

**Report to:** Audit Committee  
**Date of meeting:** 18<sup>th</sup> March 2009  
**Report of:** Audit Manager  
**Title:** Internal Audit Service Plan and Annual Work Plan 2009/2010

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1.0 **SUMMARY**

This report sets out Internal Audit's Service Plan and proposed work plan for the coming financial year.

2.0 **RECOMMENDATIONS**

2.1 The 2009/2010 Internal Audit Service Plan and annual work plan be approved.

**Contact Officer:**

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**Report approved by:** Janice Maule – Director of Finance.

3.0 **DETAILS**

3.1 Each year this Committee approves Internal Audit's Annual Service and Work Plans (work programme) for the coming financial year. The Service Plan sets out Internal Audit's objectives for the year and how they link to the corporate objectives. The Annual Plan shows the programme of audits it is proposed to carry out to achieve the service objectives.

3.2 The 2009/2010 Audit Work Plan takes account of the risks faced by the Council and the need to review key systems. Allowances have been made to cover changes to those systems which will be affected by Shared Services. It is based on:

- (i) Available resources – estimated number of productive auditor days after allowing for leave, sickness, training etc.
- (ii) A review of risk registers.
- (iii) Internal Audit's own risk-based assessment of auditable areas. This is continually updated and is based on the CIPFA model. It takes into account materiality (level of income and expenditure), control environment/vulnerability (assessment of controls based on date and findings of last audit, low/high staff turnover etc), sensitivity (assessment of the likely impact of failure of the area under review) and management concerns (e.g. known problems).
- (iv) Discussions with Heads of Service.
- (v) Information gained from Service Plans, Medium Term Plans, committee reports etc.
- (vi) Senior managers and the external providers of the internal audit service at Three Rivers.

3.3 Although this is a plan for the coming year only there still needs to be an element of flexibility in the approach to the work to be undertaken to cater for unforeseen changes in circumstances. As Shared Services will be implemented during the year it could be that some adjustment to the work plan is required. Should this be the case, any significant changes will be reported to Committee.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Director of Finance comments that there are no direct financial implications in this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that there are no legal issues in the report. The Council has a responsibility to ensure that it maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.

4.3 **Potential Risks**

4.3.1

Potential Risk	Likelihood	Impact	Overall score
Loss of staff for an extended period could lead to a failure to achieve the audit plan. The impact could be mitigated by buying in resources.	2	3	6

The external auditors commented in their report on the 2007/08 Accounts that they were able to place reliance on the work of internal audit in respect of the key accounting systems reviewed (Sept. 2008).

## Appendices

- 1 Service Plan
- 2 Work Plan

## Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Internal Audit Files

## File Reference

None.