
MANAGEMENT BOARD

Draft Internal Audit Programme – 2011/12

Paper from the Director of Internal Audit, Office of the Chief Executive

Purpose

1. This paper presents the draft Internal Audit Programme for 2011/12 (attached as Annex A) for agreement by the Management Board. The work of internal audit is designed to provide independent assurance to the Accounting Officer on the effectiveness of the arrangements for governance, risk management and internal control. Internal audit can also provide advice to management on areas within its competency.

Action for the Board

2. The Board is invited to review the draft programme, to ensure that it is appropriate, and recommend that it be adopted at the Administration Estimate Audit Committee's ("AEAC") meeting in April.
3. Board Members are invited to address any questions of detail to the Director of Internal Audit in advance of the meeting.

Consultation

4. An overall Internal Audit Strategy for 2011-15 was circulated to Management Board members in December. No substantive comments were received, and it was agreed by the AEAC at its meeting in January. That strategy has been used to shape the draft programme, along with the direction in the draft Corporate Business Plan for 2011/2 that : *"The work of Internal Audit will place an increased emphasis on providing consultancy on delivering savings, improving efficiency and value for money"*.
5. The Director of Internal Audit has held meetings with all Directors General, their business managers and a number of other senior managers to solicit possible areas for internal audit coverage. Desk based reviews have also been undertaken of risk registers, draft business plans and performance reports to highlight possible areas for consideration.

Issues for Board Consideration

6. In considering the draft internal audit programme, I suggest that members of the Management Board may wish to satisfy themselves that the following questions have been addressed :
 - 6.1 Are there any key processes, systems or operations that are not proposed to be covered that Board members feel ought to be?

A list of areas raised with internal audit and not included in the current draft is set out at the end of Annex A)

- 6.2 Are there any significant risks, at Board or Departmental level, that ought to be subject to independent assurance?
- 6.3 Are there any areas in the internal audit programme that are not a priority and should be removed or replaced?
- 6.4 Are the proposed Sponsors and Lead Managers for each audit the most appropriate?
7. The number of proposed audits has reduced from 2011/12, to reflect reductions in internal audit resources as part of the Savings Programme. I am content, however, that there are sufficient resources to provide an effective service.
8. I would propose that, given the changes that the House will be going through in the next year, the plan is reviewed by the Board at the end of September and revised if necessary, so that any changes in Board priorities can be reflected.

House of Lords / National Audit Office

9. The draft programme has been developed with a view to optimising the use of audit functions across both Houses. In particular, it has been developed in conjunction with the House of Lords for areas of mutual interest (such as PICT, PED and areas under Service Level Agreements), seeking to share both the results of the work and resources expended.
10. The NAO also seek to rely upon the work of internal audit, primarily with regards to testing of financial systems, so as to reduce their own work, and this has been allowed for in the draft programme.

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Director of Internal Audit

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