

## **CORPORATE RISK MANAGEMENT AND AUDIT PLANNING**

**Report By: Principal Audit Manager**

### **Wards Affected**

County-wide

### **Purpose**

To update Members on the link between the Council's Corporate Risk Management and Audit Planning.

### **Financial Implications**

None

### **Background**

1. The Accounts and Audit Regulations 2003 established requirements related to systems of internal control and the review and reporting of these systems. Regulation 4 of the Accounts and Audit Regulations 2003 requires that from 1st April 2003 *'the relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk'*.
2. On 15th April 2004 Cabinet approved the revised Risk Management Strategy.
3. The Code of Practice for Internal Audit in Local Government in the United Kingdom states that 'Internal Audit should prepare a risk-based audit plan designed to implement the audit strategy, taking account of the organisation's risk management process'.
4. The approach to preparing the Annual and Strategic Plan is fundamentally based upon the Council's Risk Strategy and covers risk assessments in the following areas:
  - Fundamental Systems.
  - Non- fundamental Systems.
  - Corporate Governance arrangements to include Anti-Fraud arrangements.
  - Best Value Performance Indicators.
  - Risk Management arrangements.
  - ICT protocols and controls.

- Establishment visits.
  - Verification and Probity Reviews.
5. Each area is assessed for potential risks as classified utilising 'Traffic Lights' signposting, with Red being high risk, Amber being medium risk and Green being low risk. In addition, within each risk area, consideration is also given to residual risk for specific functions or establishments based on their last Audit opinion and current knowledge, including risk management reports to the Corporate Management Board.
  6. The final version of the Audit Plan is cross-referenced to the Corporate and Directorate Risk Registers and was approved by Cabinet on 14th April 2005.

## **Recommendation**

**THAT the report is noted subject to any comments the Committee wishes to make.**

### **BACKGROUND PAPERS**

Audit Strategy