

Partneriaeth Pen-y-Bont a'r Fro
Bridgend & Vale Partnership
working together - gweithio ar y cyd



INTERNAL AUDIT SHARED SERVICE (IASS) AUDIT PLANNING

The Annual Planning Process



- **Scope of Internal Audit Section's Work;**
- **Key Core Deliverables for 2013/14**
- **Approach to Developing the Annual Audit Plan;**
- **Step 1 – Understand the Council;**
- **Step 2 – Define the Audit Universe;**
- **Step 3 – Assess the inherent risk;**
- **Step 4 – Assess the strength of the control environment**
- **Step 5 – Calculate the audit risk;**
- **Step 6 – Determine the annual audit plan.**



SCOPE OF INTERNAL AUDIT'S WORK

Control environment – comprising:-

- Risk Management;
- Control and
- Governance.



KEY CORE DELIVERABLES FOR 2013/14

- Assurance
- Delivery of the Annual Plan;
- Responsive to Transformational change;
- Meet the requirements of our External Auditors;
- Risk Based approach;
- Implementation of Audit Recommendations;
- Governance;
- Counter Fraud;
- Support the Audit Committee.

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Approach to developing the Annual Audit Plan

STEP 1

Understand the Strategic and Operational Priorities together with Risk.



STEP 2

- Define the Audit Universe
- Distinct units or functions of the Council;
- Business / organisational processes;
- Requests from Senior Management;
- Requests from Directors (CMT)
- Regulatory or statutory requirements
- Potential audits based on experience or instincts.



STEP 3

- Assess the inherent risk of each auditable entity based on impact and likelihood criteria so the plan is focussed on the most risky areas.
- **RISK ASSESSMENT PROCESS**



Step 3 – Continued

- APACE – Audit Planning and Control
- Environment.
- Internal Audit's Management Information System with an in built Risk Assessment Process. (see handout 1)



Step 3 – continued....

- Audit Risk Model – (See Handout 2)
- Three Key Factors:
- The size of the risk or exposure;
- The likelihood that the risk will materialise and
- The probability of the consequences being detected if the risk does materialise.



Step 4

Assess the Strength of the Control Environment.

- **Assessment based on:-**
- **Knowledge of the control environment,**
- **Information obtained from other assurance providers;**
- **Corporate importance and sensitivity;**
- **Materiality;**
- **Outcomes and timing of previous audit coverage,**
- **Management Concerns.**



Step 5

Calculate the Audit Risk.

- This step is largely mechanical – but is always carefully reviewed.
- The plan should be based largely – but not exclusively – on the results.
- Flexible audit plans are invariably more successful in meeting organisational needs.



Step 6

Determine the annual audit plan.

- Determine the timing and overview for each audit review;
- Consider additional requests for audit reviews, for example grants audits, ad hoc and service specific requests.



Audit Committee

- The proposed annual plan of work is presented to the Audit Committee for approval.
- Monitored during the year as the risk profile of the Council changes;
- Audit Committee regularly kept informed of progress against the Annual Audit Plan.

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Questions