

**MANAGEMENT BOARD****Internal Audit planning for 2009/10**

*Paper from the Director of Internal Audit*

**Purpose**

1. This paper presents an introduction to the framework of documents that Internal Audit will work within, and a draft Internal Audit Programme and Strategy for 2009/10. The paper is being presented to the Management Board before submission to the Administration Estimate Audit Committee.

**Action for the Board**

2. The Board is invited to approve :
  - 2.1 the adoption by the Internal Audit service of the new Government Internal Audit Standards (as amended for the House's circumstances)
  - 2.2 the revised Internal Audit Charter, meeting the requirements of the above Standards
  - 2.3 the revised protocol covering arrangements for joint working with the House of Lords' internal audit team
  - 2.4 the 2009/10 Internal Audit Programme and Strategy.

**Consultation**

3. The protocol for joint working with the House of Lords has been updated and agreed with their Head of Internal Audit.
4. Planning for the internal audit programme has been the subject of a wide range of discussions with Director Generals and their senior managers.
5. External members of the Audit Committees are being consulted on the programme, ahead of the April Audit Committee.

**Annexes**

6. Internal Audit Standards (Annex A) : Revised Government Internal Audit Standards were issued by HM Treasury on 6 April under DAO (GEN) 01/09 and can be found under the following link:  
<http://www.hm-treasury.gov.uk/d/dao0109.pdf>

These Standards are copied from the profession's new International Standards which were adopted in 2008, with the addition of explanatory paragraphs on "Central Government Requirements". In the accompanying Standards for adoption in the House, this has been changed to "The House of Commons Requirement" and some terminology changed to reflect the House's circumstances (e.g. the role of the Management Board, the fact that there are two Audit Committees, etc.) but no changes to the actual standards. To this has been added a further paragraph "House of Commons implementation" to demonstrate how these Standards will be met.

7. Internal Audit Charter (Annex B) : Professional Standards require that the Purpose, Authority and Responsibility of internal audit be set out in a Charter that is approved by the Board and Audit Committee. A Charter was approved in April 2008, but I have re-drafted this to link into the new Standards and produce a shorter document.
8. Arrangements for joint working between internal audit teams in the House of Commons and House of Lords (Annex C) : An original protocol was agreed last year and this has been updated to reflect the closer working relationship that has developed, whilst also protecting the interests of each House. .
9. 2009/10 Audit Programme and Strategy (Annex D) : The proposed programme of work for 2009/10 has been developed, through an approach agreed by the Management Board and Audit Committees in January, with the objective of providing assurance to the Accounting Officer and Management Board. This work programme should be of sufficient breadth and depth to allow me to provide an overall opinion to the Accounting Officer in support of the Statement on Internal Control, and is planned on a pre-dominantly risk-based approach.
10. The work planned for the year is summarised in Appendix 1 to the Audit Programme. Some of the areas are deemed to require annual coverage (such as risk management, or key control testing) whilst others are based upon the risk of that area to the achievement of the House's objectives. Other work is based upon personal suggestions of managers across the House or topical issues that have arisen. The plan adopted will be the subject of revision over the year to ensure that it remains relevant.
11. The means of achieving the Audit Programme are set out in the accompanying Strategy (Appendix B to the Audit Programme) that sets out the more detailed processes and resources that will be undertaken to deliver to programme and ensure that the service meets its objectives. .

12. The Management Board may wish to discuss alternative uses of internal audit, or priorities for alternative audits should resources come available.

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Director of Internal Audit

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