

Internal Audit Strategy 2012/13

The Audit & Assurance Team supports the whole Council as it becomes a Co-operative Council delivering services to the community to improve their health and wellbeing. The team supports the whole Council to deliver economic, efficient and effective services¹ and achieve the Council's priorities and objectives.

a) Internal Audit objectives and outcomes

Service Objectives

- 1) To review the governance, risk management and internal control arrangements of the Council to provide a level of assurance and an opinion on internal controls to our customers.
- 2) To provide a respected, cost effective and quality internal audit service including the provision of advice and guidance to assist our customers to meet their objectives and improve their services, including the rationalisation of controls, where appropriate.
- 3) To work with the external auditor and other review bodies to provide the most effective internal audit service.
- 4) To value and continuously develop our team.

Outcomes

- 1) To undertake the statutory Section 151 audit for the Chief Financial Officer (CFO), in line with the Accounts and Audit (England) Regulations 2011.
- 2) To deliver the audit plan for the Council taking into account the Accounts and Audit (England) Regulations 2011, the management of risk's, senior management consultations, comments from the Audit Committee and any requirements of the External Auditor. The plan will be reviewed regularly and amended, if required to reflect any significant changes.
- 3) To operate as an independent appraisal function reviewing the governance, risk management and internal control arrangements of the organisation and management as a contribution to establish relevant controls and the proper, economic, efficient and effective use of resources within the Council.
- 4) To ensure that Council Members and employees are aware of the Constitution and particularly understand Financial Regulations and their associated procedures and any revisions to these.
- 5) To provide clear and concise internal audit reports to support management in implementing recommendations and improving services.
- 6) To provide responsive, challenging and informative advice and support on internal controls to management.
- 7) To report to the Audit Committee as defined in their terms of reference.
- 8) To assist in the development of appropriate Corporate Governance and internal control procedures and then to monitor their operation.
- 9) To prepare for annual assessments of the Internal Audit function by the External Auditor.
- 10) To ensure that an appropriate ICT Audit service is being provided to the authority and to regularly review the arrangements.
- 11) To investigate all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations, in accordance with agreed procedures.

¹ By providing advice and guidance on controls and the management of risks during service delivery and by supporting service reviews, restructures and reducing bureaucracy

b) How the Audit & Assurance Manager will form and evidence her opinion on the control environment to support the annual Governance Statement (incorporating the Statement on Internal Control)

The Audit & Assurance Manager prepares an annual risk based audit plan. Internal Audit planning is directly linked to the Council's objectives and priorities and the risk's associated with achieving them. Internal Audit uses these as the starting point for the audit planning process and to identify the key areas for audit attention. This base is then informed and influenced by previous Internal Audit work, external networking intelligence, discussions with the CFO and consultations the Council's service area management teams and the Senior Management Team.

The audit plan outlines the work assignments to be carried out and the resources required. The plan is flexible in order to reflect the changing needs and priorities of the organisation. Work is carried out by the audit team in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006 and other professional requirements² to deliver the outcomes detailed in section (a) above. Each internal audit report provides an opinion on the area reviewed.

c) How Internal Audits work will identify and address significant local and national issues and risks

The Audit & Assurance Manager has regular meetings with the CFO and quarterly meetings with the Managing Director. Senior Audit staff meet with Assistant Directors and their management teams as required to identify any local and national issues and risks, changes in the service area, and any new areas that require input from Internal Audit. All scopes for internal audit work are agreed with the appropriate Service Delivery Manager(s) and Assistant Directors.

Pre audit work is undertaken to identify any significant changes in the area to be audited i.e. changes to the control environment including changes in legislation, restructuring, service reviews, implementation of new computer systems, changes to policy and procedures and changes in staff. These will then be reviewed based on risk as part of the scope for the audit.

Employees within Internal Audit have access to the CIPFA Audit Panel, West Midlands Internal Audit Group (including Fraud, Contract and Education sub-groups), other CPD and networking events through CIPFA and the IIA to identify and understand national issues affecting the delivery of internal audit services.

d) How the service will be provided (including resources and skills)

Following a restructure during 2010 implemented from 1st October 2010 Internal Audit has a resource of 4.3 full time equivalents (fte) plus the Audit & Assurance Manager to deliver the 2012/13 plan. The staff are all employed by the Council and are qualified to various levels with wide public authority and private sector experience. There is a specialist ICT Audit contract for 2012/13 to deliver 58 audit days provided by Deloitte (reduced from 2010/11 level of 70 days and 2011/12 level of 64 days). The current IT Audit contract was entered into for 3 years (2010/11 – 2012/13) and will therefore be reviewed during 2012/13 and alternative methods for service provision will be investigated.

When there is staff turnover or a shortfall in resources then either the plan is adjusted and reduced assurance provided or if the budget can support it a business case is completed to employ specialist Audit staff.

² Institute of Internal Auditors