

**SHROPSHIRE & WREKIN FIRE
AUTHORITY
AUDIT COMMITTEE PRESENTATION
26.7.07**

THE STRATEGIC PLAN 2008/2012

**Graham Tart
Head of Audit & Consultancy Services**

THE STRATEGIC PLAN 2008/2012

- 4 year strategic audit plan based on a detailed risk based audit needs assessment
- Clean sheet exercise to establish the audit universe
Includes:
 - Detailed discussions with Treasurer and Principal Accountant to identify areas of responsibility changes that have or planned to take place.
 - Other relevant officers/Risk Management Officer/External Auditor/other Inspectorates.
 - Audit Knowledge.
 - Problem areas/Areas of Difficulty.

- Audit needs assessment based upon a risk assessment methodology developed by the Midland Counties Chief Internal Auditors Group.
- The methodology can broadly be summarised as follows:
 - The identification of all areas to be audited.
 - An assessment of the audit days required.
 - The model contains ten risk elements.
 - The identification of a risk score.

The frequency attached to each risk score in the audit needs assessment is as follows:

Risk Index Score	Priority Indicated	Audit Frequency
Less than 60	De Minimis	If required
60-69	Low	4 year cycle
70-104	Medium Low	3 year cycle
105-115	Medium High	2 year cycle
116+	High	Annually

- Completion of risk score identifies frequency of audit.
- Prioritises the audits.
- Identifies the audit days required per year.
- Assessment & fine tuning of the model.
- Resources available.

ANNUAL REVIEW

- Audit needs reviewed and updated annually to reflect the requirements of a developing Fire Authority.
- Audit plan not cast in tablets of stone – needs to be able to respond to the changing internal control environment (new systems, new processes, wider risk audits etc.)

BENEFITS OF AUDIT NEEDS RISK ASSESSMENT AND 4 YEAR STRATEGIC PLAN

- Ensures a robust approach to identifying the audit universe.
- Allows the prioritising of risks and the targeting of resources.
- Ensures all key areas are covered over the 4 year plan.
- Allows the organisation to clearly see the range of audit coverage.
- Is flexible enough to allow changes and amendments while still keeping the overall integrity of the audit plan.
- Where cuts are necessary these can be actioned against the lower risk audits.
- Complies with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

The Way Forward

2008/2012 Audit needs completed Sept/Oct.

Reviewed & refined.

Report to members December 2007.

Identify audit plan for 2008/2009 and any issues that have arisen.