

Report to: **Cabinet**

Date: **29 June 2004**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Internal Audit Strategy 2004-07 and Annual Plan**

Purpose of report: **To present the Council's Internal Audit Strategy 2004/07 and Annual Plan**

RECOMMENDATION - Cabinet is recommended to review and endorse the Council's Internal Audit Strategy 2004-07 and Annual Plan.

1. Financial Appraisal

1.1 Resources needed to deliver the Council's Internal Audit Strategy and Annual Plan during 2004/05 are provided for within the agreed budget of the Audit and Performance Division, Corporate Resources Directorate.

2. Background

2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2003. The latter states that authorities must "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls in accordance with the proper internal audit practices".

2.2 The Council's Internal Audit Strategy 2004/07 and Annual Plan (Appendix A) sets out how the Council will meet its statutory requirements for internal audit. The Strategy proposes an approach based on focussing audit resources in those areas where the highest risk to the achievement of the Council's objectives lies. These areas have been identified and prioritised by a simple risk assessment model and following extensive consultation with officers, members and other partners including the Council's external auditors, the Audit Commission.

2.3 In times of significant transformation organisations must both manage change effectively and ensure that core controls remain in position. The Council is currently engaged in a challenging transformation programme and therefore internal audit must be in a position to give an opinion/assurance that covers the control environment in relation to both new developments and existing systems. This has been a key driver in developing this Strategy and Plan.

2.4 The Strategy and Plan will be delivered in line with proper internal audit practices as set out in the Code of Practice for Internal Audit in Local Government and the requirements of our managed audit arrangements with the Audit Commission.

2.5 The Internal Audit Strategy 2004-07 and Annual Plan has been approved by the Deputy Chief Executive and Director of Corporate Resources and was endorsed by the Audit and Best Value Scrutiny Committee on 17 June 2004.

SEAN NOLAN

Deputy Chief Executive and Director of Corporate Resources

Contact Officer: Duncan Savage (Tel No. 01273 482330)

BACKGROUND DOCUMENTS - Internal Audit Strategy and Annual Audit Plan 2004-2007