



AUDIT STRATEGY

Version: February 2012

1. Internal Audit Strategy

- 1.1 An Internal Audit Strategy outlines the means by which Internal Audit seeks to achieve its stated aims and objectives. These objectives are linked to the goals and vision of the organisation.
- 1.2 The perceived outcome of this strategy is the provision of an effective audit service, that achieves its own objectives, and in particular a service that meets the needs of management and other stakeholders.

2. Strategy Statement

- 2.1 The overall Strategy of Internal Audit is:

“To deliver a risk-based audit plan in a professional, independent manner, to provide the organisation with an opinion on the level of assurance it can place upon the internal control environment, and to make recommendations to improve it.”

3. Definition

- 3.1 The Internal Audit Charter and Terms of Reference defines Internal Audit as

“An assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.”

4. Objectives of Internal Audit

- 4.1 The objectives for the Audit Service are:

- To understand the whole organisation, its needs and objectives.
- To add value and assist the organisation in achieving its objectives.
- To be forward looking, innovative and challenging.
- To help to shape the ethics and standards of the organisation.
- To ensure value for money is achieved in the use of public funds.
- To ensure the right resources are available to deliver the audit plan, recognising changes in capacity, experience, qualifications and specialisms.
- To share opportunities for joint working and seek to share best practice with auditors and examiners from other authorities and organisations, in particular the Council’s External Auditor.
- To maintain strong and effective relationships with management.
- To report significant issues to the Audit Committee, in a timely fashion, to enable and support the effective completion of their responsibilities.

5. Status of Internal Audit

- 5.1 Internal Audit is responsible to the Head of Finance & Procurement for line management purposes, and helps to deliver the statutory financial responsibilities of the Council's Chief Financial Officer the Group Director of Finance & Commerce. However Internal Audit is independent in its planning and operation, and has no responsibility for delivering or managing non-audit services.
- 5.2 The Internal Audit & Corporate Risk Manager shall have direct access to the Chief Executive, all levels of management and elected members.

6. Audit Resources and the Annual Plan

- 6.1 The Internal Audit & Corporate Risk Manager is responsible for delivering the audit service in accordance with its Terms of Reference. To ensure that this can be achieved, there are appropriate arrangements for:
- Determining and planning the work to be carried out (i.e. an audit plan based on an assessment of the risk).
 - Providing the resources required to deliver the audit plan (principally the level of staff and external input), the necessary skills (both in general audit and technical areas) and support facilities (such as IT facilities, equipment and management and administration processes).
- 6.2 Due to the specialist skills required to carry out computer audits and the fact that the resources required would not equate to a full time member of staff this service is currently procured from the private sector. This method of service provision will be reviewed during 2012/13 against other potential shared service opportunities. All other resources required to deliver the 2012/13 audit plan are currently in place within the Audit Team.
- 6.3 The Internal Audit service will be delivered on the basis of a detailed Plan for 2012/13. The plan sets out the number of person-days required for Internal Audit to adequately review the areas involved.
- 6.4 Where resources available are not considered, by the Internal Audit & Corporate Risk Manager, to be adequate for the Head of Internal Audit opinion to be provided, this will be reported to the Audit Committee.
- 6.5 The annual risk assessment process takes account of a range of strategic, corporate, service and operational risks (including those identified through the Risk Management process and by the external auditor) and the views of senior management on these issues.
- 6.6 The 2012/13 Plan balances the following requirements:

- The need to ensure the Audit Plan is completed in a timely fashion
- The need to ensure core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control (on which External Audit will place reliance);
- The need to appropriately review other strategic and operational arrangements;
- The need to have uncommitted time available to deal with unplanned issues which may need to be investigated e.g. allegations.
- To enable positive timely input to assist corporate and service developments.

6.7 In order to ensure the Internal Audit Service continues to meet the needs of the organisation the skills and experience available are annually reviewed and there are a number of initiatives working with other Boroughs to identify how collaboration can benefit the service, this work will continue in 2012/13. In addition the Council's PDPA process identifies training needs for staff.

7. Relationships

- 7.1 A joint working arrangement with External Audit will be operated such that Internal Audit resources are used as effectively as possible.
- 7.2 Periodic reports relating to audit issues will be provided to Corporate Management Team and where necessary direction regarding specific policy or risk issues will be sought. Corporate Management Team therefore has a part to play in the successful achievement of strategy outcomes in particular the achievement of the Internal Audit objectives.
- 7.3 Internal Audit manage an annual programme of presentations and training designed to raise the profile of the audit team and raise awareness of audit issues.

8. Quality

- 8.1 Internal Audit will comply with the *CIPFA Code of Practice for Internal Audit in Local Government in the UK*, and auditors are expected to comply with any other relevant professional standards.
- 8.2 The Internal Audit & Corporate Risk Manager will ensure that there is an Audit Manual in place setting out expected standards for the service, and will monitor compliance with these standards, including in relation to the planning, conduct and reporting of audit assignments. Relevant training will be provided to ensure auditors have the level of skills necessary to undertake their roles.
- 8.3 Where necessary to ensure an adequate, effective and professional audit service is provided, the Internal Audit & Corporate Risk Manager

will buy in resources from external providers to supplement internal resources.

9. Performance Management

9.1 Progress against the audit plan, and the content of the plan itself, will be kept under review by the Internal Audit & Corporate Risk Manager in liaison with the Head of Finance & Procurement and the Group Director Finance & Commerce, and through monitoring corporate and service developments.

9.2 Audit Committee are advised of changes to the audit plan.

9.3 Audit Committee will also be advised of performance against the audit plan, and on other relevant key performance indicators, on a quarterly basis.

10. Strategy Review

10.1 This strategy will be reviewed annually and presented for approval by the Audit Committee.

10.2 The next review will be completed in February 2013.

11. Key Contacts

11.1 Internal Audit & Corporate Risk Manager – Vanessa Bateman ext 3733

11.2 Head of Finance & Procurement– Mike Stringer ext 2101