

REVIEW OF THE INTERNAL AUDIT STRATEGY 2012 TO 2015 AND THE INTERNAL AUDIT SECTION TERMS OF REFERENCE

Submitted by: **Audit Manager**

Portfolio: **Resources and Efficiency**

Ward(s) affected: **All**

Purpose of the Report

To seek Members approval to the revised Internal Audit Strategy and Terms of Reference which have been reviewed as part of the Audit Planning process for 2012/13.

Recommendation

That the Internal Audit Strategy 2012 to 2015 and the Internal Audit Section's Terms of Reference be approved in their revised forms.

Reasons

These documents are reviewed and updated annually to ensure compliance with the CIPFA Code of Practice for Internal Audit.

1. Background

- 1.1 In accordance with the CIPFA Code of Practice for Internal Audit 2006, the Audit Manager is required to produce an Audit Strategy which sets out how the Internal Audit Service will be delivered in accordance with the terms of reference and how it links to the organisational objectives and priorities. The Code of Practice requires that the Strategy is kept up to date with the organisation and its changing priorities.
- 1.2 The previous Strategy which covered the period 2011 to 2014 was approved by this Committee in January 2011. This document has now been reviewed and updated as set out in the Code of Practice. The updated Strategy covers the period 2012 to 2015 and sets out how Internal Audit will contribute to the Council's review of Corporate Governance arrangements, risk management processes, key internal control systems and how assurance for the annual statement on internal control will be demonstrated. It also establishes the resources and skills required for its delivery and allocation of audit work.
- 1.3 The Terms of Reference for Internal Audit have also been reviewed and updated in accordance with the Code of Internal Audit Practice.

2. Issues

In accordance with the CIPFA Code of Practice for Internal Audit the documents have been reviewed and updated to reflect the changes that the organisation has recently gone through.

3. Options Considered

- 3.1 To review and adopt these documents ensures and demonstrates that the Internal Audit Section has mechanisms in place to;

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

- 3.2 Not to adopt these changes would leave the Council open to criticism of not being able to provide a level of assurance on the Councils systems of internal control.

4. **Proposal**

- 4.1 That the Internal Audit Strategy 2012 to 2015 and the Internal Audit Sections Terms of Reference be approved in their revised forms.

5. **Reasons for Preferred Solution**

- 5.1 As option 3.1 above.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 The documents demonstrate that the Council is committed to ensuring the best use of resources and ensuring that there is provision to give assurance on the adequacy of internal controls. Therefore contributing to it's Corporate Priority of Transforming our Council to Achieving Excellence.

7. **Legal and Statutory Implications**

This report raises no new legal or statutory implications.

8. **Equality Impact Assessment**

There are no differential equality impact issues identified from the proposal.

9. **Financial and Resource Implications**

There are no new financial or resource implications.

10. **Major Risks**

- 10.1 The risk of not having these documents in place would leave Internal Audit open to criticism of not being able to demonstrate how it will deliver a risk-based audit plan in a professional manner, and provide the organisation with an opinion on the level of assurance it can place upon the internal control environment, and to make the recommendations to improve it.

11. **Key Decision Information**

Not applicable

12. **Earlier Cabinet/Committee Resolutions**

Audit Strategy 2011 to 2014 - Res No 570/11 (Audit and Risk Committee – January 2011)
Internal Audit Terms of Reference - Res No 574/11 (Audit and Risk Committee – January 2011)

14. **List of Appendices**

Appendix A - Internal Audit Strategy 2012 to 2015

Appendix B - Internal Audit Terms of Reference

15. **Background Papers**

Audit File Ref GA002