

**AUDIT STRATEGY AND THE DEVELOPMENT OF A 3 YEAR STRATEGIC AUDIT PLAN**

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**1. SUMMARY**

The internal audit team at Argyll and Bute Council provide a service to management and the Audit Committee by reviewing activities, recommending control improvements and giving an opinion on the risk and control environment. The effectiveness of the service is enhanced if over a reasonable timescale all areas of significant risk have been reviewed. Internal audit have prepared an audit strategy to guide the development of a 3-year strategic audit plan, which will be presented to the Audit Committee for approval in March 2005.

**2. RECOMMENDATIONS**

2.1 The Committee is asked to approve the Audit Strategy.

**3. DETAILS**

3.1 The Audit Strategy outlines the approach taken in planning the work of the internal audit team over the next three years. In order to give an opinion on the Council's risk and control environment an Audit Needs Assessment (ANA) will be developed taking into account an assessment of risk. The audit resources required to undertake the work identified in the ANA will be assessed and a practical internal audit strategic work plan produced. (See Appendix 1).

3.2 To develop a three-year strategic plan in accordance with this strategy, taking into account management's assessment of risk, internal audit intend to meet the Strategic Management Team and the departmental management teams to present to them the approach to risk assessment. Members of these teams will then be given an information pack, which will contain a form for completion where they can identify risks and give their assessments as to the possible impact of the risk and its probability. On receipt of these risk assessments internal audit will collate the various responses and return to the management teams to clarify and discuss their assessments. The final stage will be to develop the Audit Needs Assessment based on the finalised risk assessments.

3.3 The timetable for the process detailed at paragraph 3.2 is as follows:

- Mid-November to early December 2004 – Opening meetings with management teams and issue of information packs.
- Mid December 2004 to Mid January 2005 – collation of individual risk assessments
- Mid January to end of January 2005 – return to management teams to clarify
- First week of February 2005– Development of Audit Needs Assessment

- and 3 year strategic audit work plan
- March 3<sup>rd</sup> – presentation of Strategic audit work plan to the Audit Committee for approval.

**5. IMPLICATIONS**

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

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