

INTERNAL AUDIT SERVICE
STRATEGIC AUDIT PLAN

INTRODUCTION

The Strategic Audit Plan is a risk based plan designed to implement the Audit Strategy, this document should be read in conjunction with the Internal Audit Service Audit Strategy. The Strategic Audit Plan outlines the assignments to be carried out over the five year life of the Plan. It also identifies the resources to be deployed to particular areas of risk. As the Plan is risk based it shows the relative importance and priority of particular assignment by virtue of the risk score, the higher the risk score the higher the risk that this area represents to the Council and therefore the higher priority that work is undertaken in this area.

The Strategic Audit Plan will be kept under review to identify any amendments needed to reflect changing priorities and emerging risks. The Plan is flexible, containing an element of contingency to accommodate assignments which could not have reasonably have been foreseen. Material changes to the Strategic Audit Plan will be reported to the Corporate Directors Management Team, and if significant, will be reported to the Council's Audit Committee.

RISKS

The Council's External Auditors continue to rely on the work of the Internal Audit Service in carrying out their responsibilities under the Code of Practice promulgated by the Audit Commission. Therefore resources devoted to this are set out in the section on External Audit Assurance.

In addition to providing assurance to the Council, the Internal Audit Service also provides assurance over the concession fee received by the wholly owned Airport subsidiary company, and this is reflected in the Plan.

There are a range of departmental risks set out by departments, to reflect the risks across the range of activities undertaken by the various Council departments.

THE PLAN

Each audit risk is outlined as a separate line within the Plan. We have included a unique reference which ties back to the Internal Audit Service's management information system, together with a brief description of the risk area.

This is supplemented by the risk score which is derived from a risk model included in the management information system used to generate the Plan. This represents the relative risks of the activities. The higher the score the higher the risk this area represents.

The next column shows the audit frequency, this denotes how frequently the Internal Audit Service will undertake reviews in respect of the audit risk area. For example an audit frequency of 1 denotes that the audit will be undertaken each year of the five year life of the plan, an audit frequency of 2 denotes that the audit will be undertaken bi-annually, and audit frequency of 4 denotes that this will be undertaken once every 4 years. The audit frequencies are primarily based on risk, however some activities are based on an annual cycle of work.

In order to balance the risks to the resources available to the Internal Audit Service, those areas with a lower relative risk score are not programmed to be reviewed. Therefore there is a residual risk which the Council bears in these area. In this Strategic Audit Plan areas with a relative risk score of 103 or less will not be resourced, therefore the Internal Audit Service will not undertake reviews in these areas. Thus for these audits no audit frequency is shown on the Plan.

The last column denotes the number of days which are applied to the various risk areas over the five year life of the Plan. This is based on the number of times during the five year life of the Plan which these areas will be reviewed. For example, an audit frequency of 1 denotes that a particular area will be reviewed five times during the life of the Strategic Audit Plan and therefore the resources reflect this. We have included a nominal one day for audits which are not subject to review to enable the Internal Audit Service to provide advice and guidance to managers on request.