

Internal Audit Strategy 2014-2019

1. Mission Statement:

“Internal Audit exists to support Surrey County Council’s vision for 2019 to be delivering great value for Surrey’s residents. Specifically it will promote and champion sound governance and help drive improvement through the provision of an effective and timely assurance function which ensures that key business controls and risks are addressed, stakeholder needs are met, and value for money is achieved.”

2. Purpose of the Strategy:

The purpose of this Strategy is to put in place a framework that will enable Internal Audit to be managed in such a way that will facilitate:

- ◆ The provision to the Audit and Governance Committee of an **overall opinion each year** on the County Council’s internal control environment, risk management arrangements and governance framework to support the Council’s Annual Governance Statement, in line with the Committee’s Terms of Reference.
- ◆ **Risk-based audits** of the control, risk management, and governance systems through the annual Audit Plan in a way that affords priority of coverage with regard to the County Council’s strategic and business objectives and provides evidence to inform the opinion on the control environment.
- ◆ The **identification of resources** required to deliver an Internal Audit service that meets the required professional and ethical standards.
- ◆ Provision to the Council’s management of **recommendations and advice** arising from Internal Audit work.
- ◆ Provision of **assurance and advice** by Internal Audit, addressing significant local and national issues as they arise through appropriate allocation of resources in the annual Audit Plan.
- ◆ **Effective co-operation** with both the **External Auditor** and, through the Head of Policy and Performance, **other regulators**.

For every audit undertaken, Internal Audit will strive to provide assurance on the governance arrangements in place, identify areas of weakness where these exist and recommend improvements that will lead to better outcomes for residents and better value for money.

3. Features of the strategic approach:

The Strategy has the following features:

- ◆ It is **functionally driven** – the audit ‘universe’ consists of all areas of operational activity (or, where appropriate, sub-areas of activity).

- ◆ **Operational activities are audited on a periodic basis** determined by a risk assessment undertaken within Internal Audit in accordance with best practice. The annual Audit Plan is prepared on the basis of risk-assessed audit need, and is then matched to the available resources.
- ◆ Internal Audit will take a **risk-based approach** to service reviews where this is appropriate but may also use a **systems-based audit approach** if risk management arrangements do not appear sufficiently comprehensive and embedded. More **in-depth checking of compliance** with statutory requirements and internal procedures and policies may also be undertaken where appropriate. This combination of risk-based, systems-based and compliance auditing is aimed at providing an overall assurance to the Council on the adequacy of its control environment. Should the status of the Council's functions and/or control environment change so that in the Chief Internal Auditor's opinion it is no longer possible to maintain such a service within the resources available then she reserves the right to report that fact to the Chief Executive and the Audit and Governance Committee.
- ◆ Separate contingency time is allowed in the Annual Plan for fraud-related activities, audit management time, consultancy work, follow-up audits and other duties.
- ◆ **Work is not outsourced to third party audit suppliers:** the strategy determines an in-house service provision to be the most effective way to provide the required assurances. Where Internal Audit have particular expertise precedent exists for selling limited services to neighbouring local authorities to supplement their audit resource, providing there is no detrimental effect on the Council's own audit coverage.

**Internal Audit
Policy and Performance
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