
AUDIT SERVICES - STRATEGY DOCUMENT

Purpose of Report

1. To seek approval to Audit Services' Strategy Document.

Information and Analysis

2. Audit Services' principles of service delivery are enshrined in the Section's Role and Terms of Reference. The latest version of this document was approved by the Audit Committee in June 2007 (Minute Ref. A16/Jun/07).
3. The annual review of the system of internal audit also considered at the June 2007 Committee contained an improvement action by the Head of Corporate Assurance that a formal strategy document be produced to complement Audit Services' Role and Terms of Reference to comply with the letter of the CIPFA Code of Practice for Internal Audit in Local Government 2006.
4. An Audit Strategy Document has been produced and is attached as an **Appendix** to this report. The Strategy is a high-level statement of how the internal audit service links to the Council's objectives and priorities and how it will be delivered and developed in accordance with the Role and Terms of Reference.

Legal Implications

5. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

6. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Recommendation

7. It is recommended that Audit Services' Strategy Document, as detailed in the Appendix, be approved.

Brian James
Head of Corporate Assurance

Background Papers

- (i) CIPFA Code of Practice for Internal Audit in Local Government 2006.
- (ii) Audit Services' Role and Terms of Reference.
- (iii) Review of the Effectiveness of the System of Internal Audit 2006/07 - Report to the Audit Committee on 28th June, 2007.

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Audit Services
Strategy Document
2008/09 and Beyond

Audit Strategy

Introduction

The purpose, scope and authority of Audit Services is set out in the Service's Role and Terms of Reference, a detailed document approved by the Audit Committee.

The Audit Strategy is a high level statement of how the internal audit service links to the Council's objectives and priorities and how it will be delivered and developed in accordance with its role and terms of reference.

Service Objective Linkages

Audit Services' objectives and associated key performance measures are detailed in Appendix A to the Strategy and linkages are made to Divisional, Departmental and Corporate objectives.

Service Provision

The Head of Corporate Assurance is responsible for ensuring that on an ongoing basis Audit Services possesses the necessary resources, knowledge, skills and disciplines to achieve its objectives.

In particular the Head of Corporate Assurance will ensure that staff possess appropriate qualifications and experience and encourage and facilitate the continuing professional development of staff through the Council's recruitment and staff development processes.

The service is currently provided by an in-house team of five full-time officers consisting of two Audit Managers and three Finance Officers.

Annual Audit Plan

The Annual Audit Plan will be agreed with Corporate Management Team and approved by the Audit Committee. It will comprise audit assignments and consultancy work with a contingency allowance to cover unforeseen work such as fraud investigations.

The Plan will be risk based to reflect :

1. Audit assignments prioritised on the basis of an audit risk model that includes such factors as the impact upon Council/Departmental objectives, the management control environment and susceptibility to fraud;
2. Corporate and Departmental risk registers; and
3. Discussions with Directors and Senior Management Teams.

However, it will also encompass other requirements such as the need to review schools Financial Management Standard accreditation on a three-year rolling programme.

The Plan will be flexible to allow for the coverage of emerging risks and amendments will be subject to the approval of the Audit Committee.

Audit Approach and Documentation

Audit Services will involve clients fully in all aspects of the audit process. This will include discussion/agreement on the scope of audit work, updates as work progresses, opportunity to comment on draft audit reports and consideration of/agreement to audit recommendations, including the officer responsible and timescale for implementation.

Audit Services is accredited under the ISO 9001-2000 Quality Standard and maintain quality and procedure manuals. All audit work will be conducted and documented in accordance with the manuals. The manuals are essential to the successful maintenance of proper professional standards. They will be kept current through regular review as to their appropriateness and relevance.

Audit Services' Annual Report

An Annual Report will be provided each year to the S151 Officer and the Audit Committee to support the Annual Governance Statement. The report will include an overall opinion on the adequacy and effectiveness of the Council's control environment and outline the audit work from which the opinion is derived, including where professional reliance has been placed on the work of internal auditors in other organisations.

Amendments to the Strategy

The Strategy will be reviewed annually by the Head of Corporate Assurance to ensure that its relevance is maintained. Amendments will be subject to the approval of the Audit Committee.

AUDIT SERVICES - LINKAGES BETWEEN SERVICE OBJECTIVES AND ASSOCIATED KEY PERFORMANCE MEASURES TO DIVISIONAL, DEPARTMENTAL AND CORPORATE OBJECTIVES

Key Performance Measures	Audit Services' Objectives	Resources' Divisional Objectives	Corporate Services' Departmental Objectives	Corporate Objectives
<p>Outcome of Annual Review of Internal Audit Effectiveness.</p> <p>Adequacy of Council's Internal Control Environment overall - as evaluated through CPA Use of Resources KLOE.</p> <p>Adequacy of each element of the Internal Control KLOE.</p> <p>Customer Satisfaction ratings.</p> <p>Maintenance of ISO 9001: 2000 Quality Accreditation.</p> <p>Days per Auditor as per CIPFA Benchmarking Statistics for Unitary Authorities.</p> <p>Costs per audit day as per CIPFA Benchmarking Statistics for Unitary Authorities.</p>	<p>Deliver an effective internal audit service that satisfies statutory requirements and accords with professional standards.</p> <p>Deploy internal audit resources with regard to relative risks and levels of assurance required.</p> <p>Issue timely audit reports with practical recommendations for improvement and follow up to ensure that agreed recommendations are implemented.</p> <p>Carry out agreed/requested audit assignments, consultancy projects and special investigations to the satisfaction of the client.</p> <p>Deliver a cost-efficient internal audit service.</p>	<p>Effective corporate governance arrangements</p>	<p>Build trust and confidence with service users by delivering services to agreed standards of quality, performance and efficiency.</p> <p>Mainstream an awareness and understanding of Democracy, Ethics and Governance in all areas of the Council.</p>	<p>Providing Excellent Services.</p> <p>Putting the Customer First.</p> <p>Enhancing our Capacity to Improve.</p>