



Internal Audit

Audit Plan 2005-06

Contents:

Introduction

The audit planning process for 2005-06

- ***Risk- based audit planning model***
- ***Consultation***
- ***External audit liaison***

Departmental Audit Plans for 2005-06

Appendix: Departmental Audit Plans

Chief Auditor: Steve Memmott
Date of Report: May 2005

improving life in Wiltshire

INTERNAL AUDIT

Audit Plan 2005-06

Introduction

1. Internal Audit's purpose is to provide an independent and objective opinion to the County Council on its control environment. In so doing, it provides an important element of assurance to inform the Statement on Internal Control which the Council must publish each year with its accounts. The County Council must therefore maintain an adequate and effective system of internal audit throughout the year, in accordance with proper practices.
2. This effectively means that internal audit must be carried out in a manner which meets the requirements of the Code of Practice for Internal Audit in Local Government, issued by CIPFA. The starting point for internal audit work is the setting of a risk-based audit plan at the beginning of each operational year.
3. The purpose of this report is to inform members of the Standards Committee regarding our audit planning process and its outcomes, with particular regard to the following:
 - the risk-based audit planning model and risk information sources we have taken into account in preparing our audit plan
 - a summary for each department, of where we will employ our audit resources over the operational year up to 31 March 2006.

The audit planning process for 2005-06

Risk-based audit planning model

4. The Code of Practice for Internal Audit requires us to prepare a risk-based audit plan linked to the County Council's risk management process. This means we must have regard to the various risks involved across the range of services and activities, and plan our work in order to address those risks and the controls in place to mitigate them.
5. The risk information we have taken into account has come from various sources, including the following:
 - the County Council's risk register, which has been set up as part of its developing process of risk management
 - service plans for all the County Council's service areas, each of which must include an assessment of risks facing the delivery of the service
 - discussions with key officers in all departments, who have their own perspective on the risks their services and activities face
 - our own knowledge and experience built up from the findings of our previous audit work.

6. We used these information sources to build up a comprehensive picture of systems and activities which could be included in our potential audit plan. We then applied our audit risk planning model in order to determine the relative priorities for audit. Our risk-based planning model seeks to assess factors such as:
 - the size of the risk
 - the likelihood that the risk will materialise
 - the impact of the consequences if the risk does materialise.

Consultation

7. By applying the planning model we were able to produce an initial draft risk-based audit plan, showing the priority for each audit. These draft audit plans were then subject to consultation with each client department, and following those discussions, have been refined as far as we feel appropriate to take account of departmental priorities.
8. The overall Audit Plan will be kept under review during the course of the year to identify any updating needed to reflect changing priorities and emerging risks. We will discuss and agree with the department concerned, any proposed changes to our Audit Plan before putting them into practice.

External Audit liaison

9. Our external auditors, the Audit Commission are looking to formalise the manner in which we work with them to maximise the benefit derived from our combined audit effort. They have therefore prepared a draft Joint Working Agreement which we are currently discussing with them, in order to agree the extent to which they will place reliance on our work in a number of areas. One such area of increasing significance for the Audit Commission comprises those systems which contribute to the production of the County Council's final accounts.
10. Some of these systems have been identified and included in our risk-based audit plans. In carrying out our audits on these systems therefore, we will seek to ensure that our external auditors from the Audit Commission have sufficient evidence to place reliance on our work, to the extent to which this is consistent with our risk-based approach.

Departmental Audit Plans for 2005-06

11. The tables set out in the Appendix summarise our Audit Plans for each client department for 2005-06. These are shown according to the priorities assigned to each audit as a result of using our risk-based audit planning model. In addition, in order to provide some flexibility, they include an element of contingency to accommodate audits which will inevitably arise during the year, but which cannot reasonably be foreseen at the outset.

12. In order to complete the overall picture of where internal audit resources will be needed, we have also included a separate table headed 'Central Management', which shows those aspects of our work which are corporate in nature, and are not therefore attributable only to specific departments. These include our ongoing commitments to the development of risk management arrangements, and to internal control and corporate governance generally.
 13. In accordance with our established practice, before starting each audit, we will agree detailed terms of reference setting out specifically what the audit will cover, and a timetable for doing the work and reporting. Each audit will then be the subject of a separate report for the relevant client department. We will also continue to report overall progress periodically to Members throughout the year, as we are required to do by the Code of Practice for Internal Audit.
-