year to ensure that it continues to focus on areas of control. These will be discussed and reported in line with agreed protocols.
7. Attached at Appendix B is the proposed Audit Plan for 2009/2010. It contains audits to ensure that sufficient work is undertaken to enable production of an opinion about the adequacy and effectiveness of governance, risk and internal control. The content of the plan has been discussed with Heads of Service and, where appropriate, amended to take their views into account.
8. Members will receive regular summary reports on the outcomes of audits undertaken. From these reports they will be able to determine progress against the Internal Audit Plan. Revisions to the plan, brought about by the need to accommodate unforeseen work, vacancies and sickness will be reported to this Committee for information in the quarterly update report.
9. The Audit Plan is clearly influenced by the available resources for internal audit work. In this respect a careful balance has to be achieved in terms of keeping costs to a realistic level whilst recognising that there is a minimum level of coverage that must be undertaken to ensure the external auditors can be satisfied

that an adequate amount and quality of audit work is being performed. Completion of the Audit Plan is subject to adequate and appropriate resources being available throughout the year.

## **FINANCIAL CONSIDERATIONS**

10. None.

## **RECOMMENDATIONS**

14. That the Audit Strategy and Annual Plan for financial year 2009/2010 be approved

## **REASONS**

15. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 recommends that the Audit Committee approve, but not direct, the Audit Plan.

16. The report is a key component of the assurance framework. Its purpose is to inform Members of the work of the Internal Audit Section for financial year 2009/20010.

17. To provide scrutiny of the Internal Audit function.

## **BACKGROUND PAPERS**

- Code of Practice for Internal Audit in Local Government in the United Kingdom 2006
- Progress report to the Audit Committee
- CIPFA Guide to Audit Committees in Local Government
- Corporate and Directorate Risk Registers

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