

ANNEX A**TERMS OF REFERENCE****Effectiveness of the System of Internal Audit 2016/2017****BACKGROUND**

The UK Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2013 (and revised in April 2016) require the Chief Internal Auditor to maintain a quality assurance and improvement programme that includes periodic self assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices. The PSIAS require that once every five years an assessment is performed by a suitably qualified external assessor. It is planned for an external assessment to be undertaken next year (2017/18).

The Audit and Governance Committee, as the Committee charged with responsibility for Internal Audit, considers that it is best placed to sponsor such a review of the effectiveness of Internal Audit arrangements on behalf of Surrey County Council. The S151 Officer has a responsibility to support the Internal Audit function as a key vehicle to ensure good stewardship and has endorsed the Terms of Reference for this review.

PURPOSE OF THE REVIEW

To review the effectiveness of the current system of Internal Audit in Surrey County Council. The findings from this review will be used to inform the integration of the Internal Audit Service under Orbis.

WORK TO BE UNDERTAKEN

A self assessment of compliance against the PSIAS and the Local Government Application Note.

Qualitative conversations to be held with key stakeholders (both officers and members) regarding the effectiveness of Internal Audit within Surrey County Council, with a focus on:

- what should be maintained or increased
- what may be reduced or stopped
- what should be improved

OUTCOMES

The findings of this review will be included within the Internal Audit Annual Report to be presented at a meeting of the Audit and Governance Committee in June 2017. Any significant areas of non conformance with the PSIAS must be referred for inclusion in the 2016/17 Annual Governance Statement.

REPORTING ARRANGEMENTS

Auditor:	Sue Lewry-Jones
Reporting to:	Audit and Governance Committee

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