

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

13th MAY 2010

REPORT OF THE HEAD OF PROPERTY & FINANCE

PROPOSED INTERNAL AUDIT PLAN

July 2010 to June 2011

1. Purpose of Report.

1. To present to Members the proposed Council's Internal Audit Plan for the year July 2010 to June 2011.

2. Connection to Corporate Improvement Plan / Other Corporate Priority.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Plan/other corporate priorities.

3. Background

- 3.1. It is important for Internal Audit to plan effectively to ensure that they contribute to the Council's objectives at both strategic and operational levels. Planning enables Internal Audit to demonstrate both internally and externally that they are making best use of scarce resources.
- 3.2. Effective planning is one of the Standards contained within the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 and against which our external auditors assess us. It is from this overall assessment of internal audit's annual programme of work and the contribution that this makes to the overall control environment of the Authority that our external auditors will draw the necessary assurances they need.
- 3.3. Internal Audit has recently procured a management information system (APACE) which is designed to provide for the full automation of all aspects of audit into one integrated piece of software, the key benefits of which are improved planning, better control and greater efficiency.
- 3.4. During the planning process, Internal Audit will review the most recent Corporate Improvement Plan and Joint Risk Assessment together with taking into account the plans of our external auditors (KPMG) and Wales Audit Office (WAO) inspectors. The Chief Internal Auditor will meet with Directors to identify any concerns or issues they may have whilst also having regard to any issues identified within the Relationship Manager's Annual letter.
- 3.5. Finally the audit areas identified as part of this process are then risk assessed, this year the risk assessment process has benefitted from the in built risk assessment matrix within the APACE system. This identifies all the high risk areas which should be reviewed during the year.

4. Current situation / proposal

- 4.1. The 2010/11 proposed annual plan of work has been formulated to ensure compliance with the Standards as contained within the Code of Practice. The Plan is attached at Appendix B as extracted directly from the new Audit Planning and Control Environment (APACE) management system. Although this plan has been brought to the Audit Committee ahead of schedule, the Audit Committee should have regard to the fact that it is a proposed plan as consultation with Directors is still ongoing. Any changes to this proposed plan will be brought before the Audit Committee at its next meeting in July.
- 4.2. So far, discussions with Directors have proved very constructive and Internal Audit have been able to take into consideration most of management's views on coverage and timing.
- 4.3. Internal audit planning is not an exact science but it is felt that that the plan presented in the **appendix** strikes a good balance between the risks identified, the internal audit resources available and the assurance work being carried out by other agencies.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Legal Implications.

6.1. Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members note the report

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13th May 2010

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Background Documents

None