

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 25 MARCH 2009

INTERNAL AUDIT PLAN 2009/10

1. PURPOSE OF THE REPORT

- 1.1 To seek the Committee's approval of the 2009/10 Internal Audit plan.

2. BACKGROUND

- 2.1 The Internal Audit strategy was established in line with internal control and risk management best practice. The Council's internal auditors have enhanced the traditional Systems Based Auditing approach to align it with The Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Enterprise Risk Management - Integrated Framework*. The COSO framework is recognised as the international risk management standard.
- 2.2 The Council's 'Enhanced Systems Based Auditing' (ESBA) ensures that risk is considered as well as financial aspects. Non-financial systems (such as health & safety, risk and business continuity management, data quality) are afforded the same 'fundamental systems' classification as traditional important financial systems such as creditors, housing benefits, payroll and council tax. The financial and non-financial fundamental systems are audited on an annual basis using the Council's ESBA control matrices testing papers. The remaining 'non-fundamental' systems are normally audited at least once over a three-year period.
- 2.3 The 2009/10 audit plan has been established in accordance with the audit strategy, but for this year reflects the reduction of auditors' days available due to maternity leave. To cover for this absence within existing resources, there has been a need to reduce the audit days allocated to some fundamental systems and move the auditing of some non-fundamental systems that were due in 2009/10 to the following year. However, Members can be assured that those systems and sub-systems considered to be high or medium risk will continue to be subject to appropriate audit coverage.
- 2.4 The means for establishing the annual audit plan is an *Audit planning matrix* devised by the 'Exeter Internal Audit Benchmarking Partnership' (please see Appendix 1). Under the 'materiality' heading assessments are made of various factors including finance and reputation. Each system is subject to this assessment, and an indication is obtained of the number of days of audit coverage that should be provided. Computers and housing benefits continue to be the two main risk areas. Computers because of the Council's heavy reliance on IT systems, and benefits because fraud risks and the affects of any loss in grant income.

3. RECOMMENDATION

- 3.1 That the 2009/10 Internal Audit Plan be approved.

HEAD OF AUDIT

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

AuditPlan2009-10SR250309

March 2009