

By: The Head of Audit & Risk
To: Governance and Audit Committee – 4 December 2007
Subject: **INTERNAL AUDIT PLAN**
Classification: Unrestricted

Summary: This report summarises the process undertaken to develop the Internal Audit Plan.

FOR DECISION

INTRODUCTION

1. Last year, the Head of Audit and Risk saw the need to streamline the internal audit planning process and ensure that it was truly aligned to the business and corporate risks. The objective of this process is to provide assurance to management and members that the controls in place to mitigate significant risks to the achievement of Council objectives, as detailed in the risk registers are effective and operating as expected.

AUDIT AREAS

2. The risk and control mapping exercise enabled Internal Audit to assign a score both the inherent and residual level of risk. This identified areas where management believe there to be a high level of control in place (ie where the risk score between inherent and residual has been reduced the most) and is where we have focused our internal audit resource for the current plan. This enables internal audit to provide assurance to management and the committee that the controls the Council has implemented to address key risks are not only effective but are also operating in practice. This assurance activity then forms a fundamental component of the annual Governance Statement.

The scoring criteria used are included as an appendix to the plan.

3. This process also highlighted the following;
 - Risks with high scores but not as significant as those included in the plan. These remain on the internal audit agenda for inclusion in future period plans
 - Risks that are inherently high and after an assessment of the level of controls in place, remained high. (i.e. there are potentially inadequate or no controls in place). These will be discussed with the Directorates as areas that management may benefit from some advice or sharing of best practice from internal audit to promote improvement in business processes or control design.
4. Internal Audit has completed the process of interviewing business unit managers and capturing their risks and controls. This has led the development of the final 6 month audit plan (October 2007 - March 2008).

CONSULTATION UNDERTAKEN

5. The audit plan has been presented to the Finance Strategy Board and Resource Directors Group during November for discussion and agreement. Meetings are also scheduled to take place individually with the Directorates as part of the 2008/2009 planning process to discuss those areas not included in the current plan but that will form part of the future audit activity, and all risks where management has deemed there to be inadequate or no controls in place exposing the Council to a high residual risk..

RECOMMENDATION

6. Members are asked to approve the Internal Audit Plan for the 6 months to 31 March 2008.

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Head of Audit and Risk
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19 November 2007