INTERNAL AUDIT DELIVERY STRATEGY 2011/12 – 2014/15

Introduction
This is the Internal Audit Delivery Strategy for the financial years 2011/12 – 2014/15. It will be reviewed and updated annually.

It is a high-level statement of how the Internal Audit service will be delivered in accordance with the Internal Audit terms of reference and how it links to the organisational objectives and priorities. It sets the context within which the more detailed service delivery plan and annual operational plan are developed and communicates the contribution that Internal Audit makes to the organisation. This strategy complies with the requirements of the CIPFA Standard on audit strategy.

Internal Audit Objectives
The objectives of Internal Audit, as outlined in the terms of reference for Internal Audit are as follows:

- Internal audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment (comprising risk management, control and governance) by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

- Whilst the Internal Audit section's primary role is to review, appraise and report upon the adequacy of internal controls, it also undertakes other, non-assurance work at the request of the organisation. Internal Audit intrinsically delivers non-assurance services when making recommendations for improvement arising from assurance work, and fraud-related work and also provides specific non-assurance services such as facilitation, process design, advisory services and fraud and irregularity related work.

Outcomes of Internal Audit Work
Internal Audit adds value to the organisation and contributes to its objectives and priorities by providing assurance on the organisation's control environment, alerting managers to weaknesses identified in the control environment, highlighting the risks of such weaknesses and instigating action to be taken by managers to improve the control environment via the implementation of audit recommendations/advice.

The Annual Internal Audit Opinion on the Control Environment
Annually, within the Internal Audit year-end report, the Service Manager, Internal Audit provides an opinion on the organisation's control environment to support the Statement on Internal Control which is now subsumed in to the Annual Governance Statement.

This opinion is formulated from the following elements which are traffic lighted to assist with the evaluation of the overall opinion and evidenced as stated:

- The percentage of systems reviewed by Internal Audit during the financial year given a red, red/amber, amber, amber/green and green assurance rating – evidenced by Internal Audit reports;
- The percentage of recommendations made by Internal Audit during the financial year that were agreed for implementation by management – evidenced by action plans;
- The percentage of schools that passed the Financial Management Standard in Schools set by the DCFS within the financial year – evidenced by the external assessments;
- The results of all reports followed-up and whether the significant risks identified have been mitigated within the systems reviewed and whether the reassessment of systems resulted in an improved assurance rating – evidenced by the follow-up reports and re-issued assurance ratings – evidenced by follow-up reports;
- The number of suspected financial irregularities (SFIs) reported to Internal Audit during the financial year, and the causes of these irregularities – evidenced by the SFI register/SFI reports;
- The percentage of controls operating within the Council's core financial systems during the financial year – evidenced by the Internal Audit reviews of these systems;
- The percentage of areas of assurance covered by the management assurance self-assessment process that were working well across the Council within the financial year – evidenced by the management assurance exercise.

Identification of Significant Local and National Issues and Risks
Significant local and national issues and risks are identified via the following mechanisms:

Internal:

- Annual review of authority's corporate risk register;
- Annual review of the authority's Corporate Plan/Priorities;
- Membership and attendance of the authority's Risk Steering Group;
- Membership of the Corporate Governance Working Group and attendance of the Corporate Governance Group;
- The annual plan consultation process with the authority's managers and the Governance, Audit and Risk Management Committee;
- Accumulated internal audit knowledge.

External:

- Membership of the CIPFA Better Governance Forum and attendance of relevant training;

- TISonline – CIPFA's online resource for public sector finance;
- Membership and attendance of the London Audit Group (LAG);
- Liaison with the authority's external auditors and the Audit Commission;

Issues and risks identified are assessed and included within Internal Audit annual operational plans on a risk basis.

Provision of the Internal Audit Service
The Internal Audit Service is currently provided by a dedicated in-house team situated in the Resources Directorate.

Resources and Skills Required to Deliver this Strategy
The resources required to deliver the Internal Audit strategy are determined by an annual operational plan developed to implement the strategy.

The skills required to deliver the Internal Audit strategy are defined in the role profiles/person specification for each Internal Audit post and assessed via the annual appraisal process (IPAD). Training and development needs are identified as part of the IPAD process and reviewed formally 6 monthly.

How Internal Audit Links to the Corporate Vision and Priorities

The Corporate Vision for 2012/13 is:

Working together: Our Harrow, our community

The overall Priorities for Harrow are:

- **Modernising the Council**
- **Protecting Frontline Services**

The specific Corporate Priorities for 2012/13 are:

- **Keeping neighbourhoods clean, green and safe**
- **United and involved communities**
- **Supporting and protecting people who are most in need**
- **Supporting our town centre, our local shopping centers and businesses**

The corporate vision and priorities are taken into account when developing the Internal Audit annual operational plan of work. Where appropriate specific audit reviews will be scheduled to support individual priorities or related priority actions. In addition each year reviews are undertaken of systems that support the delivery of the corporate priorities.

CREATE Values
The Council has adopted six values in its aim to be one of the best London Council's by 2012. Internal Audit supports these values by incorporating them

into our annual appraisal process and by implementing the values in the following ways:

Customer First – Internal Audit will go the extra mile to resolve our internal customer's (members, managers, staff) risk and control issues and to empower them to take responsibility for their own decisions.

Respect – The Internal Audit team will treat each other and our colleagues throughout the Council with courtesy and regard, earning respect by working with others to engender trust.

Engaged Communication – Internal Audit will actively listen to our customers and colleagues placing a premium on engaging in conversations that bring people together to resolve issues of risk and control.

Actively 'One Council' - Internal Audit will collaborate with services under review and colleagues to improve the control environment and minimise risk to the Council. We do believe that 'the sum of all parts' is more powerful than its individual parts and undertake a number of corporate reviews annually to reflect this.

Taking Responsibility – Internal Audit will endeavour to always deliver what we say we will deliver. We will empower and challenge each other, our colleagues and internal customers to enhance performance and behaviour.

Energise and Improve – Internal Audit have adopted a policy of continuous improvement taking actions that innovate and improve the audit process.