

AGENDA ITEM

## OVERVIEW & SCRUTINY BOARD

19 September 2006

### INTERNAL AUDIT PLAN 2006/07

PAUL SLOCOMBE – DIRECTOR OF RESOURCES

#### PURPOSE OF REPORT

1. To provide Members with details of the Annual Audit Plan for Internal Audit covering financial year 2006/07.

#### BACKGROUND

2. The annual audit plan sets out how Internal Audit resources will be deployed between assurance and any 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.
3. To use scarce audit resources effectively best practice dictates that they are focused on areas that represent the greatest risk to the Authority. Internal Audit maintains a document listing all identified auditable areas. This is regularly updated to reflect new services and changes in the way that existing services are delivered on the basis of consultations with senior managers and Internal Audit's own experience. 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 results of previous audits and changes introduced by services to enhance internal controls.
4. To ensure the work of Internal Audit remains focused on the risks facing the Council, work areas will be re-assessed throughout the year to determine their continued

appropriateness in the light of any emerging risks. Significant variations will be brought to the attention of the Board.

5. Attached at Appendix A is the proposed Audit Plan for 2006/07. 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 senior managers in Services and amended where appropriate to take their views into account.
6. Members will continue to receive regular reports on the outcomes of audits undertaken. From these reports they will be able to determine progress against the Internal Audit Plan.
7. Completion of the Audit Plan is subject to adequate and appropriate resources being available throughout the year.

## **FINANCIAL CONSIDERATIONS**

6. None.

## **RECOMMENDATIONS**

7. That the Annual Audit Plan for financial year 2006/07 be approved.

## **REASONS**

8. To facilitate the work of the Board in carrying out its role as an Audit Committee, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code), recommends that it proves the annual programme of audits (paying particular attention to whether there is sufficient and appropriate coverage).
9. 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 2006/07.

## **BACKGROUND PAPERS**

Code of Practice for Internal Audit in Local Government in the United Kingdom  
Annual Strategic Plan 2005/6 – 2007/8  
Annual Internal Audit Report 2005/06

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