

APPENDIX 1 – 2022-23 INTERNAL AUDIT STRATEGY

1. Introduction

- 1.1 This document sets out the overall strategic approach of the Council's Internal Audit function in providing assurance over the key risks faced by the Council. The Council operates a Shared Internal Audit Service with Camden, with a shared Head of Internal Audit supported by dedicated Audit Managers and principal auditors at each borough.

2. Purpose of Internal Audit

- 2.1 As noted in the Internal Audit Charter, it is the responsibility of management to maintain appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit is not responsible for designing and implementing control systems and managing risks.
- 2.2 The purpose of the Internal Audit Service is to provide independent, objective assurance and consulting services (via the Audit Committee) in order to add value and improve operations.
- 2.3 The mission of the Shared Internal Audit Service is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.
- 2.4 The Chief Finance Officer has a statutory duty under the Local Government Act 1972 to ensure an effective Internal Audit function is maintained.

3. Ethical Standards

- 3.1 Internal Audit maintains independence and objectivity within the organisation and follows the Public Sector Internal Audit Standards in the course of its work.

4. Roles and Responsibilities

- 4.1 The Service is led by the Head of Internal Audit, whose roles and responsibilities are detailed in the Camden and Islington Shared Internal Audit Service Charter.
- 4.2 The Head of Internal Audit is supported in achieving these responsibilities by the Audit Manager and a team of Principal Auditors.
- 4.3 Some reviews (determined on an annual basis) are delivered by a co-sourced partner. These reviews are normally those where Internal Audit identify that the reviews would benefit from particular technical expertise outside the service, or where this would support the independence of the service.
- 4.4 The service works with multiple stakeholders outside of the service to provide assurance. This includes:
 - The Audit Committee;

- Officers within the Council;
- The Council's Risk Manager;
- A co-sourced partner;
- External partners, including other Councils and CIPFA.

5. Risk Assessment and Audit Plan Development

- 5.1 An annual Internal Audit risk assessment is conducted based on the Council's Principal Risk Report, directorate risk assessments and other sources of information as appropriate.
- 5.2 An Internal Audit plan is produced based on this risk assessment. As part of this process, Internal Audit also considers risk areas which, whilst not requiring immediate attention, could be supported by our review and includes these reviews on a reserve list for consideration on future plans.
- 5.3 Internal Audit consults on the Audit Plan as appropriate, including with each of the Council's DMTs and the Corporate Management Board.
- 5.4 The plan is presented to the Audit Committee for approval.
- 5.5 Changes in the plan can be made in year if required in response to emerging risks.

6. Risk-based reviews

- 6.1 To deliver the annual Internal Audit plan, risk-based reviews are undertaken in accordance with the Shared Service Internal Audit Methodology.
- 6.2 All reviews are subject to a Terms of Reference, agreed with the auditee, which sets out the key risks and objectives of the audit.
- 6.3 Fieldwork is completed in line with the agreed Terms of Reference, and may include the following procedures to provide assurance:
 - Interviews with control owners, and obtaining an understanding of controls to assess the extent to which they mitigate the risks as per the Terms of Reference;
 - Walkthroughs where performance of controls is observed.
 - Inspection of relevant documentation and detailed testing to confirm performance of controls.
- 6.4 At the conclusion of an audit, a closing meeting is held and an audit report is written, that sets out the audit findings, rated as critical, high, medium or low. Where applicable, the report is given an overall assurance rating to indicate the overall effectiveness of controls identified.
- 6.5 The report also includes recommendations as to how findings may be addressed. Actions are agreed with management in respect of these recommendations, accompanied with target dates and recommendation owners.

7. Follow-ups

- 7.1 Completion of agreed actions made in Internal Audit reviews is tracked through follow up work, whereby management provides documentation

confirming the completion of these actions. Internal Audit reviews documentation to confirm these actions have indeed been completed.

- 7.2 In some cases, Internal Audit conducts an extended follow-up review. This is typically for high risk areas and will involve repeat of some of the procedures in 6.3 above to assess the new control environment following the completion of agreed audit actions.
- 7.3 The level of implementation of recommendations is reported to the Audit Committee.

8. Monitoring Plan delivery

- 8.1 Internal Audit tracks the delivery of the Audit Plan on an ongoing basis to confirm plan delivery against target.
- 8.2 The Audit Committee has overall responsibility for oversight of the plan, and receives bi-annual reports on delivery. The annual report includes an overall annual assurance opinion for the Council.

Appendix ends