

# **CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD**

## **AUDIT COMMITTEE: 22 MARCH 2016**

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### **INTERNAL AUDIT STRATEGY 2016-17**

### **REPORT OF CORPORATE DIRECTOR RESOUUECES**

**AGENDA ITEM: 8.2**

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#### **Reason**

1. The Audit Committee's Terms of Reference requires that Members approve the Internal Audit Strategy comprising the risk-based internal audit plan, which contains the internal audit resources (resources include; Audit, Investigations, Risk & Governance and Programme and Project Assurance Teams).
2. To provide members of the Audit Committee with details of the Internal Audit Strategy for the financial year commencing 1<sup>st</sup> April 2016.

#### **Background**

3. At the commencement of each financial year, consideration is given to updating key documents which form part of the Internal Audit Strategy to set the scene for the twelve months ahead.
4. The key elements of the Strategy form the basis for planning and service delivery and by updating key documents this enables new challenges to be identified and objectives and performance measures set out for the next twelve months. This work sits alongside a risk assessment process of the audit universe to provide an outline Annual Audit Plan.
5. With continuing emphasis on risk based auditing there has been a move towards a more dynamic annual audit plan and increasingly, with the pace of change and constantly changing risk profile, the Annual Plan is becoming at best, a yardstick to measure performance against. The pattern is that priorities change even within a few months of the start of a new financial year and it is vitally important that Internal Audit reacts to this in prioritising its work and that there is flexibility in the Annual Audit Plan to accommodate this. This dynamism needs to be borne in mind when considering this report.
6. Greater engagement with directors, through our relationship manager arrangements has proved successful for both Internal Audit and Directors with quarterly meetings continuing to ensure that new and innovative ways of delivering services are considered, along with the risks and impacts this may have on fundamental financial control.

#### **Issues**

7. The Strategy 2016-17, as shown at Appendix A, brings together a number of key documents relating to the twelve months ahead.

8. This document includes an overview of audit resources and the role of audit, together with background scene-setting information for the 2016-17 Plan. Key in demonstrating compliance with the Public Sector Internal Audit Standard is an updated Audit Charter and the Strategy also provides an update on aspects of the Quality Assurance & Improvement Programme and sets out the key aims and objectives for the year.
9. The aims and objectives will allow a more detailed Service Delivery Plan to be prepared in April setting out the tasks associated with delivering the objectives and how this will be measured.
10. It is worth noting that in order to seek approval before the commencement of the new “audit” year, the Strategy was produced by the outgoing Audit Manager (who is leaving at the end of March) and the new Manager will need to develop some of the detail early in the new financial year.
11. It will also be important to take account of audit work undertaken up until the year end, to decide on any carry forward work to be prioritised, and ongoing discussion will continue with directors into April, around their priorities in coming months. This will culminate in a more detailed plan of audit coverage to be made available to Members at their June meeting.
12. The Plan will be maintained on the audit planning and management database and used to assign audits as the year progresses. Regular monitoring will be undertaken and priorities reviewed on an ongoing basis. Regular reports will be made comparing Plan vs Actual and a number of key performance statistics.

### **Legal Implications**

13. There are no legal implications arising from this proposal.

### **Financial Implications**

14. There are no financial implications arising from this proposal.

### **Recommendations**

15. To consider and approve the content of the Audit Strategy 2016-17, including the Audit Charter and overview Audit Plan.

**CHRISTINE SALTER  
CORPORATE DIRECTOR RESOURCES**

**Appendix A:** Internal Audit Strategy 2016-17