

**Warwickshire Police Authority  
Audit Committee  
5 May 2010**

**Internal Audit Plan 2010/2011  
Report of the Treasurer to the Police Authority**

**Recommendation**

The Committee is requested to endorse the proposed risk-based audit plan for 2010/2011.

**1. Introduction**

- 1.1 In December 2008, the Committee agreed the internal audit plan for 2008 to 2011. This report seeks the committee's endorsement of the final year of that plan.

**2. Background**

- 2.1 The requirement for an internal audit function is contained in the Accounts and Audit Regulations 2003 (as amended), which require that the Authority must:-

*"maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control."*

- 2.2 The Regulations effectively make compliance with the Cipfa Code Of Practice For Internal Audit In Local Government in the United Kingdom 2006 mandatory.

- 2.3 The regulations also lay down far-reaching requirements regarding systems of internal control. They require the Authority to:

- Have *"a sound system of internal control .... which includes arrangements for the management of risk"*;
- Conduct a review at least once a year of the effectiveness of its system of internal control; and
- Prepare and publish an Annual Governance Statement.

2.4 The regulations and Code require a much wider role for internal audit compared to the historical focus on financial systems. Internal audit is one of the main ways the Authority gains assurance on the adequacy and effectiveness of its governance framework and control environment. The assurance work culminates in an annual opinion on the adequacy of the Authority's control environment which feeds into the Annual Governance Statement.

### **3. Audit Plan 2010/11**

3.1 During 2008 a major exercise was undertaken to prepare for the first time a fully risk based plan for the Authority covering the period to 31 March 2011. In order to understand the issues and risks facing the organisation, Internal Audit had meetings with a number of members of the Force, officers of the Authority and the Audit Commission. All discussions were well received and there was buy-in to the need for a more comprehensive, strategically focused internal audit service.

3.2 In general terms the plan agreed in 2008 remains relevant and no further changes for 2010/11 are suggested at this time. This is due to the hard work put in by the Force and internal audit in drawing up the original three year plan and the good information flows between all parties. The audits planned for the coming year are therefore:-

- Contract management
- Estates management
- Insurance arrangements
- Project management
- Annual governance statement
- Corporate governance
- Performance management
- Partnerships
- Corporate risk management
- Recruitment and retention of staff
- Airwave
- IT – physical and environmental controls
- IT – programme and project management
- Domestic abuse

3.3 The plan is intended to be flexible and inevitably risks and hence the need for audits will change during the year. Any such changes will be reported to the Committee for consideration and approval. In addition to these specific topics provision is included for preparing the annual report, attendance at committee meetings etc. The plan amounts to 172 days. In addition, the Authority also agreed a contingency which can be used for any unplanned work (such as investigations into allegations of financial irregularities or requests by the committee for additional work). Whilst the contingency has not been called upon to date some of this years allocation will need to be used to produce a new plan later in the year.

#### **4. Terms of Reference**

- 4.1 The Cipfa Code of Practice requires that the purpose, authority and responsibility of internal audit is formally defined by the Authority in terms of reference consistent with the Code. The Code sets out the topics to be covered in the terms of reference and requires that the document is approved and regularly reviewed by the Authority. Terms of reference were agreed by the Committee in February 2009 and remain relevant; consequently no changes are recommended at this time.

#### **5. Recommendation**

- 5.1 The Committee is requested to endorse the proposed risk-based audit plan for 2010/2011.

David Clarke  
Treasurer to the Police  
Authority  
Shire Hall  
Warwick

23<sup>rd</sup> April 2010